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# Online Credit Bureau Access and 247 Lender

Introductory/Startup Guide



## INTRODUCTION

### Purpose

This booklet introduces the CU\*BASE Online Credit Bureau Access system as well as its companion product, the 247 Lender decision model. Tasks and timelines for implementing both products are included, as well as a list of frequently asked questions. You will also see an outline of other reference booklets you should review as part of your implementation plan.

### Audience

This booklet is intended for credit union leaders and project managers responsible for implementing credit bureau access and decision modeling for your credit union.

Revision date: March 19, 2017

For an updated copy of this booklet, check out the Reference Materials page of our website:  
<http://www.cuanswers.com/resources/doc/cubase-reference>  
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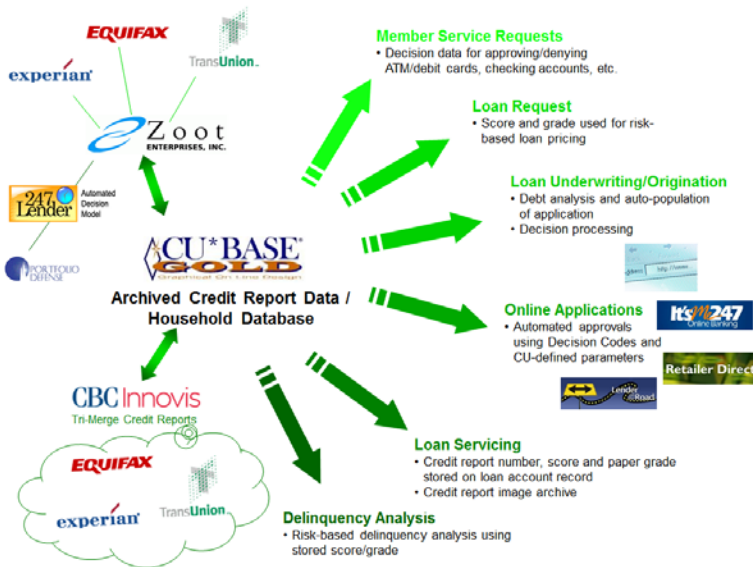
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# OVERVIEW

## ONLINE CREDIT BUREAU ACCESS

Imagine if your loan officers and member service staff never had to leave their desks to request credit data! Through an alliance between Zoot Enterprises, a national provider of credit files, and CU\*Answers, the **CU\*BASE Online Credit Bureau Access** system links your credit union to the three national credit bureaus: Equifax, TransUnion, and Experian.



The online system uses TCP/IP communications technology between CU\*Answers and Zoot, for an **average retrieval turnaround of just 8 seconds**. Access points are available from many convenient locations within CU\*BASE, both for retrieving a new report and viewing a stored report for future reference and analysis.

Best of all, *every* online CU\*BASE workstation can be used for credit bureau file retrieval.

Credit report access is also an integrated part of loan applications delivered to CU\*BASE through the web—from **It's Me 247** home banking, an indirect loan partner, or even your website—making online loan approvals a reality for your members.

One of the most significant differences between the traditional method of pulling credit reports (via a separate, dedicated credit bureau machine), is that with online access, what was once only a printed report is now valuable *data* stored electronically as part of your CU\*BASE database. This credit data can be used over and over and will become a very powerful underwriting tool for approving loans as well as a key component in cross selling efforts (such as credit cards and debit cards).

Other benefits of the online system:

- Online credit reporting helps position your credit union for taking advantage of **Risk-Based Lending** solutions including future Call Center and Internet PC Home Banking options. The CU\*BASE risk-based tiered interest rates system can assign interest rates according to stored credit scores. These features promote credit unions becoming aggressive in developing and promoting risk-based lending services and will expand future lending opportunities.
- A convenient **Profile Summary** is automatically compiled for each request and will be retained online for six months. This summary is designed to let underwriters review a complete credit file on a single screen, without having to wade through pages of detail. It will highlight

payments in specific categories and summarize public records and prior derogatory listings.

- Data will interface directly to CU\*BASE **delinquency monitoring** features such as reports and inquiries. Your credit union will be able to quickly adjust internal underwriting and lending standards according to the stored risk and bankruptcy score records for your delinquent members.
- CU\*BASE will make it easy to keep a **record of key credit report information** where you need it most—on the loan account or co-borrower record, or as part of denial records. Inquiry screens let you quickly view stored information, reducing manual input and even eliminating the need for expensive printing and storage of paper reports.

