
Online Credit Bureau Access and 247 Lender

Configuring 247 Lender and the Approval Matrix



INTRODUCTION

Purpose

This booklet provides instructions for all of the configuration steps necessary to set up CU*BASE for using the 247 Lender automated decision model. These steps are outlined in the separate booklet, “Online Credit Bureau Access: Introductory/Startup Guide.”

You MUST complete all of the getting started steps under “Stage 1” in the Introductory/Startup Guide before proceeding with any of the configurations in this book.

Audience

This booklet is intended for credit union leaders and project managers responsible for implementing 247 Lender decision modeling for your credit union.

Revision date: June 11, 2014

For an updated copy of this booklet, check out the Reference Materials page of our website:
http://www.cuanswers.com/client_reference.php
CU*BASE® is a registered trademark of CU*Answers, Inc.

CONTENTS

LET CU*ANSWERS MANAGEMENT SERVICES “JUST TURN IT ON” FOR YOU	3
OVERVIEW	4
CONFIGURING 247 LENDER MINIMUM REQUIREMENT FILTERS	5
247 LENDER FILTERS PREPARATION WORKSHEET	5
CONFIGURING MINIMUM REQUIREMENT FILTERS	6
CONFIGURING THE CU*BASE APPROVAL MATRIX	8
DECISION CODES REQUIRED FOR 247 LENDER	8
APPROVAL MATRIX CONFIGURATION PREPARATION WORKSHEET	9
CONFIGURING THE APPROVAL MATRIX	11
CONFIGURING LOAN DELIVERY CHANNELS	16
DELIVERY CHANNELS CONFIGURATION PREPARATION WORKSHEET	16
CONFIGURING DELIVERY CHANNEL SETTINGS	17
CONFIGURING RISK-BASED PRICING	19
RISK-BASED PRICING PREPARATION WORKSHEET	19
CONFIGURING LOAN PRODUCTS	21
ACTIVATING 247 LENDER	24

LET CU*ANSWERS MANAGEMENT
SERVICES “JUST TURN IT ON” FOR
YOU



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

OVERVIEW

This booklet contains instructions for Stage 2 of the project to implement the 247 Lender Decision Model for your credit union. Refer to the “*Online Credit Bureau Access and 247 Lender: Introductory/Startup Guide*” and make sure that you have worked through all of the steps in Stage 1 before proceeding with any actual configuration changes.

Once you have a plan and have made some decisions, use the following steps to get the configuration in place on CU*BASE:

<i>Step</i>	<i>Description</i>
1. Configure the model filters	247 Lender Minimum Requirements on the General Configuration 1 (MNCNFC) menu See Page 5 for instructions
2. Configure the Approval Matrix and “active” retention period	Define Decision/Approval Matrix on the General Configuration 1 (MNCNFC) menu See Page 8 for instructions
3. Configure the delivery channels that will access the model	Loan Delivery Channel Config on the Loan Products (MNCNFB) menu See Page 16 for instructions
4. Configure risk-based pricing, if appropriate	Loan Product Configuration on the Loan Products (MNCNFB) menu See Page 19 for instructions Special Note: Remember that risk-based pricing is independent of 247 Lender because it looks strictly at a member’s credit score. Therefore, any changes you make will take effect immediately for all new loan requests where a credit report has been pulled.
5. Activate 247 Lender and set the default credit report request type	For online credit unions, this step must be done by a Client Service Representative (self processors should still consult a CSR before changing the configuration) Complete and return the “247 Lender Setup Form” for final activation; also see Page 24 for additional information

About Completing the Preparation Worksheets

At the beginning of each configuration chapter in this booklet, you will see a related preparation worksheet. These worksheets should be used as you organize your implementation plan and make decisions about products and procedures for using 247 Lender automated decisions.

Completing these worksheets in advance will make it much easier to set up the configuration later in the process. They are also critical if you wish to have CU*Answers complete the configuration for you. (See the “*Online Credit Bureau Access and 247 Lender: Introductory/Startup Guide*” for details about optional configuration services.)

CONFIGURING 247 LENDER MINIMUM REQUIREMENT FILTERS

A key part of the 247 Lender system is a set of configurable “filter” settings that control when a decision will be pulled. Because a decision costs money, the filter will prevent the model from being run in situations where the member obviously will not be approved.

For example, do you want to run the model at all if a member has a bankruptcy on file? Should the length of employment affect whether the model is run or not? These factors should all be addressed in your credit union’s lending policies.

247 LENDER FILTERS PREPARATION WORKSHEET

Start by completing the following worksheet to help you make decisions about how your filters should be configured.

