
Automated Non>Returns

A New Way to Manage NSF Activity

INTRODUCTION

Automated Non>Returns is the CU*BASE answer to what has been coined as a “Courtesy Pay” share draft program, where accounts are taken negative in the posting of electronic debits (share drafts, ACH, etc.) for a fee.

Similar to the existing non-return or “force pay” feature available in share draft exception processing, the CU*BASE Auto Non-Return (ANR) feature allows your credit union to configure a program where member balances can automatically be processed to a negative amount, saving members the embarrassment and hassle of returned checks, with corresponding fees that offset credit union costs and increase your return.

- ◆ **Share drafts** that would traditionally be returned as NSF will post, up to a specified *Negative Balance Limit* amount stored on each individual share draft account record.
- ◆ In addition to share draft processing, **ACH** will allow members to post items negative, up to the *Negative Balance Limit* on the member’s account. *See Page 4 for more details.*
- ◆ Items posted through the **Teller Processing In-House drafts** feature will include ANR processing for accounts that have a *Negative Balance Limit*.
- ◆ Items posted through **ATM/Debit card** interfaces (online or batch) can be configured to use ANR processing for accounts that have a *Negative Balance Limit*. *See Page 8 for considerations and Page 11 for activation instructions.*
- ◆ Credit unions can control member negative balance limits with an automated “**ANR Scoring**” system. Similar to Marketing Clubs, this system will automatically monitor member accounts on a monthly basis and activate or adjust member accounts to the appropriate limit according to CU-defined parameters. It also includes a daily deactivation routine that will automatically zero-out a member’s negative balance limit after the balance has been negative for a specified number of days. *See Page 15 for more details.*

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- ◆ A **maintenance** program allows you to update a member's negative balance limit without having to access the full account information update system. *See Page 21 for more details.*
- ◆ **NSF Statistics** include detail and counts for draft, ACH and ATM/Debit NSF items. *See Page 32 for details.*
- ◆ Depending on your Courtesy Pay program policies as they relate to the requirements of **Reg. DD**, you can elect to disclose period-to-date and year-to-date NSF and Non-Return fees to members on member statements. *See Page 37 for details.*
- ◆ For your collections follow-up efforts, you can set up automated **ANR Notices** for negative balance checking accounts. Similar to the way loan delinquency notices are handled, you can configure "aging" parameters, generate a member account comment for credit union staff, and customize the notice text. *See Page 26 for details.*

This booklet describes the steps needed to configure, implement and monitor a credit union-designed program that benefits both your members and your bottom line.

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OVERVIEW: UNDERSTANDING ANR PROCESSING

WHICH PROCESSES WILL USE AUTOMATED NON-RETURNS?

- ◆ Share Draft processing (which includes CU*EasyPay! bills paid via member check)
- ◆ ACH processing for share draft debits ONLY (includes CU*EasyPay! bills paid via ACH)
- ◆ In-house drafts posted through the Teller Posting system
- ◆ Batch ATM/Debit card authorizations and/or postings (*only if activated*)
- ◆ Online ATM/Debit card authorizations and/or postings (*only if activated*)

WHAT IS NOT INCLUDED IN AUTO-NON RETURN PROCESSING?

- ◆ **ACH debits posted to regular share/savings account types** will not use ANR processing. For regulatory reasons, currently only share draft account types are eligible for auto non-return processing.
- ◆ **Line-of-Credit Disbursement checks** will not use ANR processing. Although technically they are posted through share draft processing, loan account records in MEMBER5 and MEMBER6 will not contain a *Negative Balance Limit* field to allow for ANR processing.
- ◆ If your credit union uses **ATM/Debit Card Processing** (batch or online), you can activate ANR to be used when authorizing transactions and/or posting debits. (NOTE: Negative balance limits will *not* be used when calculating balances for ATM account inquiries.) *See Page 8 for a discussion of considerations for activating ANR for your ATM/debit card program. See Page 11 for activation instructions.*

HOW ARE MEMBERS "ELIGIBLE" FOR AUTO NON-RETURNS?

A *Negative Balance Limit* field has been added to the MEMBER2 draft account information file. This field controls how far negative the account is allowed to be posted by share draft processing. A default amount can be configured at the dividend application level for use with new accounts.

There is no "activation" feature *per se* for ANR processing. When items are posted, the system will simply look at the *Negative Balance Limit* field on the member account. If an amount appears in this field, the system will allow the item to be posted up to that limit. If not, auto non-returns will not apply. Items can still be force paid manually through share draft exception processing or through manual account adjustments.

The *Negative Balance Limit* for your members can be adjusted automatically using a monthly scoring system. Similar to Tiered Service scoring, this system evaluates members every month and automatically assigns the appropriate limit according to your defined parameters. You can even tie this system to your Tiered Services program, if you wish, to control a member's

limit based on his or her monthly Tiered Service score. **See Page 15 for more details.**

A member's negative balance limit can also be changed manually based on special situations, and that amount can be "locked" so that it remains fixed. This "locking" feature is designed to allow you to flag certain accounts so that they are not affected by the automated scoring program, such as for problem accounts that abuse the negative balance privilege. Member Inquiry and Phone software will display a member's negative balance limit for each account. **See Page 21 for details.**

By attaching this amount to the member account record, all checking account types will qualify for ANR handling. This will also allow different accounts to be processed based on different limits according to the qualifications set by the credit union.

HOW WILL ANR WORK WITH OVERDRAFT PROTECTION TRANSFERS?

Overdraft protection will continue to work according to your credit union's configured settings. For accounts that also have a *Negative Balance Limit*, the system will pull as much money as it can from overdraft accounts (with applicable fees), then once all available funds from these accounts have been depleted, the remaining amount of the draft will be posted negative on the checking account (up to the *Negative Balance Limit*, with the appropriate fee). The check would be returned only if there were not sufficient funds for the check and all associated fees found in the combination of all ODP accounts plus the negative balance limit on the checking account.

NOTE: In order to ensure that ODP accounts are not taken negative by this process, and also to ensure that all appropriate fees are posted, ODP funds will not be pulled from an account unless there is enough to cover the ODP fee plus at least \$0.01 toward the check itself.

IMPORTANT: In order for ANR processing to work properly with overdraft protection, your credit union must have enabled combined overdraft processing (in MNCNFA Option #9 "NSF/OD Transfer Configuration," choose 1. Overdraft Protection Activation, then check the *Allow combined O/D protection* flag).

WHAT ABOUT MEMBER NOTICES?

There are two types of notices related to ANR. To allow your collectors to follow up on negative balance accounts, you can configure a series of negative balance notices with an aging configuration, similar to how loan delinquency notices are handled.

In addition, there are several notice events that you will add to your forms that notify members when items are posted to a negative balance on their checking account, including notification of your courtesy pay fees. Separate events are available for ACH processing, share draft processing, and ATM/Debit Card processing.

For configuration information, refer to Page 26.

HOW WILL NON-RETURNED ITEMS AND FEES BE POSTED?

All posting programs will process the debit posting in the following order:

1. **Account Balance** - Verify the *Available Balance* on the checking account and post if sufficient funds are available.
2. **Overdraft Protection** - If funds are not available, next verify ODP balances, transferring if funds are available, and then posting the debit amount and appropriate ODP fee.
3. **Non-Fee Tolerance** - If the amount needed to cover the item falls within the non-fee tolerance, post the debit amount only with no non-return fee.
4. **Auto Non Returns** - Calculate funds available via ANR by adding the *Available Balance* to the *Negative Balance Limit* on the checking account, then post the debit amount and non-return fee.
5. If all of the above steps fail to produce sufficient funds, bounce (return) the item.

IMPORTANT: ANR processing will NOT allow an account to go below the *Negative Balance Limit* in any case. If there is not enough to cover everything, *including the fee*, the item will be returned.

WHAT WILL BE DIFFERENT FOR MY COLLECTIONS EFFORTS?

Working your negative balance accounts will still be done through existing CU*BASE Collections features. A column will appear in the Collections Negative Balance inquiry to show the account's *Negative Balance Limit*. This will help the collector determine which accounts were allowed to go negative through automated processing versus those that were taken negative by other activity. See Page 31 for details.

If automated deactivation has been set up, member will be automatically "deactivated" after the account has been negative for a certain period of time. Deactivation simply means the negative balance limit on the account is \$0.00. This can be done manually at any time by a collections officer, also.

In addition, the NSF Statistics inquiry (available through Member Inquiry and Phone Software) will show all NSF items, both those that were returned as well as non-returned items, including drafts, ACH and ATM/Debit items. See Page 32 for details.

SPECIAL NOTE: 1ST DATE NEGATIVE RESET CHOICES

The system uses a field on the account record called *1st date negative* to determine how long an account has been at a negative balance. You have two choices for how this field will behave:

- ♦ **Reset only if account is positive when EOD monitoring is done** - With this method, when the system monitors negative balances at the end of the day (this is separate from other delinquency monitoring, which is configurable to occur either at BOD or EOD), if the account balance is

a positive balance (or zero), the *1st date negative* field is reset (cleared). This is the default method.

- ◆ **Reset if positive at Any point during the day** - With this method, when the system monitors negative balances at the end of the day, if the account was at a positive (or zero) balance at any point during that day, but the balance is currently negative, the *1st date negative* field will be reset by changing the date to the current date.

Your choice will depend on your Courtesy Pay policies and how you wish to consider a member's negative balance status. If you wish to give a member "credit" for bringing his account balance current during the day, even if he takes it negative again later that same day, use the second ("Any") reset option.

Example 1 - Either Method:

<i>Action</i>	<i>1st Date Negative</i>
On Monday, March 13, account goes negative	1/13/06
On Thursday, March 16, account goes positive	0/00/00
On Friday, March 17, account goes negative	1/17/06

Example 2 - Method 1 ("EOD"):

<i>Action</i>	<i>1st Date Negative</i>
On Monday, March 13, account goes negative	1/13/06
On Thursday, March 16, account goes positive at 2:00 in the afternoon after the member makes a large deposit. However, that evening a large check clears and the account goes back negative again.	1/13/06 <i>(not reset)</i>
On Friday, March 17, account is still negative	1/13/06

Example 3 - Method 2 ("Any"):

<i>Action</i>	<i>1st Date Negative</i>
On Monday, March 13, account goes negative	1/13/06
On Thursday, March 16, account goes positive at 2:00 in the afternoon after the member makes a large deposit. However, that evening a large check clears and the account goes back negative again.	1/16/06 <i>(reset)</i>
On Friday, March 17, account is still negative	1/16/06

Notice that this member has three fewer days in his negative balance history.

Whatever method you choose, keep in mind that the method affects ALL savings/checking accounts, not just the products you have set up for automated non-returns.