Online Credit Bureau Access will extend far beyond simple lending decisions. This tool is an integral piece for providing better-informed and more streamlined internal decision-making. It will be used regularly by virtually every department within your credit union—for better service to your members.

## 247 LENDER DECISION MODEL

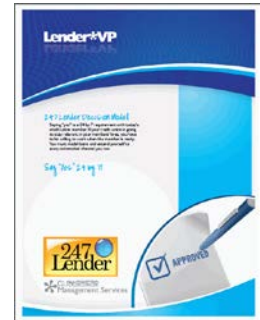
247 Lender is a CUSO-owned decision model that lets you give automated approvals 24 hours a day, 7 days a week, through all of your delivery channels—from the lobby to your loan officer’s desk, from your SEG website to the world via the Web.

To provide this model to all of its CU\*BASE clients, CU\*Answers has partnered with Portfolio Defense Consulting Group, a recognized expert in consumer credit risk management and modeling. Using data from CU\*Answers’ own clients, PD worked with us to develop a custom empirical model that is based on actual sampling of varying sized credit union loans. The sampling included hundreds of performing and delinquent loans. Credit files for these loans were reloaded at Zoot and used as a predictive base to help evaluate the model’s performance.



**For a more thorough overview of 247 Lender, please refer to the separate flyer, “Introducing 247 Lender”**

→



Let CU\*Answers Management Services “Just Turn it On” For You

**just**  
turn it **on**

Use “Just Turn it On” and have CU\*Answers Management Services drive the implementation of this feature from start to finish. We’ll even do the work to get your Board, your management team, and your staff on board and ready to take over once the switch has been flipped. Learn more in the [“Just turn it on” brochure](#). Access this brochure directly at [http://cuanswers.com/pdf/cms/Just\\_Turn\\_it\\_On.pdf](http://cuanswers.com/pdf/cms/Just_Turn_it_On.pdf).

## CREDIT SOFT SCORE SOFT PULLS

Having a current credit score on hand can help you increase your loan sales. Learn more why credit score soft pulls are so important and how they can help you grow your lending portfolio in this brochure and on the web page listed below.

The brochure features the Lender\*VP logo at the top. Below it, the title "Credit Score Soft Pull" is written in a blue, handwritten-style font. Underneath the title is the tagline "Your members, your parameters, your schedule, hassle free!". The main content is divided into two columns. The left column is titled "Why Are They Important?" and lists three bullet points: "Credit score soft pulls increase loan sales to your current and future members", "They grow your loan portfolio without increasing your risk", and "They help evaluate loan portfolio risk". Below this is a handwritten note: "Bottom line - credit score soft pulls provide current scores, which improves the effectiveness of your lending practices". The right column is titled "What do they have to offer?" and lists two bullet points: "Empower your front line staff to offer members the best rate while also promoting cross sales tasks." and "They provide more information to lending officers even before they begin to sell the loan to the member". Below this is another handwritten note: "Analysis of credit scores is easy in CUANSWERS". A blue starburst graphic contains the text "COMING SOON IN 2015 FICO scores available in MS 247". At the bottom of the brochure is a "FICO Score Meter" graphic, which is a semi-circular gauge with a needle pointing to the right. The scale ranges from "min 300" to "max 850", with markers at 580, 670, 740, and 800. The needle is positioned between 740 and 800. Below the gauge is the text "FICO Score Meter". At the bottom left of the brochure is the logo for "CUANSWERS Management Services" and a "CLICK HERE to sign up or Ask us for details" link with the email "Email: sales@lendervp.com".

Learn more about credit score soft pulls on the Lender\*VP page:

<http://www.cuanswers.com/solutions/lendervp/consumer-lending/credit-score-soft-pull/>

Credit scores can assist members at all levels of your organization sell loans to members.

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Use “Just Turn it On” and have CU\*Answers Management Services drive the implementation of this feature from start to finish. We’ll even do the work to get your Board, your management team, and your staff on board and ready to take over once the switch has been flipped. Learn more in the [“Just turn it on” brochure](#). Access this brochure directly at [http://cuanswers.com/pdf/cms/Just\\_Turn\\_it\\_On.pdf](http://cuanswers.com/pdf/cms/Just_Turn_it_On.pdf).

## DETAILED SOFT PULL OF CREDIT SCORE

Detailed soft pulls are currently available through TransUnion. Interested credit unions will to contact Transunion for a separate subscriber code and password specifically for this process. Contact Lender\*VP at [lendervp@cuanswers.com](mailto:lendervp@cuanswers.com) for assistance and configuration.