<i>Run model...</i>	<i>Your Setting</i>
Only if credit score is greater than	___ ___ ___ % or <input type="checkbox"/> don't care
Only if debt to income ratio is less than	___ ___ ___ % or <input type="checkbox"/> don't care
Only if length of employment is at least	___ ___ years or <input type="checkbox"/> don't care
Only if length of residency is at least	___ ___ years or <input type="checkbox"/> don't care
Only if no bankruptcy on file	<input type="checkbox"/> Yes or <input type="checkbox"/> don't care
Only if no charge-offs on file	<input type="checkbox"/> Yes or <input type="checkbox"/> don't care
Only if no non-medical collections on file	<input type="checkbox"/> Yes or <input type="checkbox"/> don't care

CONFIGURING MINIMUM REQUIREMENT FILTERS

Following are instructions for filling out the configuration screen for 247 Lender minimum requirements.

“247 Lender Minimum Requirements” on the General Configuration 1 (MNCNFC) menu

Use *Change History* (F6) to monitor changes you have made to your filters over time.

Use this screen to enter the minimum requirements, or filters that must be passed before a decision model is actually run for a member. These filters help you save money running members through the model unnecessarily if they would otherwise be considered ineligible according to your credit union’s lending policies.

If a particular filter is not important to you, make sure to leave the *Requirement enabled* box unchecked for that particular item. For example, if you don’t care what a member’s debt-to-income ratio is, that checkbox would be left unchecked. Otherwise, fill in the minimum requirement and make sure the *Requirement enabled* box is checked. When done, use Enter to Save all changes and return to the menu.

Monitoring and Adjusting Filter Settings

Over time as you monitor your loan portfolio, you may need to adjust your minimum requirements for running the model. This will be particularly important during the initial implementation period, as you monitor the decisions you are pulling and how they are affecting your lending practices.

For example, you may find evidence that increasing the threshold credit score may have affected the quality of your loan portfolio. Conversely, you may notice an overall decrease in the number of denied applications.

Every time changes are made to the filter configuration, a history record is stored so that you can monitor how you have made adjustments over time. Use **Change History** (F6) at any time to see these records:

“Change History” (F6)

Change Date	Change Time	By	Credit Score		Debt-to-Income		Residence		Employment		Bankruptcy	Charge Offs	Collections
			Setting	Y/N	Setting	Y/N	Setting	Y/N	Setting	Y/N			
Feb 18, 2013	12:23	;V	300	Y	999	Y	00	N	02	Y	Y	Y	Y
Nov 29, 2011	12:44	60	600	Y	999	Y	00	N	02	Y	Y	Y	Y
Nov 18, 2011	16:45	60	676	Y	999	Y	00	N	02	Y	Y	Y	Y
Nov 18, 2011	11:45	60	600	Y	999	Y	00	N	02	Y	Y	Y	Y
Nov 01, 2006	8:07	/G	676	Y	999	Y	00	N	02	Y	Y	Y	Y
Jul 20, 2006	14:17	05	676	Y	050	Y	00	N	02	Y	Y	Y	Y
Jul 20, 2006	14:14	05	676	Y	050	Y	00	N	00	N	Y	Y	Y

This screen displays a history of all changes made to the requirements configuration. This lets you monitor changes you have made to your filters over time.

CONFIGURING THE CU*BASE APPROVAL MATRIX

DECISION CODES REQUIRED FOR 247 LENDER

Your credit union must configure Approval Matrix records for each of the decision codes, or “levels,” that are sent to CU*BASE by the 247 Lender decision model. **All of the following codes MUST be configured for 247 Lender to work properly.**

<i>Decision Code</i>	<i>Description</i>	<i>247 Lender Score Range*</i>
00	A general-purpose code to be used by online loan applications (It's Me 247 , etc.) when no decision is available, or if a decision could not run for some reason (other than your filters, such as an error in the file or a transmission problem), or if you do not use 247 Lender.	n/a
01	Level 1 of the 5 pre-approved groups. This represents your “best” members, the ones who scored highest in the 247 Lender scoring model.	340+
02	Level 2 of the 5 pre-approved groups.	320-339
03	Level 3 of the 5 pre-approved groups.	290-319
04	Level 4 of the 5 pre-approved groups.	260-289
05	Level 5 of the 5 pre-approved groups. This represents members with the lowest scores calculated by the 247 Lender that are still considered pre-approved.	230-259
97	“Failed Filter” - Used for members who fail your configured minimum requirement filters (see Page 5). There will not be a decision on file for these members, as the model was never actually run.	n/a
98	“Refer to Underwriting” - This is a general-purpose code used for members who fail the model and cannot be given an automated pre-approval. NOTE: The member will never be presented a denial; this code lets your staff know what the model’s conclusion was and allows for manual underwriting as appropriate.	n/a
99	“Denied” - Used for members who are considered <i>denied</i> by the model. This is intended for future use when the model is actually able to return a denial to the origination point and proceed through an automated denial process. Not currently available through any delivery channel (code must still be set up, however).	n/a