Contact a Client Service Representative to change the setting of this flag. Self Processing CUs can change the flag using Master CU Parameter Config (OPER # 10, then # 1).

SPECIAL NOTE: TIERED SERVICE SCORING

The CU*BASE Tiered Services program will allow you to grant (or deduct) points according for negative savings balances separately from negative checking account balances.

It might not make much sense to penalize a member for a negative balance on his checking account when you are taking it negative and charging him a fee as part of your Courtesy Pay program. Therefore you can define a different score (no points, negative points, whatever you wish) for negative checking accounts (Application Type SD) than for all other share-type accounts (Application Types SH, IR, and TX).

*For more information, refer to the CU*BASE Tiered Services Implementation Guide, available on our web site.*

SPECIAL NOTE: CONSIDERING ANR FOR ATM AND DEBIT CARD INTERFACES

If you are considering implementing Courtesy Pay privileges for your ATM and Debit Card programs, keep in mind:

- ◆ There is a difference between PIN-based and signature-based activity.
- ◆ There is a difference between authorizations and posting.
- ◆ There is a difference between offline (batch) and online processing.
- ◆ What about reversals?

PIN vs. Signature

Can your ATM/debit card interface separate PIN- and signature-based transactions? Not all of them can. If yours can't, ANR would be an all-or-nothing proposition.

Consider the mentality of the member when using a debit card at an ATM machine (PIN-based) versus making a purchase at a retailer (signature-based). Which one logically warrants a fee for taking a balance negative? Would members understand if their ATM transaction resulted in a negative balance and a fee, without it being disclosed before they took the money?

Authorizations vs. Posting

Do you mean for ANR to be part of granting a member's request for funds, or just used to handle NSF situations when something is posted? There is a big difference between including a negative balance limit as part of the available funds calculation, and just covering an item that comes in as a courtesy to the member.

Once again, in a signature-based transaction you might approve the purchase for the retailer. But do you want to mislead the member when he does an ATM withdrawal, giving him more from his account than he really has? How are you going to communicate the difference to members?

Remember, if you are only worried about the posting, you can already use NSF fee processes and overdraft protection for ATM and debit card programs.

ANR really doesn't add much to these posting processes. After all, these items never get returned, like checks, ACH, and bill pay transactions can. (Why pay Courtesy Pay consultants just to have the transaction description read "Non-Return Fee"?)

Batch vs. Online

In a batch environment, the switch is responsible for authorizing transactions, either based on a positive balance file (PBF), or using your credit union's daily offline limits. The available balance stored in the PBF can be calculated to include ANR limits if you wish. Although most credit unions might elect to include ODP funds in the calculation (since the member really does have the money available in another account), do you really want your network to approve off a PBF that is inflated by the negative balance limit, thus *encouraging* members to take their accounts negative?

*NOTE: Changes to how available balances are determined for your PBF will require changes to your credit union's custom program, and normal custom programming fees will apply. Contact a CU*BASE Client Service Representative for more information.*

In the online environment, the available balance used to authorize a member's transaction is calculated by CU*BASE (or is based on a daily limit, if the interface is off line), and can therefore be configured to include ANR limits, if desired. But again, do you really want to approve transactions off a balance that is inflated by the negative balance limit, encouraging members to take their accounts negative?

Reversals

Consider this situation: A member requests a \$300 withdrawal at an ATM machine. The network sends a request to CU*BASE to verify member funds, and CU*Answers grants the withdrawal based on a balance of \$200 and a negative balance limit of \$500.

The network goes ahead and sends a post command for the transaction to CU*BASE. CU*BASE uses \$50 from the member's ODP account, charges a \$5.00 fee for the overdraft transfer, posts the balance against the negative balance limit, and charges a \$20.00 non-return fee.

Unfortunately, the ATM machine jams and cannot give the \$300 to the member after all the transactions have been posted. So the network sends a reversing transaction to CU*BASE. Except it is not just one transaction that needs to be reversed. It is far more complicated, and potentially, far more difficult to explain to the member.

The Dilemma: Calculating Available Balance

Consider the following member:

<i>John's Accounts</i>	<i>Available Balance</i>
Savings -000	\$100.00
Checking -001	\$500.00
LOC -786	\$1,000.00
Courtesy Pay Limit	\$500.00

What is the available balance on John's 001 checking acct? Is it \$500 (the amount actually in that account)? Is it \$1,600 (the account balance plus the money in the ODP savings and LOC accounts)? Or is it \$2,100 (the account balance plus ODP plus the courtesy pay limit)?

When a member asks for money from an ATM machine and selects his checking account, does he expect to get money *only* from his checking account based on how much money is really *in* his checking account? And is the answer for an ATM POS transaction? For a Debit card purchase authorization?

CU*BASE has the flexibility to configure many different methods; your credit union just needs to decide what is best for your members and your goals.

SPECIAL NOTE: OPT IN/OPT OUT REG E

Reg E Opt In/Opt Out does not apply strictly to ANR, because ANR applies to checks and ACH transaction, not just ATM and Debit card transactions.

Credit unions need to take care of Reg E settings as it relates to their overdraft services on ATM and one-time debit card transactions, while understanding that it is separate from their overall Courtesy Pay program.

To explain the Opt In/Opt Out Reg E features in CU*BASE, as well as a conversation of the related issued, refer to the *Opt In/Opt Out (Reg E) - Managing Your Offering* booklet posted on the CU*BASE Reference Page under "O."

http://www.cuanswers.com/client_reference.php#O

Managing Your Opt In/Opt Out Reg E Offering	
Opt In/Opt Out Features in CU*BASE	
INTRODUCTION	
This booklet covers the items used to configure your credit union's Opt In/Opt Out Reg E offering and the decisions your credit union needs to make. It also covers the various methods you can use to report your members' transactions, including those opening a new membership, opening a membership or through the new Opt In/Opt Out management screen.	
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CONFIGURING ANR: STEP BY STEP

After you've updated all related TIS disclosures and other member communications, and reviewed your internal policies and procedures for any needed changes, use the following steps to implement ANR processing for your member accounts.



To make sure your implementation works smoothly and you get the results you want, we request that you contact a CU*BASE Client Service Representative to work with you as you complete the following configurations and get ready for your first automated scoring cycle. We will be able to run tests on your member files to make sure that members will be given the negative balance limits that you expect.

1. **Configure Non-Return Fees**

The existing NSF fee configuration already contains non-return fee parameters. These, along with a configurable fee transaction description, will be used for automated non-return processing as well as the existing force pay feature in the share draft exception system. Because fee amounts are set up separately for each dividend application, you can set up different non-return fees according to account type (i.e., regular checking vs. VIP checking, etc.).

See Page 13 for details.

2. **Verify NSF/OD Protection Settings**

Make sure that the combined overdraft protection has been turned on for your credit. This allows the system to pull funds from more than one place to satisfy an item being presented.

Use the "NSF/OD Transfer Configuration" command on menu MNCNFA (Option #9). Choose 1. Overdraft Protection Activation. Make sure the Allow combined O/D protection flag is checked.

3. **Activate ANR for ATM/Debit Card**

(See considerations on Page 8.)

If your credit wishes to activate ANR processing for your ATM/Debit Card activity, you can choose whether or not to activate ANR for your PIN-based (ATM/Debit card) activity as well as for your signature-based (debit card) activity. Separate flags exist to control postings and authorizations.

Use the "NSF/OD Transfer Configuration" command on menu MNCNFA (Option #9). Choose 1. Overdraft Protection Activation. Set the appropriate flags based on your ATM/Debit interface. Refer to online help while working on that screen for additional information.

4. **Set Up Notices**

- ◆ Configure aging parameters for your negative balance notices.
- ◆ Review the text on the ANR1, ANR2, ANR3, and ANR4 notices, changing the verbiage as appropriate, and add the events to one of your forms.
- ◆ Review the text on the NSFREP event (for share draft items), changing the verbiage if needed, and make sure the event is tied to one of your forms.
- ◆ Configure text for the ACH notice event ACHANR and add the event to one of your notice forms.
- ◆ If necessary, configure text for the ATM/Debit Card notice event ATMANR and add the event to one of your notice forms.

■ *See Page 26 for details.*

5. **Configure Monthly Activation/Deactivation Parameters**

Decide how members should be “scored” each month and what negative balance limits should be assigned automatically based on member behavior. Activation scoring is done on the 1st of the month once parameters are defined. Therefore, time these changes to occur prior to the 1st day of the month when your program should begin. After members have been activated with appropriate negative balance limits, the next items to be presented to the account will be subject to auto non-return processing.

■ *See Page 15 for details.*

6. **Determine 1st Date Negative Reset Method**

Decide how you want the system to handle resetting the *1st date negative* field on your checking accounts. NOTE: This method affects ALL savings/checking accounts, not just the products you have set up for automated non-returns.

■ *See Page 6 for details.*

7. **Configure Default Negative Balance Limits for New Accounts**

If you want new accounts to be automatically included in automated non-return processing, you can elect to set up a default negative balance limit in share product configuration. While this might not be appropriate for all situations, you might want to set it up as a default for your “VIP” or “preferred” type checking accounts.

■ *See Page 21 for details.*

8. **As Needed, Adjust Negative Balance Limits Manually**

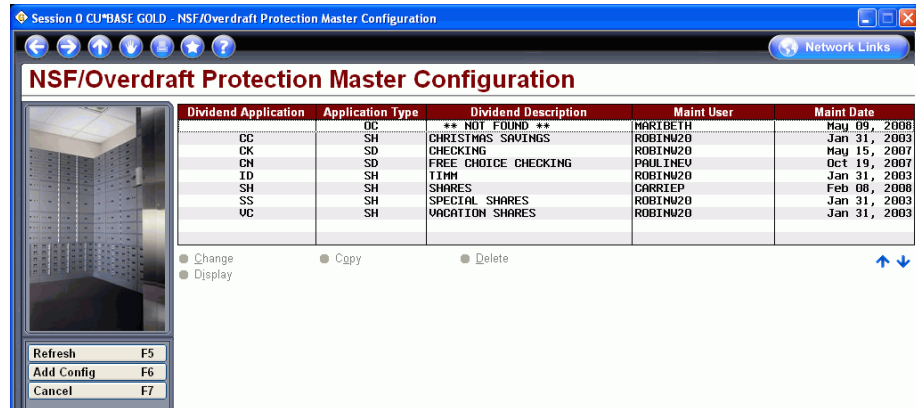
Even if you use the automatic activation/deactivation feature, as your collectors monitor negative balance accounts, it may be necessary to manually adjust a member’s balance amount during the month or lock the amount so it is not changed by the next scoring cycle. This can now be done using command keys available on the Share Draft Exceptions screen, on the Collections Negative Balance inquiry, and when opening new share draft accounts.