## TRI-MERGE CREDIT REPORTS

### What is it?

A Tri-Merged credit report provides data from all of the major credit repositories: Trans Union, Experian and Equifax. A tri-merge credit report takes the raw data and merges it into one comprehensive report. This report encompasses the same data you normally receive for underwriting such as – credit scores, credit history, public record information, credit inquiries, fraud searches, OFAC search and alerts.

### Why use it?

Mortgage loans are among the largest dollar amount loans your credit union grants. While underwriting and evaluating credit worthiness of a potential borrower you need to have every piece of relevant information at your fingertips. The various bureaus report scores differently – you cannot afford a mistake. With tri-merge reports you will be able to immediately identify the credit worthiness with scores provided by the three credit bureaus and will have complete visibility on the level of debt and any delinquent.

CU\*Answers has partnered with CBCInnovis to bring integrated tri merge credit reports accessible via CU\*BASE.

For more questions please contact [lendingsales@cuanswers.com](mailto:lendingsales@cuanswers.com) for assistance and integration.

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# ANSWERS TO FREQUENTLY-ASKED QUESTIONS

Q: What credit information can be accessed through the online system?

A: The system is very flexible. A variety of credit options and access tools are available determined by your credit union's contractual relationship with each credit bureau. Depending on that relationship, you may request comprehensive credit files with options such as risk scoring, bankruptcy scores, fraud detection and decision making.

To save costs, warning messages alert operators when a credit file summary is already on file, so that reports are not pulled unnecessarily (although additional reports can be pulled if desired and will be stored with a unique credit report # and date).

Q: How will credit data files look?

A: The actual credit data will look very much like the reports you receive now, but because you are pulling a "wholesale" report direct from the national database, there will be some variations in layout and format. But unlike the old paper reports, the credit data will become "live" stored data for ongoing use in decision-making and management analysis.

Also because of the tie to the national database, it will no longer be possible to pull a combined report. Because there are no local/regional credit bureau filters between your credit union and the national credit database, each individual's data file is treated separately and priced as an individual report. This means that two separate credit files will be received rather than a combined "married couple" report. However, the speed and staff efficiencies gained by accessing through a national database should more than offset this inconvenience.

Q: Can I pull reports for co-borrowers or joint owners too?

A: Up to four (4) separate requests may be initiated from a single screen, including both members and non-members, so that you can include loan co-borrowers, checking account joint owners, etc., on the same request.

Q: Do I have to retype trade line information into the CU\*BASE loan application from the credit report?

A: No, you can choose to fill in the Debts section of the CU\*BASE loan application/household database with data from the trade lines section of the credit report. There are three different types of trades that CU\*Answers credit unions can receive: mortgage trades, closed-end loans and open lines of credit. Once the data has been filled in, it can be modified as needed on the member's application/household record. (There is even an easy way to ignore duplicate trade lines on loans where the borrower and co-borrower share the same trades.)



The “Fill In Debts” feature is optional and can be activated globally for all loan requests then initiated by the loan officer when the loan app is created.

Q: How is credit information stored and purged?

A: What was once only a printed report is now valuable *data* stored electronically on the CU\*BASE iSeries. This data will be invaluable for making future analytical decisions. CU\*Answers does not do any manipulation of the data, but simply extracts data and stores it for future use in CU\*BASE as follows:

<b>Detail</b>	<p>Member credit detail (the “human readable” formatted credit report with summary information and detail for up to 40 trade lines) will be saved for <b>60 days*</b> for access via the credit report viewing system.</p> <p>If the report is tied to an actual loan account, it will be stored on our long-term archive/retrieval system, CU*SPY, and can be accessed via account inquiry features throughout the <b>entire life of the loan account</b> on the CU*BASE system.</p> <p>Credit reports are retained for the entire life of the loan account on the system in you are an online CU*Answers CU*BASE credit union. (Self Processors and credit unions from CU*Northwest/CU*South retain credit reports according to their individual practices.)</p>
<b>Summary</b>	<p>Summarized credit data, including profile information such as number of inquiries and derogatory statistics, will live on the system for <b>6 months*</b>.</p>
<b>Decision</b>	<p>If you use 247 Lender or a custom-designed decision model, decision information will be stored on the system for <b>6 months.*</b></p> <p>Through the Approval Matrix you can also configure how long the decision information will be considered valid for use by non-lending personnel through the “Pre-Approvals” button in Member Inquiry, Phone Operator, and Teller Processing.</p>
<b>Trades</b>	<p>Trade line data, used to populate the Debts section of the application, is stored online for <b>6 months*</b> (uses the same retention as the Decision file).</p> <p>Data from this file is also used for relationship management and analysis tools such as “Where Your Members Borrow.”</p>
<b>Scores</b>	<p>The risk and/or bankruptcy scores and paper grade (if applicable) will live on the applicant’s MEMBERx loan record for the <b>entire life of the loan account</b>. The risk score and paper grade is also stored long-term on the member’s generic Loan Contract/Risk Score file.</p> <p>NOTE: Only industry-standard risk and/or bankruptcy scores are stored, not custom scores. Also, at this time CU*BASE does not support custom scoring models that are in addition to the bureau’s standard risk and bankruptcy/MDS scoring models.</p>