**These are the scores calculated by the 247 Lender Model (SAVANT score). The numbers are intentionally different from traditional risk and bankruptcy/ MDS scores to keep them from being confused.*

APPROVAL MATRIX CONFIGURATION PREPARATION WORKSHEET

This worksheet organizes your approvals by category, rather than by decision code like the actual configuration. This makes it easier to plan how your products will fit and ensure you are being consistent across the board.

Loan Categories

Category Code		Description	
---------------	--	-------------	--

<i>Decision Code</i>		<i>This product pre-approved up to</i>	
01		\$	
02		\$	
03		\$	
04		\$	
05		\$	

Category Code		Description	
---------------	--	-------------	--

<i>Decision Code</i>		<i>This product pre-approved up to</i>	
01		\$	
02		\$	
03		\$	
04		\$	
05		\$	

Category Code		Description	
---------------	--	-------------	--

<i>Decision Code</i>		<i>This product pre-approved up to</i>	
01		\$	
02		\$	
03		\$	
04		\$	
05		\$	

Category Code		Description	
---------------	--	-------------	--

<i>Decision Code</i>		<i>This product pre-approved up to</i>	
01		\$	
02		\$	
03		\$	
04		\$	
05		\$	

Copy this page as needed to include all of the loan products you will be approving based on the decision model.

Savings, Plastics/OTB, and Miscellaneous Products

Product:

<i>Decision Code</i>	<i>This product is pre-approved</i>	
01	<input type="checkbox"/> Yes	<input type="checkbox"/> No
02	<input type="checkbox"/> Yes	<input type="checkbox"/> No
03	<input type="checkbox"/> Yes	<input type="checkbox"/> No
04	<input type="checkbox"/> Yes	<input type="checkbox"/> No
05	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Product:

<i>Decision Code</i>	<i>This product is pre-approved</i>	
01	<input type="checkbox"/> Yes	<input type="checkbox"/> No
02	<input type="checkbox"/> Yes	<input type="checkbox"/> No
03	<input type="checkbox"/> Yes	<input type="checkbox"/> No
04	<input type="checkbox"/> Yes	<input type="checkbox"/> No
05	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Product:

<i>Decision Code</i>	<i>This product is pre-approved</i>	
01	<input type="checkbox"/> Yes	<input type="checkbox"/> No
02	<input type="checkbox"/> Yes	<input type="checkbox"/> No
03	<input type="checkbox"/> Yes	<input type="checkbox"/> No
04	<input type="checkbox"/> Yes	<input type="checkbox"/> No
05	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Product:

<i>Decision Code</i>	<i>This product is pre-approved</i>	
01	<input type="checkbox"/> Yes	<input type="checkbox"/> No
02	<input type="checkbox"/> Yes	<input type="checkbox"/> No
03	<input type="checkbox"/> Yes	<input type="checkbox"/> No
04	<input type="checkbox"/> Yes	<input type="checkbox"/> No
05	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Copy this page as needed to include all of the miscellaneous products you will be approving based on the decision model.

CONFIGURING THE APPROVAL MATRIX

IMPORTANT: Remember that the Approval Matrix must be updated by your credit union whenever new loan categories, share dividend applications, or OTB product codes are configured.

“Configure Decision/Approval Matrix” on the General Configuration 1 (MNCNFC) menu

Code	Description	Code	Description
01	LEVEL A APPROVAL		
02	LEVEL B APPROVAL		
03	LEVEL C APPROVAL		
04	LEVEL D APPROVAL		
05	LEVEL E APPROVAL		
97	FILTER FAILED		
98	LEVEL F REVIEW		
99	LEVEL G DECLINATION		

To print a copy of your configuration, use **Print** (F14) on this screen. The report shown on Page 15 will be generated immediately (there will be no

For every Decision Code that the credit bureau might potentially send, a corresponding code must be set up in the Approval Matrix. This includes any “review” and/or “deny” codes the bureau may send. As shown on the previous page, 247 Lender requires codes 01-05 and 97-99 to be configured. A code 00 should also be configured whether you use automated decisions or not.

CU*TIP: For codes 97-99, which are used when either the filters or the model fails, create the code as usual. Leave the loan and share product screens blank, and enter “N” for both ATM and Debit cards on the final screen. Then use one (or more) of the User-Defined fields to leave a notation explaining the code to the end-user (such as “Deny all products” or “Manually review credit report before approval” or something similar). If this code is received on a member’s credit report, the Decision screen will simply show the text in your user-defined field, without any products.

