

# CREDIT UNIONS TO THE RESCUE! DURING THIS TRYING TIME, HERE ARE SOME IDEAS AND TIPS ON HOW TO HELP MEMBERS WITH THEIR LOAN PAYMENTS.

**Lender\*VP**

## Automated Consumer Loan Skip-a-Pay

The existing Skip Payment for Consumer Loans program allows a member's loan payment to be skipped based on eligibility criteria as determined by the credit union. The credit union defines the loan categories and qualification criteria and has the option whether or not to charge a fee for the skip payment. The member is then opted in by a CU employee via CU\*BASE or by the member via online banking. Please use the link below to find out how to use this feature.

<https://www.cuanswers.com/wp-content/uploads/SkipPayforConsumerLoans.pdf>

## Manual Consumer Loan Skip-pay

For other types of loans that may not be appropriate for the credit union's automated skip payment programs, payments can be skipped manually in CU\*BASE. This might be for mortgage loans or other 360-day loan products that normally do not allow for shifts in the amortization schedule. The skipped payments are shifted to the end of the loan period.

The credit union must have an internal document for the member to sign requesting payment relief. The document should include how the member wants to deal with the escrow portion of the payment if applicable (refer to Escrow Payments section below).

The credit union employee must have authority to Tool #20 "Account Information Update". In the example below, 2 payments are being skipped for Melissa Member.

The screenshot shows the 'Account Information Update' tool in CU\*BASE. The account is for 'MELISSA MEMBER' (Account # 460 776). The loan category is 21. The current balance is 1,250.00. The tool is divided into several sections: 'G/L account', 'Loan type', 'Credit Reporting Information', and 'Escrow'. The 'G/L account' section shows the account number, purpose code, security code, and various dates. The 'Loan type' section shows the loan type (Close), payment frequency (M), and interest rate. The 'Credit Reporting Information' section shows the DTI at loan creation, LTV at loan creation, and various delinquency and freeze indicators. The 'Escrow' section shows the scheduled payment, disbursement limit, and various escrow-related fields. The bottom of the screen shows a navigation bar with icons for back, forward, and other functions.

Tool #20 "Update Account Information"

**Important:** These procedures are intended to be used ONLY after following your credit union's procedures for member eligibility and other appropriate due diligence. This provides a way to shift payments to the end of the original loan term, but remember that you will be forgoing the income for those missed months. As an alternative, consider a true loan modification, capitalizing the months of interest not being paid and any escrow not being received during the waived period.

*Note: If the loan is government-backed (i.e. Fannie Mae or Freddie Mac), visit the appropriate website for loan relief options.*

## Field changes include:

Fields to Maintain	Current	Update to:
Next payment	April 03, 2020	June 03, 2020
Interest date	Feb 29, 2020	April 30, 2020
Amort/maturity	Nov 03, 2026	Jan 03, 2027
Review date	Nov 03, 2026	Jan 03, 2027
Next Interest Calc	Mar 2020	May 2020

## Escrow Payments

If the loan payment includes deposits to an escrow account, the credit union should discuss with the member how to handle the missing escrow portion of the loan payment. If no deposits are made to the escrow account an immediate shortage will be created for escrow portion of the payment. This shortage will be above the normal increase of bills already anticipated.

### Options for handling the missing escrow deposits are:

- 1) require the escrow amount outside of the skipped principal and interest portion of the payment
- 2) allow member to make partial payments up until the next annual Escrow Analysis
- 3) allow for the shortage and the member can decide how to handle the shortage with the next annual Escrow Analysis

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Have questions? email us at  
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