*\*Some retention periods are configurable; additional fees apply for longer retention times. Contact a CU\*BASE representative for more information.*

Q: What about my contract with my local credit bureau agency?

A: The arrangements with your chosen bureau will still be handled through your local provider, with the exception that you will no longer be operating a direct dial-up access through that office. However, your local representative still handles your contract, arranges for the various optional services you select, and sends you an invoice for your monthly activity.

Please remember that the interface with Zoot allows for a certain set of data to be transmitted between the bureau and CU\*BASE. If you elect to purchase additional optional services through your local bureau representative, this data may or may not be included when you pull reports through CU\*BASE. It is best to consult with CU\*Answers before you make a decision to purchase any extras from your credit bureau contact.

Q: Should I keep my existing standalone credit report system?

As you probably know from your own experience with your existing system, there will occasionally be times when, due to circumstances beyond our control, the line between CU\*Answers and Zoot or between Zoot and one of the bureaus will be temporarily down. Retaining your existing system would give you an alternative for pulling reports during those rare situations.

Also, during the initial startup period when your staff is learning the new format and getting used to how the credit data is displayed, the redundant systems could give a helpful tool for comparison and training purposes. In addition, if you have elected special optional services from your local provider that cannot be accessed through the online system, you might elect to use a standalone system for instances where that special data is needed.

Q: Can I get "tri-merge" reports for mortgages?

A: Yes, it is available.

A Tri-Merged credit report provides data from all of the major credit repositories: Trans Union, Experian and Equifax. A tri-merge credit report takes the raw data and merges it into one comprehensive report. This report encompasses the same data you normally receive for underwriting such as – credit scores, credit history, public record information, credit inquiries, fraud searches, OFAC search and alerts.

Refer to page 7 for more information.

Q: What about reporting loan account data back to the credit bureaus?

A: To ensure that the national database is updated with your credit union's data, you will also need to report your credit bureau data from your files on a regular basis (usually monthly).

This is important not only to make sure the loans you make become part of your members' credit history, but also to improve the overall integrity of the national database from



which you will be pulling credit data. (We even offer special pricing to encourage you to report to all of the bureaus!)

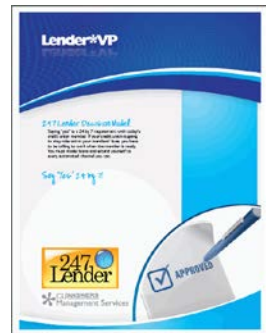
**To specify to which bureau(s) your credit union wishes to report, please refer to the separate flyer, “Credit Reporting For Your Members: It’s as easy as 1-2-3!” →**

Q: What benefits does decision modeling provide?

A: A decision model is a tool that allows credit union personnel to concentrate on the selling of services rather than determining whether or not a member qualifies—helping you say “Yes” to your members as they come through the door. Imagine a member service representative opening a membership on CU\*BASE, and through the online credit bureau access system, learning immediately that the member qualifies for (and should be sold) a debit card, line of credit, share draft account, and Visa card.

Your credit union may elect to work directly with a credit bureau and set up a custom decision model. Or you can take advantage of our CUSO-owned decision model, 247 Lender, which will let you get started with decisioning in a fraction of the time it takes to configure a traditional model.

**For a more thorough overview of 247 Lender, please refer to the separate flyer, “Introducing 247 Lender” →**



Q: Do I have to use a decision model to pull credit reports?

A: If you are not quite ready for a decision model, you can start first with online credit bureau access, then follow up later and implement 247 Lender when you are ready.

Q: Just how automated *is* an “automated decision?”

A: Remember that a decision is designed to be a recommendation, a guideline for staff and CU\*BASE to follow for pre-approving credit union products and services. If a delivery channel is set up to do automated approvals based on the matrix (such as your home banking and external web-based channels), the system will only *pre-approve* a loan, assuming it is within the limit set in the matrix.