To create a new code, use **Add Code** (F6) to proceed to the second screen.

Screen 2: Loan Category Approvals

Decision code from bureau 01 Description LEVEL A APPROVAL

Loan Category	Maximum Approved (Whole \$)
01 SECURED CL END	50,000
03 SHARE PLEDGE LN	50,000
04 SIGNATURE LOAN	15,000
12 OVERDRAFT PROT	5,000
14 NEW VEHICLES	50,000
15 USED VEHICLES	50,000
16 REC VEHICLES	50,000
43 SIMPLY PLATINUM	25,000

■ Delete

CU*TIP: If you have added a loan category to the list by mistake, place the cursor in the amount field for that item, and then select Delete. There will be one confirmation message.

Add Category
More

FR (1911) 6/21/13

This screen is used to configure maximum approval amounts for loan products, including online credit cards. When the screen appears for a brand-new code, it will be blank, and the *Description* field at the top will allow you to enter a description for this code.

After pressing Enter to save, the **Add Category** (F6) window (shown below) will appear automatically. (If editing an existing code, use F6 to configure more loan categories for this decision code.)

“Add Category” (F6)

Session 0 CU*BASE GOLD Edition - Loan Category(s)

Code	Description
PD	GOOD MONEY LOAN
01	SECURED CL END
03	SHARE PLEDGE LN
04	SIGNATURE LOAN
05	SBA
06	PAYMENT SHAVER
07	ADJ RATE MORTG
08	FIXED RT MORTG
09	CL END HOME EQU
10	CLASSIC LOC
11	GOLD LOC
12	OVERDRAFT PROT

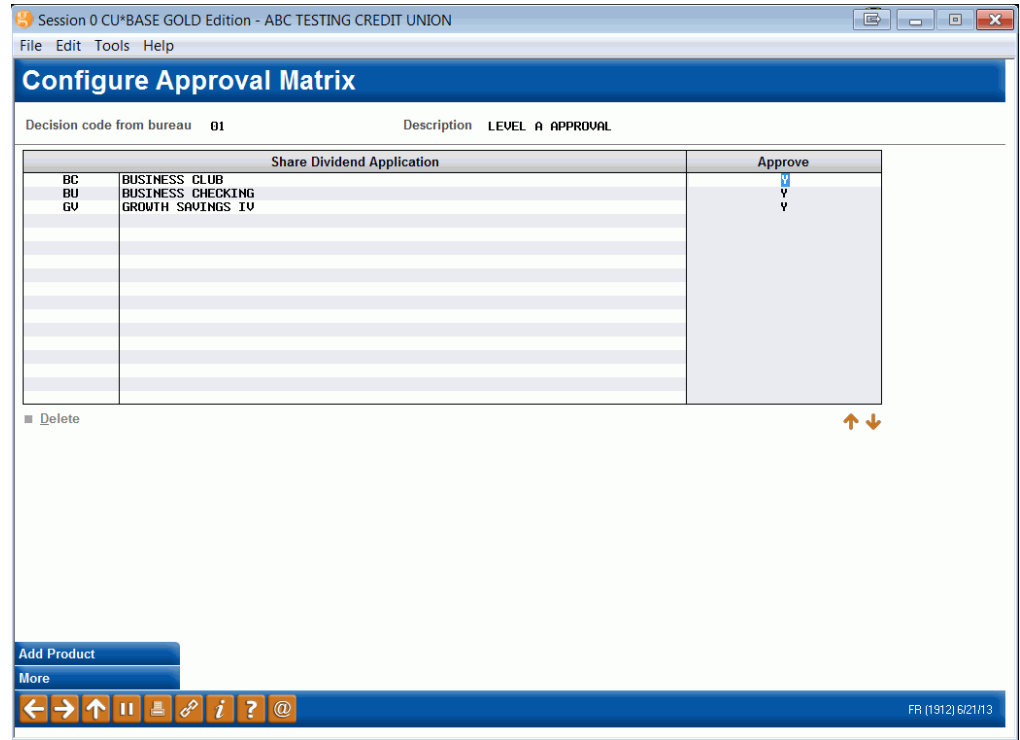
■ Select

FR (1915)

In this window, select all of the loan products that will be set up for approval for this decision code.

When returned to the loan products screen, enter a dollar amount (whole dollars) into the *Max Approved* column for each of the loan categories. When done, press *More* or use Enter to proceed to the share products screen.

Screen 3: Share Dividend Application Approvals



This screen is used to mark the savings and checking products that should be approved with this Decision Code. This is a straight Yes/No approval; there are no dollar amounts.