■ *See Page 21 for details.*

SETTING UP FEES FOR AUTOMATED NON-RETURNS

NSF/ODP CONFIGURATION

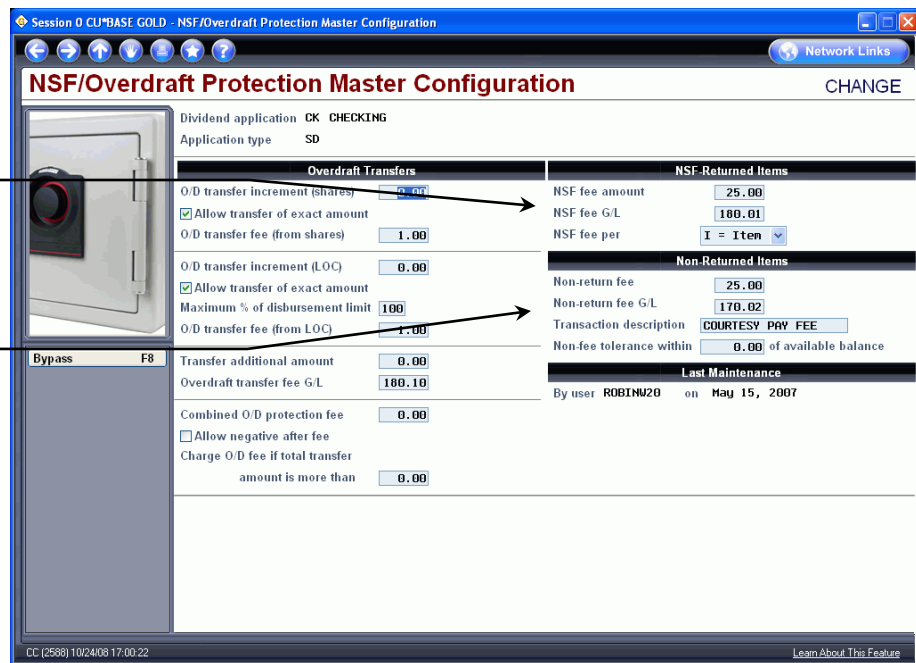
MNCNFA #9 "NSF/ODP Transfer Configuration" then 2. Overdraft Protection and NSF Configuration



Since NSF and ODP settings are configured separately by Dividend Application, you will need to set up non-return fee information for all checking account products that are included in your program. Select the Dividend Application in this list and choose Change (2) to continue.

The *NSF - Returned Items* section controls how items are handled that cannot be posted due to non-sufficient funds, and are actually returned.

The *Non-Returned Items* section controls how NSF items that are not returned will be handled. This controls both your Automated Non>Returns policy as well as any items that are force-paid manually through the Share Draft Exceptions system.



See below for a description of the fields that apply to ANR processing.

Field Descriptions

<i>Field Name</i>	<i>Description</i>
Non-return fee	<p>Enter the fee amount that should be charged to members when NSF items are not returned, but rather are posted to member accounts, resulting in a negative balance. This fee is always charged once for each item that is posted.</p> <p>This same fee is used for Automated Non>Returns as well as for share draft items that are force paid by using status code "F" on the Share Draft Exception File screen.</p>
Non-return fee G/L	<p>Enter the general ledger account number where the fee income from non-return fees should be posted.</p> <p>To allow you to track the fee income from your non-return program, it is strongly recommended that this be a unique G/L account not used for other types of fees.</p>
Transaction description	<p>Enter a description to be used when posting your non-return fee to a member's account. If you are using the Automated Non>Returns feature as a sort of "courtesy pay" program, this description could include a reference to that program.</p>
Non-fee tolerance within xxx of available bal	<p>Use this field to allow items to be cleared on a member's account up to a certain amount over the available balance, without incurring your regular non-return fee. This is commonly set to a low amount such as \$1.00 or \$5.00 for situations where an item is presented and the available balance is just shy of the amount needed to post.</p> <p>For example, say a member has an available balance of \$125 in her checking account and a check for \$126.13 is presented. If the Non-fee tolerance field is set to \$5.00, the check would post with no fee needed. Any subsequent checks presented that took the account more than \$5.00 below the available balance would either be posted with your non-return fee (up to the Negative Balance Limit on that account), or would be returned as NSF.</p> <p>HINT: If your credit union is setting up an automated non-returns program, it is generally recommended that this be set to \$0 so that your non-return fee is applied consistently for all transactions that result in a negative balance. However, you can still use this and any items that bring the account no more than this amount negative will not be charged your normal non-return fee.</p>

SETTING MEMBER NEGATIVE BALANCE LIMITS

AUTOMATED "SCORING" TO SET MEMBER NEGATIVE BALANCE LIMITS

With this system, the *Negative Balance Limit* amounts on member accounts can be controlled automatically by CU*BASE according to member behavior. Since all accounts are monitored every month once they have been opened for a certain number of days, this routine allows credit unions to set up multiple levels whereby a member's limit could be adjusted each month based on their behavior (for example, to tie limits to Tiered Service scores). Since the scoring settings are tied to Dividend Application, different parameters can be set up for each of your checking products.

If any accounts are "locked," the scoring procedure will not alter that Negative Balance Limit on that account. See Page 21 for details on locking an individual account.

IMPORTANT: If you want to use the configurable ANR notices to follow up with your negative balance members, you MUST activate the automated scoring system, even if only for deactivation. See Page 26 for more details about negative balance notices.

Monthly Activation/Reactivation/Adjustment Routine

- ◆ This routine is run monthly on the 1st of the month (after Tiered Service Scoring) using your configured parameters to update the *Negative Balance Limit* field on member share draft accounts.

IMPORTANT RULE OF THUMB: When evaluating a member for which a negative balance limit already exists, the routine will NOT make the limit any smaller than it already is. If appropriate, the limit can be increased (made larger), but not decreased. This is to avoid situations where a member brings an account to \$400 negative, and then the scoring routine modifies his negative balance limit to \$200, making the account negative below the defined limit. (Of course, this account would most likely be deactivated eventually anyway, unless brought current within the specified time.)

- ◆ When the balance limit is changed, a new *Date ANR Activated* field on the account record will record the date the change was made.
- ◆ Reactivation and adjustments will run at same time according to the parameters configured. This routine also updates the *Date ANR Activated* field. (Therefore, an account with a deactivation date that is more recent than the activation date should currently have a limit of \$0. An account where the activation date is *after* the deactivation date means

the account has been reactivated and would show a limit greater than \$0.)

- ◆ When the routine is run, a report will be generated showing members where a Negative Balance Limit was set or changed (see Page 36).

Daily Deactivation Routine

The deactivation routine is designed to remove a member's Negative Balance Limit so that no additional items can be posted negative. This is designed to take care of the abusers who do not promptly bring their accounts current, to lower the risk of loss to the credit union.

- ◆ Accounts are evaluated on a daily basis to set the *Negative Balance Limit* to \$0 according to your configured parameters.
- ◆ When the limit is changed by this routine, a new *Date ANR Deactivated* field on the account record will record the current date.
- ◆ When the routine is run, a report will be generated showing members where a negative balance limit was cleared (see Page 36).

MNCNFA #1 "Share Products"



A separate set of scoring parameters must be set up for each share draft account product that should use ANR processing.

Click the **ANR Scoring** (or press F20) to display the screens shown on the following page.

NOTE: After using the **ANR Scoring** feature to set up your scoring parameters, be sure to check the *Auto-update neg. bal. limits* flag on this screen to activate the monthly update process. This flag is also required if you are planning to generate ANR notices.

Session 0 CU*BASE GOLD - Configure Negative Balance Limit Parameters

Configure Negative Balance Limit Parameters

F7

Evaluation Parameters **Negative Balance Levels**

Minimum age (Not used by type "MO" organizational accounts.)

Activation/Monthly Adjustment

Evaluate accounts monthly after days from account open date.
 Set negative balance level only if account is not currently negative, AND no more than NSF returns since account opened.

Deactivation

Evaluate daily and deactivate when account has been negative for days.

Reactivation

If deactivated, evaluate again days from date deactivated (999 = never).
 Set negative balance level only if account is not currently negative, AND no more than NSF returns since date deactivated.

Exclude the Following Accounts

Dormant Wrong address Deceased member
 Organizational Delinquent OTB Accounts

CC (1645) 10/24/08 17:03:45 [Learn About This Feature](#)

Session 0 CU*BASE GOLD - Configure Negative Balance Limit Parameters

Configure Negative Balance Limit Parameters

F7

Evaluation Parameters **Negative Balance Levels**

Level A

Change negative balance limit to if 90-day average balance is at least
 and 90-day aggregate average balance of all savings accounts is at least
 and tiered service level is at least

Level B

Change negative balance limit to if 90-day average balance is at least
 and 90-day aggregate average balance of all savings accounts is at least
 and tiered service level is at least

Level C

Change negative balance limit to if 90-day average balance is at least
 and 90-day aggregate average balance of all savings accounts is at least
 and tiered service level is at least

Level C

Change negative balance limit to if 90-day average balance is at least
 and 90-day aggregate average balance of all savings accounts is at least
 and tiered service level is at least

CC (1645) 10/24/08 17:03:45 [Learn About This Feature](#)

The settings on this screen control the conditions that will cause a member's Negative Balance Limit to be maintained automatically by CU*BASE. Activation, reactivation, and monthly adjustments are done on the 1st of the month based on the member's status at that point in time. Accounts are also monitored on a daily basis for deactivation according to the parameters defined here.