Other than that, however, the limits will not prevent a loan from being *created* that is outside of the approved limit on the decision. Nor will it stop a checking account or other product or service from being created just because your Approval Matrix has not marked them as approved.

Q: What if I already have a custom decision model?

A: If you are new to CU\*BASE but already have a custom decision model in place, CU\*Answers will be happy to review the compatibility of your model with the online system. A joint project between CU\*Answers and Zoot will be needed so that we can interpret your model to send the proper codes to CU\*BASE. Any custom programming required will be quoted at our normal rates. **See Page 20 for more details.**

Q: Is the system available to self processors, too?

A: Yes, CU\*Answers does provide Online Credit Bureau Access and 247 Lender services for both online and self processing credit unions. Self processors connect to the system via the Extended Business Network (EBN).

Q: Is training available?

A: Training is available through CU\*Answers University on a by-request basis. For credit unions just converting to CU\*BASE, this training will be included with your conversion training sessions. If your credit would like a refresher course, help training new employees, or if you need to set up training for implementing credit bureau access for the first time, contact a Client Service Representative to arrange for one-on-one training.

## RELATED REFERENCE MATERIALS

Following is a list of the documents and flyers you should review related to CU\*BASE Online Credit Bureau Access and the 247 Lender decision model:

- ◆ *Online Credit Bureau Access and 247 Lender: Introductory/Startup Guide\**
- ◆ *Credit Reporting for Your Members: It's as easy as 1-2-3! (flyer)\*\**
- ◆ *Introducing 247 Lender (flyer)\*\**
- ◆ *Online Credit Bureau Access and 247 Lender: Configuring 247 Lender and the Approval Matrix\**
- ◆ *Online Credit Bureau Access and 247 Lender: User Guide\**
- ◆ *Understanding the Portfolio Defense SAVANT Credit Scoring Model\*\**

Following are forms to be completed for implementation:

- ◆ *Online Credit Bureau Access Setup Form\**
- ◆ *247 Lender Setup Form\**

\*Available from the Reference Materials page of our website  
(<http://www.cuanswers.com/resources/doc/cubase-reference/>)

\*\*Available from the Special Interest Publications page of our website  
(<http://www.cuanswers.com/resources/doc/special-interest-publications/> )

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# PRICING

## ONLINE CREDIT BUREAU ACCESS

CU\*Answers will bill you for national online credit data access at **75 cents\* per credit file requested**. This fee is in addition to the credit report fees you pay to your current provider. Remember that once accessed, credit data will be stored electronically and, until it is purged, can be viewed and printed as many times as desired via CU\*BASE for no additional fee.

## 247 LENDER

No design or set up fees, unless you wish for us to do the configuration for you (see below). No ongoing maintenance fee. You will pay us **just 50 cents\* every time you access the model**. (This fee will be charged only when your request passes your model filters and actually accesses the model.)

### Optional Configuration Services

As you will see on the following pages, there are a number of steps required to configure CU\*BASE so that 247 Lender can be implemented for your credit union.

If you would like us to take care of all of the configuration, we will charge a one-time service fee of **\$500.00**. After consulting with your team, we will take care of setting up your filter requirements, configuring the approval matrix, entering risk-based pricing factors, and all other necessary configuration and testing to get you started. This option is particularly helpful for smaller credit unions who do not have the staff to dedicate to the implementation project.

Contact: [gjohnson@cuanswers.com](mailto:gjohnson@cuanswers.com) or [info@xtendcu.com](mailto:info@xtendcu.com)

*Remember that although we will offer our best advice based on our experience, we are not attorneys nor do we offer legal advice. You should always consult your own legal advisors before making decisions involving compliance or other legal issues.*

### Optional Report Preparation Services

The most important step *after* implementation is to monitor the affect of the decision model on your loan portfolio. Sign up for optional reporting services from Xtend and we'll do the legwork for you! For \$50/month, we will print all of the necessary analysis reports and send a presentation package to you on a monthly basis, ready to go for your Board, Credit Committee, and auditors to review.

Contact: [gjohnson@cuanswers.com](mailto:gjohnson@cuanswers.com) or [info@xtendcu.com](mailto:info@xtendcu.com)

*\*All prices subject to change. Refer to the most current Online Processing Fee Schedule or contact a CU\*BASE representative for details.*

# GETTING STARTED WITH ONLINE CREDIT BUREAU ACCESS

Following are the tasks that must be completed in order for CU\*Answers to activate Online Credit Bureau Access for your credit union. (See Page 16 for the additional steps required to implement 247 Lender.)