As with the previous screen, use **Add Product** (F6) to display a window showing all share dividend applications. Select all appropriate products. When returned to this screen, all will automatically be marked with Y. (If a product is pulled in by mistake use the Delete option to clear it from the list.) When done, press *More* or use Enter to save and continue to the final screen.

Screen 4: OTB / User-Defined Product Approvals

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Configure Approval Matrix

Decision code from bureau 01 Description LEVEL A APPROVAL

Plastics/OTB Product Codes		Approve
A1	ATM CARD	Y
D1	DEBIT CARD	Y

Delete

Misc. User-Defined Decisions for Credit Report Decision Screen

U1 User-defined decision VISA GOLD CARD PRE-APPROVED FOR \$10,000

U2 User-defined decision

U3 User-defined decision

U4 User-defined decision

Active 3

Retained 06 mos

Add OTB Code

More

FR (1914) 6/21/13

This lets you say how long this decision is "good" for automated approvals and for non-lending staff to view.

This final screen is used to mark OTB/Plastic products that should be approved with this Decision Code. This includes OTB credit cards as well as OTB loan and savings products you may offer and track through the CU*BASE Off Trial Balance (OTB) tracking system. These use a straight Yes/No approval; there are no dollar amounts.

Use **Add OTB Code** (F6) to display a window showing all configured OTB codes. Select all appropriate codes. When returned to this screen, all will automatically be marked as Yes (use *Delete* to clear an unneeded item from the list).

This screen also contains four user-defined decisions for this code. These are simply text messages that will appear on the Decision screen whenever this code is sent with a member's credit report. These can be an approval for a specialized credit union product or service not shown on the previous screens, or even just a text message to credit union staff for when they read the Decision screen for any member that received this code. Examples of text you might use in these fields:

- "Assign member to Electronic Deposit Hold Group 02"
- "Review credit report manually before approving any product"
- "Refer to investment advisor"
- "Deny all products for this member"

Finally, use the *Active* field at the bottom-right corner of the screen to define how long this decision record should be considered "good" for the purposes of authorizing an MSR or teller to approve a member for service. This controls how long the Pre-Approvals button will appear on Inquiry, Phone, and Teller screens after the credit report is pulled. It also controls how long the decision will be used for automated decisions such as when a member completes an application in **It's Me 247**.

Notice the *Retained* notation showing how long the decision record will remain on file before it is purged. You can set the *Active* setting to the same period as this, or shorter. You might use a shorter time for decision codes that you feel less comfortable about and want to restrict the length of time the record can be viewed by non-loan personnel or used for automated approvals.

NOTE: Contact a Client Service Rep. if you wish to increase the length of time credit report data is stored. Additional fees will apply for longer than standard retention times.

When done, use Enter to save and return to the initial screen.

Report Sample

This report will be printed when you use *Print* (F14) feature on the initial Approval Matrix configuration screen (shown on Page 11). This report simply lists all of the approval settings you have configured for each Decision Code. Notice the dates showing when the code was originally created and when it was last updated, and by whom.

8/01/06 16:07:21		CU*BASE TEST CREDIT UNION Approval Matrix Configuration Report			LAPVMXT	Page 1 User DAWNM
Decision Code 01 PREAPPROVED LEVEL 01						
Loan Category	Max Approved	Date Entered	Date Changed	Change By		
01 CONSUMER LOANS	30,000	05/05/2006	07/25/2006	89		
02 2ND MORTGAGE	40,000	05/05/2006	07/25/2006	89		
03 REAP'S	40,000	05/05/2006	07/25/2006	89		
05 KWIK CASH	10,000	05/05/2006	07/25/2006	89		
06 OVERDRAFT LOC	10,000	05/05/2006	07/25/2006	89		
Share Dividend Appl	Approve	Date Entered	Date Changed	Change By		
FC FREE CHECKING	Y	05/05/2006	07/25/2006	89		
OD OPEN DEPOSIT SAVINGS	Y	05/05/2006	07/25/2006	89		
PS PREMIUM SAVINGS PLUS	Y	05/05/2006	07/25/2006	89		
OTB Product Code	Approve	Date Entered	Date Changed	Change By		
A1 ATM CARD	Y	05/05/2006	07/25/2006	89		
D1 DEBIT CARD	Y	05/05/2006	07/25/2006	89		
User Defined						
U1 VISA GOLD CARD PREAPPROVED FOR \$10,000						
U2 FREE HOMEBANKING AND E-STATEMENTS						
=====						
Decision Code 02 PREAPPROVED LEVEL 02						
Loan Category	Max Approved	Date Entered	Date Changed	Change By		
01 CONSUMER LOANS	20,000	05/05/2006	07/25/2006	89		

...and so on, for all Decision Codes.