Field Descriptions

<i>Field Name</i>	<i>Description</i>
Evaluation Parameters The fields under this tab control whether a member is granted a <i>Negative Balance Limit</i> at all.	
Minimum age	A member must be at least this age in order to qualify for a negative balance limit. This is ignored when evaluating organizations (membership type “MO”).
Activation/Adjustment This section controls the initial “activation” of a brand new account. It also controls adjustments, if any, that are to be made to a member’s limit. Activation and adjustments are done on the 1st of every month. Remember that ALL accounts of this type are evaluated against these settings once the account has been open the minimum time specified. Therefore, if you have defined more than one level under the <i>Negative Balance Levels</i> section, existing members might change to a new level based on account balance and/or Tiered Service Score. All parameters in this section are “AND” conditions—everything must be true in order to set or change a member’s Negative Balance Limit.	
Evaluate accounts monthly after xxx days from account open date	This parameter allows you to give new accounts a negative balance limit after they have been opened for a certain period of time (usually 60-90 days). Thereafter, accounts are evaluated every month and adjusted to a new level, if appropriate. Members negative balance limit can be adjusted to a larger or smaller negative balance limit.
Set negative balance level only if account is not currently negative, AND	Remember that accounts cannot be granted a new negative balance limit by this system if they are already at a negative status.
No more than xxxx NSF returns since account opened	This controls the tolerance of returned items. If set to zero, the member can’t have had <u>any</u> NSF returns since the account was opened in order to be granted a limit. Remember that this applies to RETURNED items only.
Deactivation This section lets you pull a member’s account out of the program if it is not brought current quickly enough. Accounts are monitored every day for deactivation.	
Evaluate daily and deactivate when account has been negative for xx days	If a member stays negative for this many days (measured from the <i>First Date Negative</i> field on the account) the system will automatically change the <i>Negative Balance Limit</i> to \$0.00 and record the date in the <i>Date ANR Deactivated</i> field.
Reactivation This section allows you to bring a member back into the program if they go for a certain period of time without problems. Again, all parameters in this section are “AND” conditions—everything must be true in order to change a member’s <i>Negative Balance Limit</i> .	
If deactivated, evaluate again xxx days from date deactivated	The system will look at the account again after this many days since the <i>Date ANR Deactivated</i> . This allows you to give members a period of time to “clean up their act” before allowing them back into the program again. If you do not want to ever reactivate a member who has been deactivated, enter 999 here NOTE: Reactivation is actually done on a monthly

<i>Field Name</i>	<i>Description</i>
	basis at the same time as activation and adjustments are done. Therefore, if this number of days passes for a specific account and it is still the middle of the month, that account will not actually be reactivated until the 1st of the next month.
Set negative balance level only if account is not currently negative, AND	Remember that accounts cannot be reactivated if they are currently at a negative status.
No more than xxxx NSF returns since date deactivated	This controls the tolerance of returned items. If set to zero, the member can't have had <u>any</u> NSF returns since it was originally deactivated in order to be granted a new limit. Remember that this applies to RETURNED items only.
<p>Exclude the Following Accounts</p> <p>This section lets you set exclusions that will cause CU*BASE to ignore certain accounts, meaning their <i>Negative balance limit</i> will not be changed during the scoring routines.</p> <p>NOTE: These apply only to activation and reactivation routines. If you check any of these flags after you have been running your ANR program for a while, any of these types of accounts that already have a negative balance limit will never be evaluated again (they might be <i>deactivated</i>, but only based on your deactivation parameters, not based on dormancy, wrong address, etc.). You may first need to manually adjust these accounts to get everything in synch.</p>	
Dormant	Check this flag to ignore any accounts where the member is currently at a dormant status.
Organizational	Check this flag to ignore all accounts with Membership Type MO (organizational).
Wrong Address	Check this flag to ignore all accounts where the <i>Wrong address</i> flag is checked. Once the account has a corrected address and that flag is removed, the account will be evaluated as usual the next time scoring is done.
Delinquent OTB accounts	Check this flag to ignore all accounts with an OTB credit card or other OTB account that is currently flagged as delinquent.
Deceased member	Check this flag to ignore all accounts where the member has a <i>Date of death</i> entered on the MASTER record.
<p>Negative Balance Levels</p> <p>The fields under this tab determine which <i>Negative Balance Limit</i> amount that will be used if <u>all</u> the conditions in the "Evaluation Parameters" section are met. You can use up to four levels, to assign different levels to different members if you wish. For example, you could tie your courtesy pay program to your Tiered Services program to determine the member's limit according to their Tiered Service score for the month. The member will be granted the largest limit for which he/she is eligible. If your credit union has a simple program where members either get your standard limit or none at all, use only the first level.</p>	
Change Negative Balance Limit to xxx if	For this level, enter the negative balance limit that should be granted to the member if ALL conditions in this level are met.
90-day avg bal this acct is at least xxxx, AND	Enter the minimum 90-day average balance the member must have had in this checking account in order to be granted this balance level.
90-day aggregate	Enter the minimum 90-day aggregate average balance the

<i>Field Name</i>	<i>Description</i>
average balance all savings accounts is at least xxxx, AND	member must have had in all savings accounts in order to be granted this balance level.
Tiered Service level is at least x	<p>Enter the minimum Tiered Service level the member must have achieved in order to be granted this balance level. (Since ANR scoring is done immediately after Tiered Service scores are calculated at the beginning of the month, this means that the Tiered Service score a member earned for the past month will determine his negative balance limit for the coming month.)</p> <p>NOTE: If your credit union uses the household method of Tiered Service scoring (where everyone in a household is granted the highest score earned by any member of that household), ANR will still use the score earned by each individual member to determine the appropriate negative balance level.</p>

DEFINING NEGATIVE BALANCE LIMIT DEFAULTS FOR NEW ACCOUNTS

If you wish to automatically give all new checking accounts the ability for automated non-returns, you can enter a default negative balance limit as part of the share dividend application configuration.

MNCNFA #1 "Share Products"

The screenshot shows the 'Share Account Setup' interface. The 'Default negative bal limit' field is highlighted with a red circle and contains the value '00000000'. Other visible fields include Description (CHECKING), Account range (001 to 009), Application type (SD = Share draft/checking products), and various checkboxes for account features like 'Allow account nicknames', 'Report dividends to the IRS', and 'Auto update member negative balance limits'. The interface also includes a 'Configure Negative Balance Processing' button and a footer with the text 'Dividend rates are entered using Member Rate Maintenance on menu MNMGMT.'

Enter an amount into the *Default negative bal limit* field. This amount will automatically be filled in as the negative balance limit whenever a new account of this type is created. Leave the field as 0.00 if you do not wish new accounts to be able to be posted to a negative balance through ANR processing.

This is not common, but might be useful for specialty checking accounts where members already go through some sort of evaluation process before the account is opened, and therefore can be granted a negative balance limit immediately as a type of reward for opening the account.

MANUALLY CHANGING/LOCKING A MEMBER'S NEGATIVE BALANCE LIMIT

Negative Balance Limits can also be set or adjusted manually on a member's checking account. This could be done to allow just a small "focus group" of members to have a limit in order to test your program and make sure the fees and other settings are configured properly.

This method might also be used to set a specific account to a limit of zero dollars so that it is not allowed to be posted negative by ANR processing. Or you could set a "permanent" negative balance limit for certain memberships

so that they are allowed to be posted negative to a higher (or lower) limit, separate from the criteria you use for the rest of your membership. These accounts would then be locked so that the limit is not changed by the automated activation/adjustment scoring routines.

To avoid having to use the full Account Update system, access to a member's Negative Balance Limit is now available through several convenient locations in CU*BASE:

- ◆ When working share draft exceptions
- ◆ When reviewing negative balance accounts in the Collections system
- ◆ When creating a new checking account

CU*TIP: You can still use the normal Account Update screen (MNUPDT #2) to adjust the *Negative Balance Limit* and *Locked* flag for an account. Your Employee ID must have Maintenance Tier 2 security clearance in order to adjust the fields there.

MNSDAT #1 "Work Member Exception File"

CU*TIP: Click the button above the final column to toggle the display between number of NSF items found in history for this account and the Draft #.

The No. of NSF's shown here is on a rolling 12-month timeframe. It includes NSF items from history (see Page 32) for the current month plus 11 prior months.

Status	Code	Trace #	Name	Amount	Current Balance	Draft
A	31	01	PI	3,133.61	50.00-	3800
A	31	01	PI	7,307.71	2,038.52	436
A	31	01	M	825.00	110.10-	5898
A	31	01	S	75.00	117.91-	2208
A	31	01	S	236.39	117.91-	2207
A	31	01	BI	25.00	277.42-	4682
A	31	01	BI	41.87	277.42-	4689
A	31	01	GI	54.63	152.47-	2999
A	35	01		75.00	0.00	1412
A	36	01	SI	319.00	0.00	771

If you are working share draft exceptions and see a member whose negative balance limit should be manually adjusted (up, down or to zero), select the member's name in the list and use the **Chg Neg Bal Limit (F18)** option to display the screen shown on Page 24.

MNCOLL #1 "Work Collections"

Session 0 CU*BASE GOLD - Collections Member Inquiry

Network Links

Collections Member Inquiry

Position to account

Coll ID	Contacted Yes	Mo/Day	Account #	Memo Type	Name	Type	Months	Days	Balance	Last Tran
89			790		JE	DELQ	3	12	45,000.00	00/00/00
89			611		TH	DELQ	4	6	50,074.66	00/00/00
89			611			OVRL			50,074.66	Feb 29, 2008
89			771			DELQ	2	10	229.20	Mar 14, 2008
33			780			DELQ	5	23	93,616.46	Feb 29, 2008
75			772	CV	Jr	DELQ	3	7	1,486.11	Jun 19, 2008
			500		GE	DELQ	5	6	70.89	Nov 07, 2007
92			771			DELQ	3	10	4,800.00	Feb 25, 2008
89		Oct 07	770	BK	HE	DELQ	3	1	15.00	00/00/00
			001	CV	NF	NEG*		1	69.12	May 09, 2008
			001	CL	JC	NEGB		209	147.14	May 09, 2008
			001		CF	NEGB		124	3.00	May 09, 2008
75			771			DELQ	3	20	20,281.96	Feb 29, 2008
			610		SI	DELQ	5	6	2,030.64	Dec 11, 2007

Assign Chg. Neg. Bal. Limit Household Follow-up
 Notices Participation Loan Work Member Work Loans
 Underwriting Comm. More Info Contact Info Last Note
 Inquiry

Backup F3
 Cancel F7
 Sort Follow Up F11
 Collection Rpts F16

A highlighted account number indicates there is a pending follow-up due either today or for a date in the past.

148| 10/24/08 17:12:26 Learn About This Feature

For a collections officer, while you are working your negative balance accounts, any item with a type of **NEG*** means there is a *negative Balance Limit* on the account. (Select the account and choose **More info** to see the actual limit.)

To manually adjust a member's level (either to increase it, decrease it, or clear it so no additional items are posted negative), select the member's name in the list and use the **Chg Neg Bal Limit (B)** option to display the screen shown on Page 24. (NOTE: Remember that changes will not immediately appear in the *More info* window because this is a "snapshot" of the member as of the last time collections monitoring was done.)

MNSERV #13 "Open Memberships/Accounts" then Add New Sub-Account (checking products only)

Session 0 CU*BASE GOLD - New Account Creation

Network Links

New Account Creation

Individual

Corp ID 01

Account Information

Name JOHN Q MEMBER

New account # 111

New account type REGULAR CHECKING

Date opened Oct 24, 2008

Share draft check digit 1

Dividend pay code 1 = Addback

Negative balance limit 0.00 (Only if eligible)

Lock this limit so it will not be changed by automated scoring

Joint Owner/Beneficiary

Overdraft protection

Print starter checks

Order checks

Backup F3
Create F5
Cancel F7
Bypass F8
Procedures F21
Pay To F22

FR (2417) 10/24/08 17:17:57

If you are creating a new checking account and would like to qualify this member to immediately be active in your courtesy pay program, use the fields on this screen to enter the amount and/or lock the limit so it is not changed by the monthly scoring program. This might be helpful when opening a second checking account for an existing member, to make both the older and the new account have the same negative balance privileges.