To make sure there is adequate time for all of the planning and any necessary negotiations with your bureau(s), it will generally require a lead time of approximately 60 days from when you begin to when CU\*Answers activates online credit bureau access for you.

<i>Step</i>	<i>To be completed...</i>	<i>Description</i>
1. Set up local credit bureau contract(s)	60+ days before activation	Decide from which credit bureau(s) you will receive your files, as well as to which bureau(s) you will report member credit data. Contact local representatives as necessary, and finalize any contracts that need to be signed.  Remember that a membership ID is required for <i>pulling</i> credit reports, and a <u>separate</u> membership ID is required for <i>reporting</i> credit data to the bureau.
2. Complete and submit the Online Credit Bureau Access Setup Form	45-60 days before activation	Complete the Online Credit Bureau Access Setup Form listing the access numbers for the credit bureau(s) you've chosen.  <b>NOTE TO CURRENT EQUIFAX CLIENTS:</b> If you currently have an Equifax number, you must obtain a different one through Equifax for the online system. Existing security access codes are designed for regional, dial-up access only. Because this national interface through Zoot entails a different level of system access and connectivity, Equifax requires a different access code. However, if you are already an Equifax client, <u>no new contracts need to be signed.</u>
3. Specify to which bureau(s) your credit data should be reported	45-60 days before activation	Refer to the separate flyer, "Credit Reporting For Your Members: It's as easy as 1-2-3!" for the signup form.
4. Review user documentation and begin internal staff education	35-40 days before activation	Internal planning and education of staff will be crucial to get the most out of your online access investment.  Review the "Online Credit Bureau Access and 247 Lender: User Guide" booklet (available on our website) with your lending and

<i>Step</i>	<i>To be completed...</i>	<i>Description</i>
		<p>member service staff and begin establishing any needed changes in policies and procedures.</p> <p>Contact us if you would like to set up training sessions, either at your site or at the CU*Answers University Learning Center.</p>
<p>5. A CSR will activate credit bureau access and set related configuration flags</p>	<p>Activation date</p>	<p>A Client Service Rep. must set the configuration and activate a flag to enable reports to be pulled through the online system.</p> <p>Self Processors: This configuration is available via the “Online Credit Bureau Config” command on menu MNOPO9 (OPER #10, then #7). However, please do NOT use this screen until you receive instructions from a CSR, to ensure that everything is also set up properly on our end.</p> <p>Also on the same configuration screen are settings to control whether credit reports are pulled automatically at the beginning of the loan request process as well as whether you wish to fill the Debts section of the application with data from the trade lines section of the credit report.</p> <p>Refer to the Online Credit Bureau Access and 247 Lender: User Guide for additional considerations when using the “fill debts” feature.</p>
<p>6. Set workflow controls and product configuration for auto-pull</p>	<p>Activation date (or any time after activation)</p>	<p>If you wish to be prompted to pull credit reports when opening new memberships, turn on the flag in your Workflow Controls (<b>Tool #1006 Workflow Controls: Teller/Member Service</b>).</p> <p>If you wish to be prompted to pull credit reports when opening certain types of savings/checking accounts, activate the flag in the Dividend Application configuration (<b>Tool #777 Savings/Checking Products Configuration</b>).</p>

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## GETTING STARTED WITH 247 LENDER

Following are the tasks that must be completed in order to implement the 247 Lender Decision Model for your credit union.

Remember that we want to work with you as a partner, so don't hesitate to contact us for help in establishing new procedures, training staff, and setting up your product offerings prior to turning the model on, so that you can take full advantage of its power throughout your organization. (See Page 13 for information about taking advantage of our optional configuration services to get you started even faster!)

The first stage in activating an automated decision model starts with stating policies, collecting applicable information, writing procedures, and educating your staff. Before you change a single flag in the software, you need to develop a comprehensive plan, starting with...

### YOUR LENDING POLICY

The most important step *before* implementation is to incorporate automated decisions into your overall lending policy and secure the support of your Board.

Add a section to your loan policy to address decision modeling. The policy must also contain the types of loans that you can run through the decision model, with a maximum loan amount (such as consumer loans up to \$75,000 or home equity LOCs up to \$100,000).

If you do not already have a risk-based pricing policy, now would be a great time to address that item in your loan policy as well. Although you are not required to use risk-based pricing in order to use 247 Lender auto decisions, a risk-based pricing scheme brings everything together to add consistency to all of your lending channels. The rate a member gets when working with a loan officer will match the rate he would get if he submitted the app through **It's Me 247**—or if he was sitting at the desk of your indirect lending partner across town.

