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# Online Credit Bureau Access FUEL

Introductory/Startup Guide



## INTRODUCTION

### **Purpose**

This booklet introduces the CU\*BASE Online Credit Bureau Access system and its companion products: the FUEL (Forecasted Underwriting Express Lending) decision models.

Tasks and timelines for implementing all 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.

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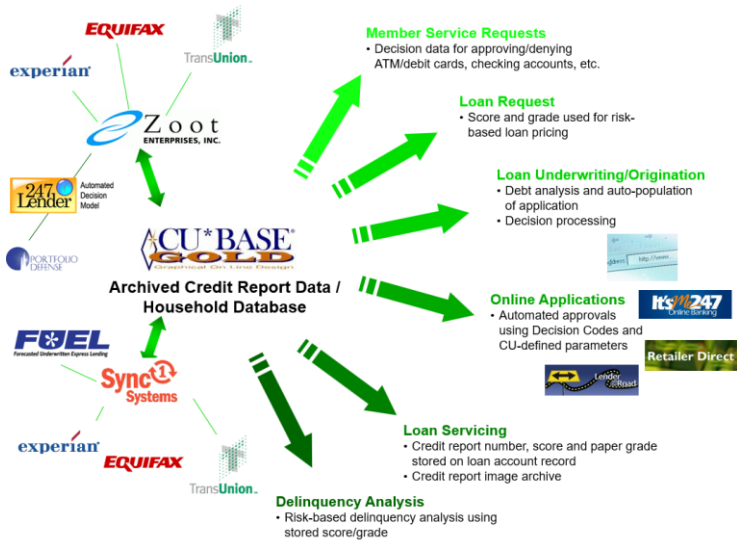
For an updated copy of this booklet, check out the Reference Materials page of our website:  
<http://www.cuanswers.com/resources/doc/cubase-reference>  
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# OVERVIEW

## 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 Sync1 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 Sync1, 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:

- 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.

## **FUEL (FORECASTED UNDERWRITTEN EXPRESS LENDING) AUTOMATED DECISION MODEL**

With FUEL (Forecasted Underwritten Express Lending), you now have a new automated decision modeling options in addition to 247 Lender. Available with a partnership with Sync1 and the collective efforts of our cooperative, FUEL offers a feature set many of you have been waiting for.



The biggest difference with the FUEL decision modeling there is no limit to the variations of templates you can configure for your lending portfolio. Out of the box, you will get three models that Lender\*VP configures for you: Direct, Indirect, and Unsecured. Then, if you want a separate model for, say, used versus new automobiles, FUEL lets you configure one. If you want to adjust your templates, FUEL lets you configure that too.

Learn more about FUEL in the Configuration and User Guides devoted to the product.

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

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. <https://store.cuanswers.com/product/fuel-decision-model/>

## CREDIT 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 light blue font, followed by the tagline "Your members, your parameters, your schedule, hassle free!". The content is organized into two columns. The left column, titled "Why Are They Important?", 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, titled "What do they have to offer?", 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 CU\*BASE". A blue starburst graphic contains the text "COMING SOON IN 2015 FICO SCORES INCLUDED IN ITS 257". At the bottom, there is a "FICO Score Meter" graphic showing a scale from 300 to 850. To the left of the meter, it says "CLICK HERE to sign up or Ask us for details Email: sales@lendervp.com". The CU\*Answers Management Services logo is at the bottom left.

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

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

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. <https://store.cuanswers.com/product/credit-score-soft-pull-with-full-details/>

### DETAILED SOFT PULL OF CREDIT SCORE

Detailed soft pulls are currently available through TransUnion. Interested credit unions should contact Transunion for a separate subscriber code and password specifically for this process. Check out the store for details: <https://store.cuanswers.com/product/credit-score-soft-pull-with-full-details/>

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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:

<p><b>Detail</b></p>	<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>
<p><b>Summary</b></p>	<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>
<p><b>Decision</b></p>	<p>If you use FUEL 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>
<p><b>Trades</b></p>	<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>
<p><b>Scores</b></p>	<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 Sync1 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 Sync1 or between Sync1 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: 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!)

## **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, FUEL, which will let you get started with decisioning in a fraction of the time it takes to configure a traditional model.



## **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 FUEL 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 Sync1 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.

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

A: Yes, CU\*Answers does provide Online Credit Bureau Access and FUEL 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 FUEL decision model:

- ◆ *Online Credit Bureau Access and FUEL Startup Guide\**
- ◆ *Online Credit Bureau Access and FUEL: Configuring FUEL and the Approval Matrix\**
- ◆ *Online Credit Bureau Access and FUEL: User Guide*

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

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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.

## FUEL (FORECASTED UNDERWRITTEN EXPRESS LENDING)

There is a \$2,500 one-time setup fee. No ongoing maintenance fee. You will pay us **just 5 cents per decision every time you access the model**. (This fee will be charged only when your request passes your model filters and actually accesses the model.)

### Configuration Services Offered by Lender\*VP

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

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: [ashley.melder@cuanswers.com](mailto:ashley.melder@cuanswers.com) and [charlie.dean@cuanswers.com](mailto:charlie.dean@cuanswers.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 effect 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: [ashley.melder@cuanswers.com](mailto:ashley.melder@cuanswers.com) and [charlie.dean@cuanswers.com](mailto:charlie.dean@cuanswers.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 13 for the additional steps required to implement FUEL.)

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 Sync1 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	Work with Lender*VP on this step.
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 FUEL: User Guide" booklet (available on our website) with your lending and member service staff and begin establishing any needed changes in policies and procedures.  Contact us if you would like to set up training sessions, either at your site or at the CU*Answers University Learning Center.

<i>Step</i>	<i>To be completed...</i>	<i>Description</i>
5. Lender*VP will activate credit bureau access and set related configuration flags	Activation date	Lender*VP must set the configuration and activate a flag to enable reports to be pulled through the online system.  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.

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# GETTING STARTED WITH FUEL

Following are the tasks that must be completed in order to implement the FUEL 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 10 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 FUEL 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 your minimum requirements 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?
5. Start planning for your templates	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? Your rate sheets are a perfect place to start for this.
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

## STAGE 2: CU\*BASE CONFIGURATION FUEL

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 10 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 FUEL.

<i>Step</i>	<i>Description</i>
1. Change your credit bureau partner	Lender*VP will assist with this step.
2. Configure the delivery channels that will access the model	Tool #462 <i>Loan Delivery Channel Configuration</i> Detailed instructions are provided in the second booklet in this series: "Configuring FUEL and the Approval Matrix"
3. Activate FUEL and set the default credit report request type	For online credit unions, <b>this step must be done by Lender*VP</b> (self processors should still consult Lender*VP before changing the configuration)

## STAGE 3: MONITOR AND ADJUST FUEL

The most important step *after* implementation is to monitor the effect of the decision model on your loan portfolio. Lender\*VP will assist with providing you information that 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 10 for information about optional report prep services.)

**Timing:** Begin immediately after activation.

<i>When</i>	<i>What</i>
First 30-60 days after activation	Make adjustments to your minimum requirement filters as you begin to see what loans are passing (or not passing) your filters
Monthly	Monitor and consult with Lender*VP as required.
Annually	Lender*VP will assist you with running canned reports to show your portfolio results.

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