CU*TIP: 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.

CONFIGURING LOAN DELIVERY CHANNELS

Delivery channels feed your loan factory. Channels include CU*BASE, Home Banking, Lender on the Road, Retailer Direct, Dealer Track, and any other relationships you may have established.

*CU*Answers is responsible for setting up the delivery channels; you just have to specify how they will behave. Some of these channels require customized programming, so if a particular channel is not listed in your configuration, contact a Client Service Representative to learn more.*

To receive full advantage from 247 Lender, you can configure which delivery channels will access the decision model automatically whenever a new loan application is submitted. (Remember that your filters will still have the final say in whether a model is run for a particular member.)

For example, when you first implement 247 Lender and are still learning how it will work for your member loans, you might run only CU*BASE loan apps through the model for your staff to examine. Later, once the model is working smoothly and your staff knows and trusts it, you would start running **It's Me 247** and other external apps through the model as well.

DELIVERY CHANNELS CONFIGURATION PREPARATION WORKSHEET

Use this worksheet to determine which loan applications will be run through the decision model, according to where the app originates.

<i>Delivery Channel</i>	<i>Description</i>	<i>Pull a decision?</i>
CU*BASE Loan Processing	Applications created by your staff in CU*BASE	<input type="checkbox"/> Yes <input type="checkbox"/> No
It's Me 247 Online Banking	Online loan applications submitted from It's Me 247 as well as apps from outside of home banking, if you have a link to the online loan application from your website	<input type="checkbox"/> Yes <input type="checkbox"/> No
Lender on the Road <i>(if applicable)</i>	Apps generated by your staff using a secure internet connection from a remote location, such as a boat show	<input type="checkbox"/> Yes <input type="checkbox"/> No
Retailer Direct <i>(if applicable)</i>	Apps submitted through a custom-designed website used by a third-party indirect lender, such as a trusted partner auto dealership	<input type="checkbox"/> Yes <input type="checkbox"/> No
Dealer Track <i>(if applicable)</i>	Apps submitted through the Dealer Track® system (if your credit union has a contract with Dealer Track)	<input type="checkbox"/> Yes <input type="checkbox"/> No

CONFIGURING DELIVERY CHANNEL SETTINGS

“Loan Delivery Channel Config” on the Loan Products (MNCNFB) menu
Screen 1

The channels shown will vary depending on what has been set up for your credit union. For example, you may or may not have the “Dealer Track” channel, or you might have a custom Retailer Direct channel with a local indirect lending partner.

Contact us if you are interested in adding more delivery channels for your loan factory!

Delivery Channel / Description		Branch	B	Interviewer/Underwriter	Model Approved	Model Failed	Requirements Failed	Incomplete Application
BH	HEATING	01		BH				
CU	CU*BASE	01						
DT	Dealer Track	01		B5				
HB	Online Banking	99		96	HA	MU	MU	MU
RA	Retailer Direct Auto	01		RA				
RO	ROUTE ONE	01		RO				
RS	Retailer Direct Signature	01		RS				
VZ	Motorplex Applications	01		TH	AD	IO	MF	HR

Select the delivery channel, such as Online Banking, and click **Change** to proceed to the second screen.

Screen 2

BE CAREFUL: If this flag is checked, ALL apps from this delivery channel will be automatically approved. Factors normally employed in the decision process are ignored when this flag is turned on. (This was designed for an indirect lender that had a guaranteed buy-back arrangement with the CU.)

Refer to CU*BASE GOLD Online Help (click **i** while working on this screen) for details about what should be entered into these fields.

Do, however, make sure that a code has been filled in to ALL of these fields for any channel that will use 247 Lender.

Session 0 CU*BASE GOLD Edition - Configure Loan App Delivery Channels

Delivery channel code: **HB** CHANGE

Description: **Online Banking**

Branch: **99** MEMBER BRANCH 99

Interviewer/underwriter: **96** Online Banking

Underwriting Codes

Model approved: **HA** HOME BANKING APPROVAL

Model failed: **MU** SUBMIT FOR U/WRITING

Requirements failed: **MU** SUBMIT FOR U/WRITING

Incomplete application: **MU** SUBMIT FOR U/WRITING

Always approve loan from this channel

Type of credit report to pull: Credit file only Credit file & custom decision 247 Lender

Use the *Type of Credit Report to Pull* field to indicate the type of credit report should be pulled by this particular delivery channel:


(10) Credit File Only - Use this for channels where you do NOT want loan apps automatically run through the decision model. For example, when you are first getting used to the model, you might want to use this type for home banking or other third-party channels until you and your staff get

more comfortable with the model and trust the results for external channels.