Updating a Member's Negative Balance Limit

This screen appears after using the command key or option on the Share Draft Exceptions and Collections Negative Balance Inquiry screens:

CU*TIP: The *Activation date* is updated whenever the account's *Negative Balance Limit* is changed, whether through the initial activation or a later adjustment or reactivation.

An account with a *Deactivation date* that is more recent than the *Activation date* should currently have a limit of \$0. An account where the *Activation date* is after the *Deactivation date* means the account has been reactivated and therefore would show a limit greater than \$0.

Session 0 CU*BASE GOLD - Update Member Negative Balance Limit

Update Member Negative Balance Limit

Account #

Current account balance 835.85 -
Existing negative balance limit 1,000.00
New negative balance limit

Lock this limit so it will not be changed by automated scoring

Automated Scoring History	
Activation date	00/00/0000
Deactivation date	00/00/0000

Update F5
Cancel F7

FR (1646) 1/16/09 14:08:22 [Learn About This Feature](#)

The account number selected on the previous screen will appear automatically, showing his or her existing negative balance limit and the current balance on the account. (You may enter a different account number now if desired, such as if the same member has two checking accounts; use Enter to refresh the screen.)

Enter the appropriate limit amount. If you do not want this account to be adjusted when the monthly scoring routine is run, place a checkmark in the *Lock this limit...* field. When done use F5-Update to save and return to the previous screen.

IMPORTANT: A manual change to the amount or lock does NOT affect the date fields shown here. These fields are intended to give a history of automated changes through the scoring system. Manual adjustments are, however, written to the File Maintenance log (CUFMNT).

Remember that if you enter 0 (or blank) as the limit, no additional items can be posted negative to the account. If this is a “trouble” member you would like to remove from the courtesy pay program altogether, after setting the limit to 0 you should also lock the account so he or she is no longer considered for a new limit in the future.

SETTING UP ANR-RELATED NOTICES

There are a number of configurable notices related to your credit union's ANR programs. First, for your collections follow-up efforts, you can set up aging parameters that will allow you to generate Courtesy Pay notices for your negative balance accounts at specified intervals of time. (See below for more information.)

In addition, you will also need to change your credit union's notice forms to add any additional notice events related to ANR and share draft processing, ACH processing, and ATM/Debit Card processing, to explain when ANR fees are assessed for incoming items posted to member accounts. (See Page 29 for information about these notice events.)

CONFIGURING ANR NOTICE SETTINGS

MNCNFA #22 "ANR/Negative Bal Notice Config"

Level	Preset Levels	
	Activate After	Months or Days
1	<input type="checkbox"/>	N/A
2	<input type="checkbox"/>	N/A
3	<input type="checkbox"/>	N/A
4	<input type="checkbox"/>	N/A

Produce negative balance comment after: 15 D = Days

Comment text: REMIND MEMBER OF NEGATIVE BALNACE CHECKING ACCOUNT

This screen lets you define when notices should be generated for members whose checking accounts have gone negative as part of your Courtesy Pay program. You can also choose whether or not you wish to generate a Member Account Comment that will notify tellers and other staff with special instructions for these accounts.

After entering all settings (see "Field Descriptions" below for instructions) use Enter to save and return to the menu.

Important Considerations

- **Notices will be generated ONLY for products with the *Auto-update neg. bal. limits flag checked* in the Dividend Application configuration.**

(See Page 16 for instructions about activating this flag.) Therefore these notices only apply to share draft (application type SD, MEMBER2) accounts that run the ANR auto-scoring routines. In other words, your credit union must use auto-scoring features (even if only for deactivation) in order to produce negative balance notices.

- A negative balance notice will be generated for *all* monitored accounts according to the configured time periods, regardless of why that member was taken negative. There is no foolproof way for CU*BASE to know whether a negative balance is the result of an actual courtesy pay overdraft, or for another reason.
- A Notice Tracker is generated with this event.
- Negative balance comments will be purged automatically when the account goes positive.
- Remember that negative balance monitoring is done during the end of day processing. Notices are generated at this time. That means the notices are ready to print the next morning. You might need to take into account the amount of time it takes to print and mail notices and adjust the number of days accordingly. For example, if the members should receive the notice on the 15th day the account has been negative, you might want to set the “activate after” setting to 13 days or less to allow for printing and mailing the notices.

Field Descriptions

<i>Field Name</i>	<i>Description</i>
Preset Levels Activate After Months or Days	<p>When a checking account has been negative for the specified number of months or days, the system will automatically generate the notice event that corresponds with the level.</p> <p>Remember to take into account the time to print and mail notices (see above).</p> <p>The system uses Notice Events ANR1, ANR2, ANR3 and ANR4 for negative balance notices corresponding to these levels. These must be tied to one of your notice forms in order to actually print.</p> <p>The purpose of the preset levels is so that a different notice can be generated depending on how long the member has been negative. Wording can become increasingly stronger and more insistent, with appropriate instructions included.</p> <p>Preset levels must be defined in order. For example, the Activate after amount for level 1 cannot be set to a higher number than level 2.</p>
Produce negative balance comment after	<p>This feature is used to generate a Member Comment alerting credit union staff about a negative balance situation. This comment would appear in the pop-up comments window used by Teller Posting, Inquiry and Phone Inquiry.</p> <p>Enter the number of days or months, or leave the field blank if you do not wish to produce a comment. If you do enter a time period, use the <i>Comment text</i> field to configure the text that will be used.</p> <p>Remember, for this comment to have any value, tellers and other member service personnel must be instructed on how to respond should the comment appear.</p>

Comment text	Use this field to define the text that will appear in the Member Account Comments pop-up window when a checking account goes negative.
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SETTING UP ANR NOTICES

ANR Notice Events: ANR1, ANR2, ANR3, and ANR4

In order for the ANR negative balance notices to print, you must add the following notice events to one of your credit union's configured notice forms: **ANR1**, **ANR2**, **ANR3** and **ANR4**.

Events can be combined onto a single form or separated. For example, if you want to include additional attachments when only certain notices are mailed (for example, sending repayment plan documentation with the 3rd and final notices), we recommend you set up a separate form for those notice events, rather than combining all events onto a single notice form. That way you can print each form separately as its own batch.

For additional details about adjusting event text and adding notice events to one of your credit union's printed notice forms, refer to the separate booklet, "Member Notices: Configuring and Printing CU-Defined Laser Notices."

Sample Event Text

Following is a sample of the default text for each of the ANR notice events. All events include the following account details in addition to the generic text shown below:

- ◆ Account Number
- ◆ Current Balance
- ◆ First Date Negative
- ◆ Last Deposit Date*

**NOTE: This refers to the last deposit transaction found in the available transaction history for the member's account; if no deposit is found in available history, this will show as 00/00/00 on the printed notice.*

Remember that you must adjust this text (for example, to enter your credit union's own phone number) **then attach the events to the appropriate form(s).**

ANR1	<p>1st Notice of Overdrawn Account</p> <p>Your business is important to us and we want to remind you that your checking account has been overdrawn for 15 days or more. Your account balance is shown above. For the account to remain in good standing, please make a deposit to bring the account to a positive balance within ten (10) days.</p> <p>Your Courtesy Pay program will remain in effect, provided a sufficient deposit is made within ten (10) days. If you are having financial difficulties or were unaware of the situation and want to discuss this matter in greater detail, please contact a Member Service Representative at (999) 999-9999.</p> <p>If you have already made a deposit to your account, thank you, and please disregard this notice.</p>
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ANR2	<p>2nd Notice of Overdrawn Account</p> <p>For the last 21 days or more, your checking account has been overdrawn by the amount shown. Our overdraft policy requires you to make deposits sufficient to cover all transactions and associated fees every 30 days. Since your account has been overdrawn for more than 21 days, you must make a sufficient deposit to the account immediately.</p> <p>Your Courtesy Pay program will only be in effect for 9 more days. If you wish to continue this program, you MUST make an immediate deposit sufficient to cover all your transactions and associated fees.</p> <p>If you are having financial difficulties or were unaware of the situation and want to discuss this matter in greater detail, please contact a Member Service Representative at (999) 999-9999.</p>
ANR3	<p>3rd Notice of Overdrawn Account</p> <p>Your checking account has been overdrawn for 30 days or more. We regret that until the account balance has been brought positive or satisfactory arrangements have been made, your checking account and associated privileges have been suspended. During this period, we will not pay any checks or other items presented for payment. However, all presented items will be charged our normal NSF processing fees. If you deposit funds sufficient to return the account to a positive balance we may reinstate your account and Courtesy Pay privileges.</p> <p>If you are having financial difficulties, we can help. You can use our Repayment Plan. This plan aids in maintaining your checking account by possibly allowing repayment of the overdrawn amount in installments rather than in one single deposit. For your convenience, we have enclosed a Repayment Agreement. This agreement also authorizes us to open a sub-account in your name, under the primary account number that holds the checking account and all owners of the account should read, sign, and return it to us within 10 days. By signing and returning the Agreement, we will reinstate regular account privileges, excluding Courtesy Pay privileges. Once you have satisfactorily repaid your obligation, you may request the Courtesy Pay privilege be reinstated.</p> <p>We value your business and hope you will continue to rely on us for your financial needs. It is very important that you either (1) make a sufficient deposit immediately to cover your overdrawn balance or (2) sign and return the Repayment Plan Agreement.</p>
ANR4	<p>Final Notice of Overdrawn Account</p> <p>For the past 45 days or more, your checking account has been overdrawn by the amount shown. In previous letters we asked you to give this matter your immediate attention and resolve this issue. As of today, we have not heard from you. Consequently, this letter serves as our final demand for repayment.</p> <p>YOU MUST MAKE A DEPOSIT TO BRING THIS ACCOUNT TO A POSITIVE BALANCE WITHIN THE NEXT FIVE (5) DAYS.</p> <p>Please call a Member Service Representative at (999) 999-9999 to discuss your particular circumstances. Otherwise we intend to close your account and report it to national credit bureaus and check collection agencies as being at an overdrawn status. This would make it difficult for you to establish an account at another financial institution to write checks. In addition, we may pursue all legal remedies available to us to collect this outstanding balance.</p>

OTHER RELATED NOTICES

Share Draft Processing: NSFREP

There will be no new notice event for share drafts (this includes CU*EasyPay! bill payment items paid via a member draft). Share draft processing will use the same non-return fee notice (event **NSFREP**) that is used for items force-paid through share draft exception processing. You may want to change the verbiage to make reference to your “courtesy pay” program, if desired.