*Always be sure to involve trusted legal advisors in this stage to ensure that your policy complies with all applicable local, state, and federal regulations.*



## STAGE 1: DEVELOPING THE PLAN

**Responsible:** All of the steps in this stage are the responsibility of the credit union.

**Timing:** Depending on how long it takes to secure Board approval, you should begin the steps in this stage approximately 30-60 days before you plan to activate the model.

<i>Step</i>	<i>Comments</i>
1. Update your lending policy to reflect shift from manual underwriting to automated decisions	See the “Your Lending Policy” discussion above; also consider whether you will also be implementing risk-based pricing as part of the plan
2. Introduce automated decision modeling to your lending team	Support from this team is critical, as they will need to learn to trust the model for decisions they have traditionally made themselves
3. Introduce automated decision modeling to your Board	Secure Board approval of the changes to your loan policy; make sure they are prepared to support the shift
4. Think about what filters you want to use to control whether a decision will be pulled or not	Is the presence of a bankruptcy enough to prevent the model from being run? Do you want to avoid running a model when a certain debt-to-income ratio is reached? What about the member’s credit score?  Complete the preparation worksheet in the “Configuring 247 Lender and the Approval Matrix” booklet.
5. Start planning for your approval matrix	Which products will be pre-approved for each of the score levels returned by the decision model? Think of the levels like a “hierarchy” of members: Platinum, Silver, Gold, etc. To what are your “Platinum” members entitled? What will be different for the “Gold” members?  Also, how long will the decision be considered “good” for the purpose of approving loans or other products?  Complete the preparation worksheet in the “Configuring 247 Lender and the Approval Matrix” booklet.
6. Decide which lending delivery channels (CU*BASE, <b>It’s Me 247</b> , etc.) will access the model automatically	For example, you might want to start by running your lobby requests through the model first while you analyze the results and tweak your settings, then open up the model to automated channels such as home banking  Complete the preparation worksheet in the “Configuring 247 Lender and the Approval Matrix” booklet.
7. Plan for risk-based pricing for your loan products	If you want to also introduce risk-based pricing along with the decision model, start thinking about your pricing scheme  Complete the preparation worksheet in the “Configuring 247 Lender and the Approval Matrix” booklet.

## STAGE 2: CU\*BASE CONFIGURATION

Now that you have a plan and have made some decisions, it's time to get the configuration in place on CU\*BASE.

**Responsible:** All of the steps in this stage are the responsibility of the credit union, except where noted. (If you would like some help, see Page 13 for information about optional configuration services.)

**Timing:** Can be started 2-3 weeks prior to activation. NOTE: You may need to wait to set up risk-based pricing if you do not want to begin using the new pricing scheme prior to implementing 247 Lender.

<i>Step</i>	<i>Description</i>
1. Configure the model filters	<p>Tool #1015 <i>247 Lender Minimum Requirements</i></p> <p>Detailed instructions are provided in the second booklet in this series: “Configuring 247 Lender and the Approval Matrix”</p>
2. Configure the Approval Matrix and “active” retention period	<p>Tool #335 <i>Define Decision/Approval Matrix</i></p> <p>Detailed instructions are provided in the second booklet in this series: “Configuring 247 Lender and the Approval Matrix”</p>
3. Configure the delivery channels that will access the model	<p>Tool #462 <i>Loan Delivery Channel Configuration</i></p> <p>Detailed instructions are provided in the second booklet in this series: “Configuring 247 Lender and the Approval Matrix”</p>
4. Configure risk-based pricing, if appropriate	<p>Tool #470 <i>Loan Product Configuration</i></p> <p>Detailed instructions are provided in the second booklet in this series: “Configuring 247 Lender and the Approval Matrix”</p> <p><b>Special Note:</b> Remember that risk-based pricing is independent of 247 Lender because it looks strictly at a member’s credit score. Therefore, any changes you make will take effect <b>immediately</b> for all new loan requests where a credit report has been pulled.</p>
5. Activate 247 Lender and set the default credit report request type	<p>For online credit unions, <b>this step must be done by a Client Service Representative</b> (self processors should still consult a CSR before changing the configuration)</p> <p>Complete and return the “247 Lender Setup Form” for final activation</p>

## STAGE 3: MONITOR AND ADJUST

The most important step *after* implementation is to monitor the effect of the decision model on your loan portfolio. A 247 Lender Performance report lets you compare side by side the results of the model to the actual decision your underwriters made on the loan.