(15) 247 Lender - Use this for channels where you DO want loan apps automatically run through the decision model. *For example, when you first implement the model, you may want to use this type only for your CU*BASE internal channel for a while as you and your staff get more comfortable with the model and learn how it works with your incoming apps.*

IMPORTANT: Changing this setting to 15 will NOT activate 247 Lender for this delivery channel. It simply sets the standard for how this channel will behave when 247 Lender is activated. In the meantime, the system will continue to behave as if a code 10 had been entered.

*Code **(11) Credit File & Custom Decision** is to be used only by credit unions that have a custom decision model other than 247 Lender. Contact a Client Service Representative for assistance before using this code.*

Finally, make sure all fields in the Underwriting Codes section are filled in for any channels that will be pulling a decision. (Refer to CU*BASE GOLD Online Help. Click  while working on this screen.)

CONFIGURING RISK-BASED PRICING

Risk-based pricing lets you set a loan rate that directly corresponds to the credit union’s risk in lending to a particular member. Although using 247 Lender does not require your credit union to adopt risk-based pricing for your loans, adopting a decision model is the perfect time to implement a risk-based pricing plan as well.

Remember that these are *credit scores direct from the bureau, not the special 247 Lender SAVANT score.* You can specify up to 8 score ranges (tiers), although you do not need to use all of them. You can even create multiple configurations by risk level (paper grade) if you wish; however, most credit unions find that a single matrix is plenty and less confusing for staff to understand and maintain.

If you are using 247 Lender for automated decisions, only a single matrix of 5 or more tiers will be used, since the model has already analyzed factors such as paper grade to determine the member’s eligibility.

Not sure what score ranges to use? To better understand how the 247 Lender scoring system might correspond to a risk-based pricing strategy, refer to the “Understanding the Portfolio Defense SAVANT Credit Scoring Model” technical white paper for some comparison worksheets run against actual member loans.

RISK-BASED PRICING PREPARATION WORKSHEET

Use this worksheet to plan how you will price your loan products according to a member’s credit (risk) score.

⚠ **Important:** Ranges need to be from 000 to 999 inclusive. Any score not included in your ranges will result in the member receiving the base rate for that product code.

Product:

Tier	Credit Score		Rate
	From	To	
01	_____	_____	_____ . _____ %
02	_____	_____	_____ . _____ %
03	_____	_____	_____ . _____ %
04	_____	_____	_____ . _____ %
05	_____	_____	_____ . _____ %
06	_____	_____	_____ . _____ %
07	_____	_____	_____ . _____ %
08	_____	_____	_____ . _____ %

Product:

Tier	Credit Score		Rate
	From	To	
01	_____	_____	_____ . _____ %
02	_____	_____	_____ . _____ %
03	_____	_____	_____ . _____ %
04	_____	_____	_____ . _____ %
05	_____	_____	_____ . _____ %
06	_____	_____	_____ . _____ %
07	_____	_____	_____ . _____ %
08	_____	_____	_____ . _____ %

Product:

Tier	Credit Score		Rate
	From	To	
01	_____	_____	_____ . _____ %
02	_____	_____	_____ . _____ %
03	_____	_____	_____ . _____ %
04	_____	_____	_____ . _____ %
05	_____	_____	_____ . _____ %
06	_____	_____	_____ . _____ %
07	_____	_____	_____ . _____ %
08	_____	_____	_____ . _____ %

Product:

Tier	Credit Score		Rate
	From	To	
01	_____	_____	_____ . _____ %
02	_____	_____	_____ . _____ %
03	_____	_____	_____ . _____ %
04	_____	_____	_____ . _____ %
05	_____	_____	_____ . _____ %
06	_____	_____	_____ . _____ %
07	_____	_____	_____ . _____ %
08	_____	_____	_____ . _____ %

Copy this page as needed to include all of the loan products you will be pricing according to credit score.