Attention CU*EasyPay! Credit Unions: We recommend you modify the text for the NSFREP event to make it generic enough to cover checks written manually by the member and created via CU*EasyPay!.

If part of the funds are taken from ODP accounts, with the rest posted negative to the checking account, two notice events will be generated: one for

the ODP transfer and fee (ODPSL), and another for the non-return fee (NSFREPP). To make it easy for members to understand, we recommend that both of these events be tied to the same notice form, so that both will appear together on the form the member receives. (By default these events are both tied to the Checking ODP/NSF Notice form ODPNSF, so unless you have changed your form configuration, your notices should be ready to go.)

ACH Processing: ACHANR

For ACH debits that are posted to share draft accounts, there will be a new notice event: **ACHANR**. This new event must be defined and added to one of your notice forms—either to your existing form for ACH NSF returns and overdraft protection, or to the same form used for the share draft non-return notice event.

CU*TIP: *The notice event for overdraft transfers (ODPSL) will now allow you to select Check Number to display on the notice, to help members determine which check caused the overdraft to occur. Keep in mind that if more than one check was presented that same day, only the first check number presented that caused the ODP transfer to occur can be shown on the notice. (You could alter the event text to explain this, if desired.)*

ATM/Debit Card Processing Notices: ATMANR

If your credit union uses ANR for your ATM/Debit Card activity, there will be a separate notice event: **ATMANR**. This event must be defined and added to one of your notice forms.

See Page 11 for instructions on activating ANR for ATM and Debit Card activity.

For additional details about adjusting event text and adding notice events to one of your credit union's printed notice forms, refer to the separate booklet, "Member Notices: Configuring and Printing CU-Defined Laser Notices."

MONITORING NEGATIVE BALANCE ACCOUNTS

COLLECTIONS MONITORING

MNCOLL #1 "Work Collections"

Items marked **NEG*** are accounts that have a negative balance limit on them. Select the item and choose **More info** to see the limit amount.



Cmt ID	Connected Yes	Month	Account #	Memo Type	Name	Type	Months	Days	Balance	Last Tran
89			790	JE		DELQ	3	12	45,000.00	00/00/00
89			611	TH		DELQ	4	6	50,074.66	09/09/09
89			611			OVRL			50,074.66	Feb 29, 2008
89			777			DELQ	2	10	229.20	Mar 14, 2008
33			780			DELQ	5	23	93,616.46	Feb 29, 2008
75			772	CV	AC	DELQ	3	7	1,486.11	Jun 19, 2008
92			600	GE		DELQ	5	6	70.89	Nov 07, 2007
09		Oct 07	771			DELQ	3	10	4,800.00	Feb 25, 2008
09			770	BK	HE	DELQ	3	1	15.00	00/00/00
			001	CU	NF	NEG*	1	1	69.12	May 09, 2008
			001	CL	JC	NEGB		209	147.14	May 09, 2008
			001			NEGB		124	3.00	May 09, 2008
			771			DELQ	3	20	20,281.96	Feb 29, 2008
			610		SL	DELQ	5	6	2,030.64	Dec 11, 2007

Accounts that are posted to a negative balance by ANR processing are worked through the Collections Inquiry feature. (To see these accounts, choose the "Work negative balance accounts" option on the initial screen.)

This inquiry shows all share type accounts which currently have a negative balance, as of the last time collections data was monitored (during either end-of-day or beginning-of-day, depending on your credit union's system configuration). This includes checking accounts which are overdrawn, share accounts that have been taken into a negative balance, possibly due to an automated transfer or other reason, and now, share draft accounts that have been taken negative because of automated non-return processing.

These accounts should be worked according to your credit union's normal procedures to bring the account balances back to a positive balance.

VIEWING NEGATIVE BALANCE LIMITS IN MEMBER ACCOUNT INQUIRY

Session 0 CU*BASE GOLD - Member Account Inquiry

Member Account Inquiry

Account # MARY A MEMBER Opened Mar 19, 1983
 SSN/TIN G/L account 902.00-01

Account 110 CHECKING MSR
 Div appl CK REGULAR CHECKING ATM ID
 Outstanding accrued club benefits 0.00 # of ATM withdrawals
 # of ATM overdrafts
 # of withdrawals 11
 Check digit 1
 Frozen 0 NO
 Passbook NO
 AFT NO
 Payroll YES

Current balance	1,365.63	Annual b/u withholding	0.00
- secured	0.00	Div period average balance	805.53
- uncollected	925.00	Period minimum balance	0.00
= Net available	439.63		

1st date negative 00000000
 Neg balance limit 1,000.00 YTD club benefits 0.00
 Locked

Dividend Information			
Dividend payment code	4 TRANSFER TO G/L ACCT	Quarter 1	0.00
		Total	0.00
Dividend transfer account	000012345-050	2	0.00
		Accrued	0.00
		3	0.00
		4	0.00

Transaction inquiry date Jul 11, 2008 [MMDDYY]

FR (67) 10/24/08 17:25:42 [Learn About This Feature](#)

Member Account Inquiry will show the *Negative Balance Limit* for this account as well as whether the amount has been locked so that it will not be changed by the automated scoring process.

HINT: If the amount is zero and locked, the member is probably a “problem” account that is not allowed to have automated negative balance processing.

PRINTING A REPORT OF ACCOUNTS WITH NEGATIVE BALANCES

Use MNRPTB #1 Trial Balance Select Information to print a listing of accounts with negative balances. On the first screen, enter your requested application types, such as Share and Share Draft.

Then on the third selection screen, select to report on only negative accounts by checking the Only negative balance checkbox.

Select to print only accounts with a negative balance by checking this checkbox.

Other criteria can be selected; these are just the ones that are necessary to print accounts with a negative balance.

Here is a sample of the report you will generate:

3/09/09 13:20.50		CU*ANSWERS CREDIT UNION										LMBRT		PAGE	
		MEMBER TRIAL BALANCE										DETAIL		USER ALYCIAM	
		REPORT AS OF 3/09/09												1	
		MEMBER BRANCH													
		LOANS (BOTH)													
APPL	MEMBER	G/L	CURRENT	LST	TRAN	INTEREST	DAILY	SCHEDULED	INT.	ACCRUED	DIV PD	DIV PD	DIV PD	DIV PD	
TYPE	ACCOUNT#	ACCOUNT#	BALANCE	DATE	DUE	DUE	INT.	PAYMENT	RATE	DIVIDENDS	1ST QRT	2ND QRT	3RD QRT	4TH QRT	
SD	100000-070	903.00-01	248.80-	1/20/09					.00%	.00	.00	.00	.00	.00	
	JOHN MEMBER														
					123	EASY STREET		ANYCITY, MI		49000-0000					
SD	123456-070	903.00-01	110.35-	1/16/09					.00%	.00	.00	.00	.00	.00	
	MARY MEMBER														
					234	EASY STREET		ANYCITY, MI		49000-0000					
SD	234567-070	903.00-01	.97-	1/19/09					.00%	.00	.00	.00	.00	.00	
	JANE MEMBER														
					569	EASY STREET		ANYCITY, MI		49000-0000	SD	456789-070	903.00-01		
113.54-	1/13/09						.00%	.00	.00	.00	.00				

TRACKING NSF STATISTICS

The NSF History feature in Member Inquiry and Phone Software is used to view trends in a member's NSF activity over time. The idea is for these stats to show items that were presented to member accounts where the member did not have sufficient available funds in either his checking account or configured ODP accounts to post the items normally, regardless of whether the item was ultimately returned or not.

With the introduction of ANR processing, changes were made to the way in which these statistics are gathered, so that you can see a more detailed breakdown of a member's track record. Statistics will be updated at the time the items are initially posted, according to these rules:

- ◆ Includes items that were unable to post because the amount was greater than the *Available Balance* on the account at the time the item was presented. Includes uncollected funds (check holds), and secured balance amounts.
- ◆ Includes items that were not returned but were posted below the available balance on the account by the ANR system. (Will include items that were posted negative without a non-return fee if a non-fee tolerance amount is configured.)
- ◆ Does NOT include items that could not be posted because of a stop pay order or because of an account freeze. (Also does not include items that could not be posted because of an invalid account number or other problem with the incoming item.)

If items are subsequently force paid through the Share Draft Exception system or were able to be re-posted because of a deposit made after the items was originally presented, the system will not alter NSF statistics.

These stats were designed to give you a picture of what happened when the item was originally presented.

This file also contains fee amounts for both NSF return fees and non-return (ANR) fees, so that they can be disclosed on member statements if configured by your credit union. (See Page 37 for instructions on configuring this feature.)

Member Inquiry, F13-NSF
 or
 MNUPDA #12 "Update NSF Stats/Reg DD Fees"

Draft NSF Statistical Information Update

MARY M. MEMBER SSN/TIN [REDACTED]
 (INDIVIDUAL) 123 EASY STREET Born Apr 12, 1943
 (555) 555-5555 Employee # [REDACTED]
 GRAND RAPIDS MI 49000-0000 Branch 01
 Account # -110 Date opened Oct 25, 1985

of NSF Occurrences

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Balance
2008						2	1						3	32.10

Detail Delete Transactions Fees

Backup F3
 Cancel F7

FR (2584) 8/06/08 10:23:20 [Learn About This Feature](#)

This balance represents the lowest balance that was caused by any item clearing during that year (does not include the fee, if any).

This screen shows a summary of all NSF items by year. Select a year and choose **Detail** to see a breakdown by system (Checks, ACH, Bill Pay) and process (# reversed, # posted below avail. balance). Or select a year and choose **Transactions** to see a list of the individual NSF transactions. Or select a year and choose **Fees** to see a history of NSF return and non-return fees charged.

*For complete details, please refer to CU*BASE GOLD Online Help (click the [Learn About This Feature](#) link) while working in these screens.*

TRACKING AUTOMATED ACTIVATION / DEACTIVATION

The following reports will be generated if your credit union has configured the automated "scoring" system (see Page 15).

Monthly Reports

These reports are run once on the 1st of the month when the automated activation/adjustment and reactivation routines are run. The first report shows any accounts where the *Negative Balance Limit* was changed. This would include any new accounts that were changed from \$0.00 to the defined limit, or any accounts that were granted a larger limit according to the balance levels configured. The second report shows accounts that were reactivated after having been deactivated at some point in the past (notice the *Date ANR Deactivated* column).