How many times did you say Yes when the model said No? Did you still say No even when the model said Yes? Are loans being passed through the filters that shouldn't be? Or are your filters so restrictive that you're not getting enough loans run through the model to test its effectiveness?

**Responsible:** All of the steps in this stage are the responsibility of the credit union. (If you would like some help, see Page 13 for information about optional report prep services.)

**Timing:** Begin immediately after activation.

<i>When</i>	<i>What</i>
First 30-60 days after activation	Run the <i>247 Lender Performance Report</i> (Tool #1017) on a weekly basis Make adjustments to your minimum requirement filters as you begin to see what loans are passing (or not passing) your filters
Monthly	Run the <i>247 Lender Performance Report</i> (Tool #1017) on a monthly basis
Periodically as needed	Run the <i>247 Lender Model Analysis</i> inquiry (Tool #1016) periodically to get a bird's-eye view of the percentage of loans being run through the model that were approved or denied, and how many of the model's recommendations are being overruled by manual underwriting decisions.

For more information, refer to the instructions in the third booklet of this series, "*Online Credit Bureau Access and 247 Lender: User Guide.*"

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# APPENDIX

## TIPS FOR CREDIT UNIONS WITH A CUSTOM DECISION MODEL

If your credit union has already undergone the process of configuring a custom decision model with your credit bureau, some additional steps will be needed to integrate your model into the online credit bureau access system so that decisions can be pulled from CU\*BASE and used with other CU\*BASE lending and inquiry tools.

*Custom programming fees will apply if CU\*Answers needs to make any custom changes to accommodate your model. In addition, you may be subject to fees from your bureau and/or Zoot if changes are made to their programming.*

### Determining the Decision Codes

To start, you will need to work with your credit bureau representative to determine the parameters that define an overall *Decision Code*.

This is a two-digit numeric code that is sent along with the credit file from the bureau to CU\*BASE, through Zoot. This code represents a combination of score, paper grade, and other risk factors that mean something specific from an underwriting point of view (in other words, *what kind of member is this?*). This code then ties to the CU\*BASE Approval Matrix to provide the complete decision (i.e., *what can this person have?*)

For example, all members whose credit score falls between 700 and 750, with a paper grade of “B” and a credit history of at least 2 years, etc., might warrant a code 02. Code 02, then, would be set up in your Approval Matrix and entitle the member to certain types of loan up to a certain amount, an ATM card, a standard checking account, etc.

Following is an example of a how these codes (which are sometimes referred to as “matrix quadrants” when working with a bureau) might be set up:

### Sample Decision Codes

Score	Paper Grade					
	A	B	C	D	E	F
750-800	01	02	03	04	05	05
700-749	01	02	06	06		
650-699	01	07				
600-649	07					
500-599	08					

Other codes may also be established that indicate more of a “blanket” approval or denial, such as “Review All Products” or “Deny All Products.” These can also be accommodated by the CU\*BASE Approval Matrix.

Along with giving your credit union more flexibility and control, this numeric code system allows us to funnel approval information into other areas in CU\*BASE. For example, when creating a new loan request, the system will automatically display the approval limit for that loan type on the Loan

Information screen, so that a loan interviewer can know the maximum amount that will be approved, even before the request is set up.

#### Things to Remember

- Because the Decision Codes coming from the bureau should remain static as much as possible, it is important to consider very carefully which set of codes you will need (up to 99 can be used, with codes 98 and 99 reserved for “Review” and “Deny,” respectively) and what the parameters are for each code. These should be very general in nature; the CU\*BASE approval matrix allows you to be much more specific when it comes to specific products (loan categories, share products, OTB codes, etc.). **If a change is made with bureau as to the meaning or calculation of a Decision Code, it is your credit union’s responsibility to update the Approval Matrix in CU\*BASE.**
- Because the Approval Matrix will be tied directly to loan category codes, it will be important that your loan categories are set up with the Approval Matrix in mind. For example, if you have one all-purpose “closed-end installment loan” to handle car loans, boat loans, secured and unsecured loans, etc., the Approval Matrix is limited to a single decision for all loans of that category (such as “Approve closed-end installment loan up to \$100,000”). This would not allow you the flexibility to set different limits for auto loans than for, say, boat loans, or for secured loans versus unsecured.

NOTE: If your custom model has already been set up so that a complete decision (i.e., description of what specific products are approved) is returned from the bureau, custom programming will be needed to channel that information into CU\*BASE. You will not be able to use the features of the CU\*BASE Approval Matrix in this situation.