CONFIGURING LOAN PRODUCTS

“Loan Product Configuration” on the Loan Products (MNCNFB) menu

The screenshot displays the 'Product Category Configuration' window. The title bar reads 'Session 0 CU*BASE GOLD Edition - CU*ANSWERS TEST CREDIT UNION (CU)'. The window has a menu bar with 'File', 'Edit', 'Tools', and 'Help'. The main area is titled 'Product Category Configuration' with a 'CHANGE' button in the top right. The configuration is for Product # 300, 'Auto Loan' with terms 'Up to 48 months 09 and never'. The Loan category is 'NEW AUTO LOAN'. The Corp ID is '01'. The Product code base rate is '3.200'. Loan fees to be included in modified APR are '0.00'. The Default collections officer is 'KS'. The Quote is set to 'Debt protection'. The Amortization/External Loan Delivery Channel Defaults section shows a Variant of '0.000', Rate of '0.000', and the 'Use risk-based pricing' checkbox checked. The Loan Quoter Defaults section includes options for Quote multiple payments, Payment in final, Loan type (General selected), Rate var (+0.000, -0.000), and various codes for # of payments and frequency, Amortization term for balloon loans, and Rate var. A red circle highlights the 'Use risk-based pricing' checkbox and the 'Rate' field. On the left side, there are buttons for 'Recalculate', 'History', 'Checklist', 'Procedures', and 'Marketing Tips'. The bottom status bar shows navigation icons and the text 'BT (3272) 6/21/13'.

To set up risk-based pricing, clear the *Interest rate* field, check the *Use risk-based pricing* flag, and then use Enter to proceed to the next screen.

*Remember that risk-based pricing is independent of 247 Lender because it looks strictly at a member's credit score. Therefore, any changes you make will take effect **immediately** for all new loans where a credit report has been pulled.*

Risk Based Pricing (Press Enter several times)

Product # 300 Auto Loan Up to 48 months 09 and newer
 Loan category 07 NEW AUTO LOAN Low 1.000 High 24.000
 Corp ID 01 Product code base rate 3.200

Level	Tier	From	To	Rate	Tier	From	To	Rate	Tier	From	To	Rate	Tier	From	To	Rate
	1	720	900	3.200	2	0600	0719	4.200	3	0650	0679	5.200	4	0630	0649	8.200
	5	0600	0629	11.700	6	0570	0599	15.700	7	0000	0000		8	0000	0000	

Change Delete View

Add New Level
History

BT (2632) 6/21/13

IMPORTANT: Only ONE level of pricing can be used by 247 Lender. Be sure to **remove any additional levels** you may already have set up.

The "level" should be left blank to work properly with 247 Lender.

If no risk-based pricing has been set up yet, use **Add New Level (F6)** to proceed to the third screen. If you have already set up pricing, make sure you have **ONLY ONE** level configured (with a level indicator of blank) if you plan to run this product through the 247 Lender Decision model. To modify an existing level, select it in the list and use **Change** to proceed to the third screen.

Screen 3 - Risk-Based Pricing Detail

Corp ID 01
 Product # 300
 Description Auto Loan Up to 48 months 09 and newer
 Loan category 07 NEW AUTO LOAN
 Low 1.000
 High 24.000
 Product code base rate 3.200
 Level

Recalculate rates

Tier	Credit Score		Variant	+/-	Rate
	From	To			
1	720	900	0.000	+	3.200
2	680	719	1.000	+	4.200
3	650	679	2.000	+	5.200
4	630	649	5.000	+	8.200
5	600	629	8.500	+	11.700
6	570	599	12.500	+	15.700
7			0.000		0.000
8			0.000		0.000

Recalculate

BT (3273) 6/21/13

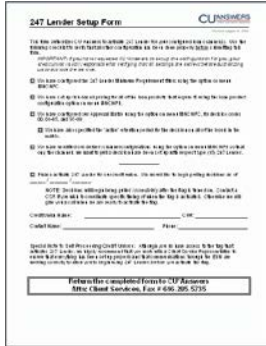
Level will need to remain blank if using 247 Lender (although a level 1 will work as long as you don't have any other levels configured).

On this screen, you can use up to 8 different tiers to represent different credit score ranges. Remember that these are regular risk scores, NOT the SAVANT scores from the 247 Lender model. After entering the score ranges and rates, use Enter to save and return to the previous screen. From there, simply use Enter (without selecting anything) to proceed through additional loan product configuration screens.

Not sure what score ranges to use? *To better understand how the 247 Lender scoring system might correspond to a risk-based pricing strategy, refer to the “Understanding the Portfolio Defense SAVANT Credit Scoring Model” technical white paper for some comparison worksheets run against actual member loans.*

ACTIVATING 247 LENDER

Once all of your configuration tasks have been completed, a Client Service Representative must “flip the switch” to activate 247 Lender for your configured delivery channels.



To authorize us to activate 247 Lender, you will need to complete the “**247 Lender Setup Form**” which contains a checklist of all configuration tasks outlined on the previous pages.

*Even if you have asked CU*Answers to complete the configuration for you, your credit union is still responsible for verifying that all settings are correct and that you are ready to begin running loans through the decision model.*

The screen shown below is not accessible to online credit unions, but illustrates the method by which the 247 Lender feature is activated.

MNOP09 #7 “Online Credit Bureau Config”