10/01/03 15:58:04		CU*BASE TEST CREDIT UNION (ON)							PANRACT Page 1 User NADINET	
Monthly Automated Non-Return (ANR) Activation Report										
Member Negative Balance Limits Activated/Changed:										
Account	Base	Type	Date Acct Opened	Date ANR Activated	Date ANR Deactivated	90-Day Avg Bal This Acct	90-Day Avg Aggr Bal (All Accts)	Tiered Svc Level	Prev Neg Bal Limit	**New Limit**
510	70		9/06/00	10/01/03		3,600.37	3,600.37	BASIC	.00	300.00
748	70		12/11/78	10/01/03		10,572.39	10,572.39	BASIC	.00	300.00
913	70		3/11/99	10/01/03		2,421.66	2,421.66	BASIC	.00	300.00
950	70		2/19/91	10/01/03		718.33	722.26	BASIC	.00	300.00

10/01/03 15:58:04		CU*BASE TEST CREDIT UNION (ON)							PANRACT Page 2 User NADINET	
Monthly Automated Non-Return (ANR) Activation Report										
Member Negative Balance Limits Reactivated:										
Account	Base	Type	Date Acct Opened	Date ANR Activated	Date ANR Deactivated	90-Day Avg Bal This Acct	90-Day Avg Aggr Bal (All Accts)	Tiered Svc Level	Prev Neg Bal Limit	**New Limit**
1000	70		5/11/84	7/01/03	8/15/03	.07	.07	BASIC	.00	300.00
1014	70		4/16/67	7/01/03	8/10/03	273.67	1397.67	BASIC	.00	300.00
1043	70		1/13/95	7/01/03	8/08/03	1048.21	2382.31	BASIC	.00	300.00

NOTE: A column will show "N/A" if that parameter is not used in your configuration.

Daily Report

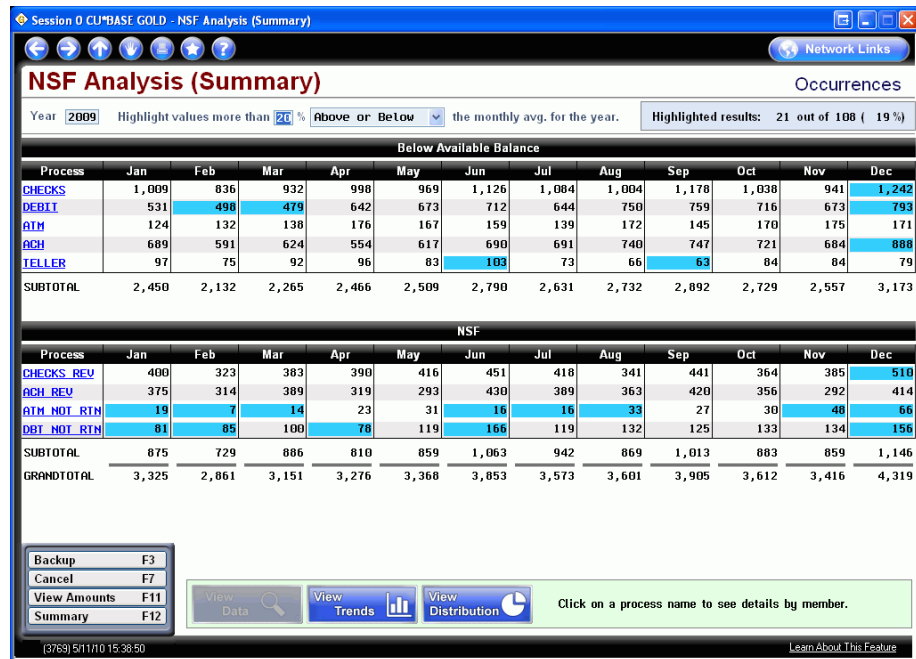
This report is run on a daily basis and shows all accounts where the *Negative Balance Limit* was set to \$0.00, deactivating them from ANR processing.

10/01/04 0:52:21		CU*BASE TEST CREDIT UNION				PANRDAC Page 1	
Daily Automated Non-Return (ANR) Deactivation Report							
Member Negative Balance Limits set to \$0.00:							
Account Number	Member Name		1st Date Negative	Neg. Balance Limit	Current Balance		
35031-010	MARY A MEMBER		9/01/04	700.00	4.00-		
38038-010	SUSIE DEMEMBER		9/01/04	500.00	4.46-		
38474-010	JOHN VANMEMBERSMSA		9/01/04	500.00	8.00-		
*** END OF DETAIL REPORT ***							

NSF/ANR STATISTICS DASHBOARD

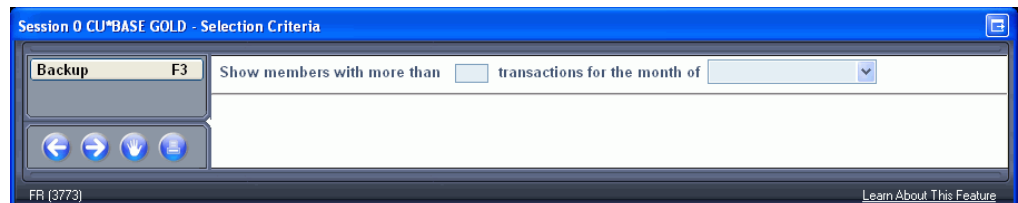
The NSF Statistics dashboard gives CEOs a full picture of the NSF and Courtesy Pay income credit-union wide for an entire year. This dashboard contains data on transaction by channel according to fee amounts paid or occurrences the transaction was presented for an NSF or ANR fee. The screen calculates ongoing averages throughout the year and highlights measured deviations for researching surges and drops in activity. (Select the deviation at the top of the screen and view the deviations highlighted in blue to view the months where activity was outside the norm.)

MNMGMT #26 - NSF Statistics Dashboard



By clicking on a delivery channel, you can select to view a list of members who had a certain number of transactions falling within a month. You can even drill down further to view the data on an individual member. This way you can identify members who being most affected by your policies by their usage of your offerings.

Select Members with Frequent Usage



Graphs

The function keys at the bottom of the screen also take you to a Summary screen as well as colorful graphs of the data.

Graphs



For complete details, please refer to CU*BASE GOLD Online Help (click the [Learn About This Feature](#) link) while working in these screens.

CHECK PROCESSING STATISTICS DASHBOARD

Another dashboard available on the Management/Dashboards menu (MNMGMT), is the Check Processing Statistics Dashboard. This dashboard can be used to monitor trends related to both NSF and ANR non-return activity and fees.

MNMGMT #25 Check Processing Stats Dashboard

This section lists the number of transactions requiring ANR and a fee, if any).

The screenshot shows a software window titled "Session 0 CU*BASE GOLD - Check Processing Statistics". The main heading is "Check Processing Statistics" with a sub-heading "Actual/Average Values". The date range is set from "Feb 04, 2010" to "Feb 28, 2010", and there are 16 check files. The table below provides a detailed breakdown of check processing statistics.

Description	Check Amount		Fee Amount		# of Checks	
	ACTUAL	AVG DAILY	ACTUAL	AVG DAILY	ACTUAL	AVG DAILY
Total Checks in file	23,695,077	1,480,942			49,925	3,120.3
MEMBER CHECKS						
Total nbr checks received	18,231,436	1,139,464			48,138	3,008.6
Nbr checks posted	17,934,773	1,120,923			47,651	2,978.1
Nbr checks posted to neg bal	101,173	6,323	21,140	1,321	551	34.4
Not posted in 1st pass	296,662	18,541			487	30.4
Re posted	189,712	11,857			255	15.9
Force posted to neg bal	14,957	934	2,415	150	1	
Returned	101,474	6,342	6,615	413	223	13.9
CORPORATE CHECKS						
Total corp checks received	5,463,641	341,477			1,787	111.6
Corp checks posted	5,443,960	340,247			1,770	110.6
Corp check exceptions	19,680	1,230			17	1.0
OVERDRAFT TRANSFERS						
Transfers made 1st pass	3,912,641	244,540			2,279	142.4
Fron shares	3,766,709	235,419			1,983	123.9
Fron loans	145,932	9,120			296	18.5
Transfers made re post	7,490	468			17	1.0
Fron shares	7,455	465			16	1.0
Fron loans	34	2			1	

CHARGING OFF SAVINGS AND CHECKING ACCOUNTS

CU*BASE automates the process of charging off a saving or checking account that has been at a negative balance and needs to be taken off your credit union books. This is similar to charging off a loan account, except that instead of keeping the account open as is done with charging off loans, this charge off screen automatically advances you to the step of closing the account and moving the money to a G/L.

This feature is especially helpful for credit unions offering courtesy pay to their members.

- Because of their unique properties, IRA and HSA accounts cannot be charged off using this tool. In addition, because of par value and other factors, this tool cannot be used to charge off the base membership share (000) account.

CREATING A "CHARGE OFF" POSTING CODE

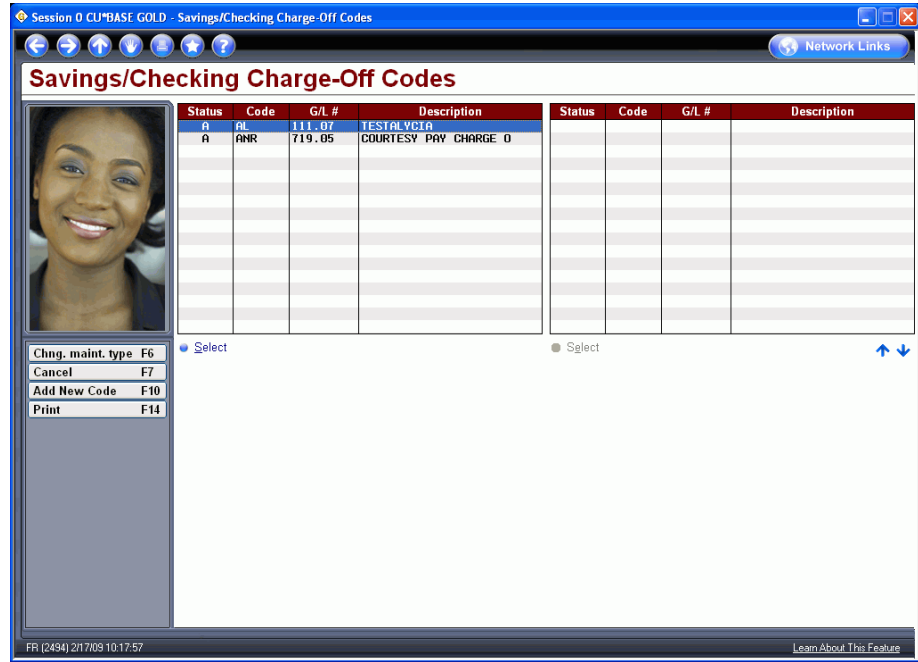
A new Miscellaneous Posting Codes must be configured for this process. These charge off codes are used to charge-off savings or checking accounts that have a negative balance and need to be taken off the credit union books. They are used when charging off the account using the charge off option via MNCOLL #13 - Charge Off Savings/Checking.

MNCNFC #8-Misc Posting Codes Config



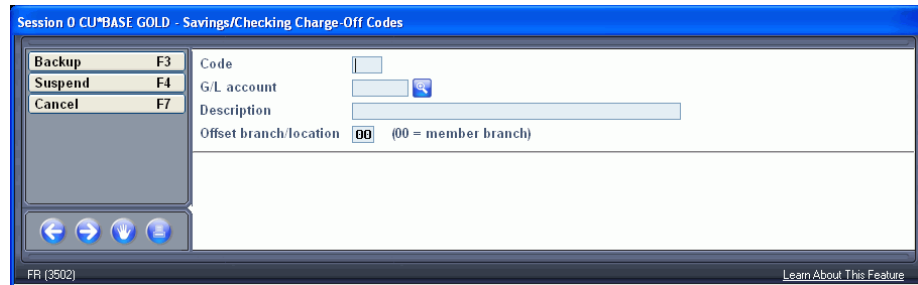
Select the “C-charge off savings/chkg accounts” code option to configure your charge off codes and press Enter. You will see a list of configured charge off codes.

Savings/Checking Charge-Off Codes List



Use F10-Add New Code to configure an additional charge off code.

Code Configuration



This window defines a description of the code and the general ledger account to which transactions will be posted. When done entering the details for the code use Enter to save and return to the previous screen.

Field Descriptions

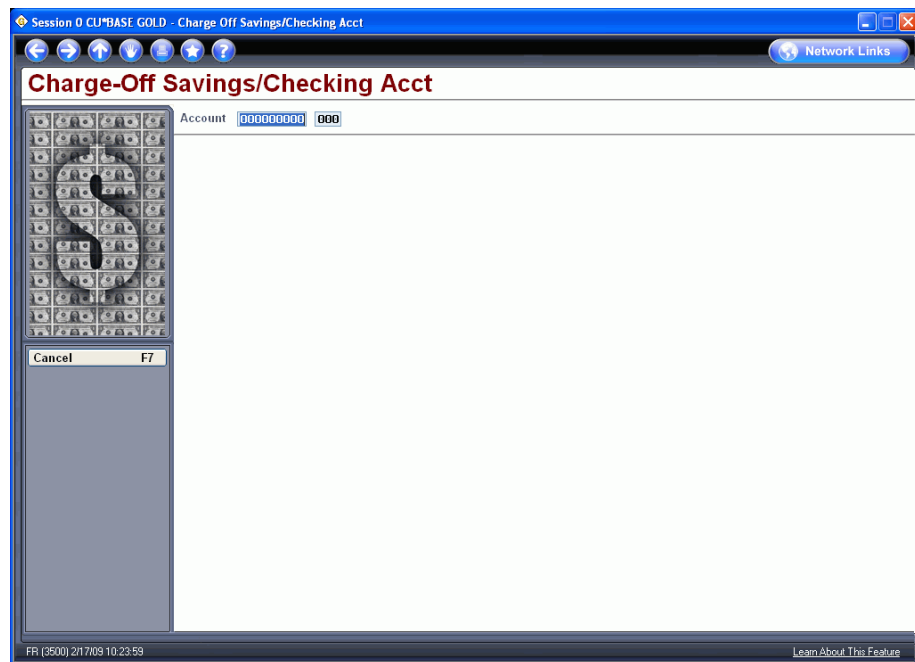
Field Name	Description
Code	This is the charge off code that is being configured.
G/L #	Enter the General Ledger account number that should be charged when the negative account is written off.
Description	Enter a description for the code. This description will appear in help windows used by various configuration and processing screens to display available codes.

<i>Field Name</i>	<i>Description</i>
Offset branch	The offset G/L defaults to be the same branch as the member uses (00); however, you can change this so that all entries go to the same location (for example, 01). This selection depends on whether you choose to do branch accounting or consolidate your entries.

CHARGING OFF THE ACCOUNTS

Once the miscellaneous charge-off posting codes are configured, you can use the Collections menu to charge off the account.


MNCOLL #13 - Charge Off Savings/Checking



On the entry screen, enter an account with a negative balance that you would like to charge off in this screen and press Enter to move to the next screen.

Session 0 CU*BASE GOLD - CHARGE OFF SAVINGS/CHECKING ACCT

Charge-Off Savings/Checking Acct



Account #	348	110
Dividend application	CK	REGULAR CHECKING
Current balance	273.49-	Date account opened Jul 25, 2000
Negative balance limit	1,000.00	Freeze code 0 Allow
1st date negative	Dec 31, 2008	
# of days negative	047	
Last transaction	Dec 09, 2008	
Reason code	47	CLOSED-COLLECTION REASONS
Misc. posting code	ANR	COURTESY PAY CHARGE OFF
If 999, G.L. account		
Transaction description	ACCOUNT CHARGED OFF	
Secondary transaction description	NON-PAYMENT OF NEGATIVE BALANCE	

Comments	F1
Backup	F3
Post & Close Acct	F5
Cancel	F7

FR (3501) 2/16/09 11:34:27 [Learn About This Feature](#)

Select a Reason for the charge of and enter a configured Miscellaneous Posting code (that is a configured Charge Off code). You can also choose to enter an optional secondary transaction description to help you identify the transaction record.

- If the account has funds in it, you will receive a warning message alerting you that the account must be brought to negative before it can be charged off.

DISCLOSING FEES ON MEMBER STATEMENTS (REG. DD)

Depending on your Courtesy Pay policies, you may need to disclose NSF Return fees and Courtesy Pay (Non-Return) fees on member statements, in accordance with Reg. DD requirements. Because these regulations are subject to interpretation and depend to a great extent on your specific non-return policies and procedures, CU*BASE has configurable flags so that you can control what, if anything, is disclosed.

If, based on your interpretation of the regulation and your credit union's Courtesy Pay policies, you wish to disclose fee amounts on your member statements, follow these steps:

1. Choose Which Activity is Tracked

Modify your NSF Configuration (MNCNFA #9, then #1) to indicate which origin codes will be counted in the fee totals. For example, you might need to report only fees that relate to share draft postings, but not include ACH or bill payment activity, based on your interpretation of the reg. as it applies to your situation.

2. Change Statement Print Configuration

Contact a Client Service Representative and request the statement print flag be turned on. We will need your request *in writing* with an authorized signature so that we can update your statement configuration. (This can be for savings accounts, checking accounts, or both.)

Self Processors can activate this flag using the Member Statement Config. command on menu MNOPO9 (OPER # 10, then #5).

The system will track fees in the same file that is currently used to track NSF statistics (NSFAN). (Fees are tracked whether or not you choose to disclose them.) NSF History screens available through Member Inquiry will allow you to see the total amount of NSF return fees and the total amount of non-return (Courtesy Pay) fees that were charged. (See Page 32.)

One thing to keep in mind: the system will update the fee amount in the history file every time a fee is actually charged. However, if you refund the fee later, history data will not be updated. This is consistent with the way NSF statistical counters already work. Remember that you can manually update NSF statistics/fee history as needed.

Statements will print period-to-date and year-to-date totals at the end of the checking account transaction detail section for each applicable checking account, as in the following sample:

SHARE DRAFT ACCOUNTS

045: SHARE DRAFT

Joint Owner(s): JANE DOE SAMPLE

Year-to-Date Divd Paid: .00
Divd Rate: .00 %

Date	Transaction Type	#/ID	Transfer Acct	Deposit	Withdrawal	Balance	Cleared Drafts	
							Dft #	Amount
1/01/09	Beginning Balance					2,828.85	5395	25.00
1/02/09	ACH(001)BNY MELLON PENS PMTS			332.23		3,161.08	5397*	100.00
1/02/09	DRAFT 91818054	5395			25.00	3,136.08	5405*	34.00
1/06/09	DRAFT 15003235	5405			34.00	3,102.08	5406	55.70
1/07/09	DRAFT 11012880	5406			56.70	3,045.38	5407	291.09
1/26/09	DRAFT W/D	5425			20.00	1,279.97		
1/26/09	DRAFT 90173544	5424			60.09	1,219.88		
1/28/09	ACH/US TREASURY 303 SOC SEC			1,800.10		3,019.98		
1/28/09	DRAFT 91091648	5426			316.00	2,703.98		
1/31/09	Ending Balance			<u>2,132.33</u>	<u>2,257.20</u>	<u>2,703.98</u>		
	NSF FEE summary this period:			.00	Year-to-Date:	.00		
	COURTESY PAY FEE summary this period:			.00	Year-to-Date:	.00		

OTHER EFFECTS ON DAY-TO-DAY PROCESSING

DRAFT POSTING SUMMARY REPORT (TNDDT2)

This daily report will now contain an extra line item showing non-return fees that were posted. The actual checks themselves will be included on the "33-32 WITHDRAWAL, DRAFT" line.

5/12/03 11.02.51	CU*BASE TEST CREDIT UNION DRAFT POSTING SUMMARY REPORT COMBINED CORPORATION			TNDDT2 PAGE 2 USER JODYK WORKSTATION
CODE/TYPE DESCRIPTION	PROCESSOR 1	PROCESSOR 2	COMBINED	
33-32 WITHDRAWAL, DRAFT	12,299.94	.00	12,299.94	
53-32 DISBURSMENT, DRAFT	.00	.00	.00	
32-30 DEPOSIT, DRAFT	.00	.00	.00	
32-27 DRAFT REVERSAL, INSUFFICIENT FUNDS	5,196.06	.00	5,196.06	
53-27 O/C DRAFT REVERSAL, INSUFFICIENT FUNDS	.00	.00	.00	
WITHDRAWAL, DRAFT - ERROR EXCEPTIONS	.00	.00	.00	
DEPOSIT, DRAFT - ERROR EXCEPTIONS	.00	.00	.00	
13-48 WITHDRAWAL, OVERDRAFT TRANSFER			1,085.24	
33-48 WITHDRAWAL, OVERDRAFT TRANSFER			29.87	
53-48 DISBURSEMENT, OVERDRAFT TRANSFER			.00	
32-26 AUTO TRANSFER, COVER OVERDRAWN BALANCE			1,115.11	
52-26 AUTO TRANSFER, COVER OVERDRAWN BALANCE			.00	
33-36 WITHDRAWAL, OVERDRAFT TRANSFER FEE			.00	
53-36 DISBURSEMENT, OVERDRAFT TRANSFER FEE			.00	
33-46 WITHDRAWAL, AUTO NON-RETURN FEE			160.00	