
Risk-Based Delinquency Analysis Tools

Tracking Underwriting Performance Using Stored Risk Scores

INTRODUCTION

This booklet describes two analysis tools designed to work hand in hand with the CU*BASE Online Credit Bureau Access system. When credit reports are pulled through that system, loan processors can link the credit report with the actual loan account, and CU*BASE will automatically store the risk score from the credit report file on the loan account record.

With these delinquency analysis tools, collections managers and credit union leaders can get a true picture of how risk scores relate to delinquency on the membership overall. Are your underwriting guidelines too lenient? Too strict? Are underwriters paying attention to the score as they should?

This booklet describes two reporting tools:

- **Loan Delinquency Analysis Report**
This popular report includes two formats, one showing the risk score for all delinquent loans. This report is a quick and easy way to see the relationship between delinquent behavior and the risk score used to make the underwriting decision on each individual loan.
- **Risk Score Analysis Report**
This report summarizes all delinquent loans using your normal collections aging parameters, then groups the loans by risk score ranges within each aging group. This is the most valuable tool for analyzing overall performance of your membership's loans compared to risk score statistics, and points to trends that can help keep your underwriting policies in tune with actual member behavior.

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For an updated copy of this booklet, check out the Reference Materials page of our website:
http://www.cuanswers.com/client_reference.php
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*Remember that risk scores can be stored at the time loans are created or entered later using Miscellaneous Loan Maintenance (MNUPDT #9 or MNLOAN #5). If your credit union uses the CU*BASE Online Credit Bureau Access system, this score is automatically pulled from the credit report and entered into the loan record when an account is created.*

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LOAN DELINQUENCY ANALYSIS REPORT

MNCOLL #19 "Print Delinquency Analysis"

CU*BASE GOLD - LOAN DELINQUENCY ANALYSIS REPORT

LOAN DELINQUENCY ANALYSIS REPORT

Report Options	Response
Corp ID for report	01
Process date desired	Jun 2008 [MMYY]
Report type desired	Blank = All Optional
Branch # desired	Optional
Loan officer ID	Optional
Report format	P = Payment
Enter sort preference	N = Member Name
<input type="checkbox"/> Include participation loan investor detail report	

Job queue
Copies 1
Printer P1

Cancel F7

Fri (6/26) 06/30/08 09:27:33 [Learn About This Feature](#)

This report lists all loan accounts which have been delinquent for 2 months or more. There are two report formats available:

- **Risk Score** - This format is used to analyze delinquent loans by Risk score. This format is similar to the Payment format except it does not show loan payment amount and due date, but rather lists the Risk score as recorded on the loan account record. The value of this format is that you can quickly analyze the relationship between account delinquency and the score used when the initial underwriting decision was made.
- **Payment** - This format shows basic loan payment information such as interest due, payment due date and payment amount.

Remember that unlike the Loan Delinquency Report (MNCOLL #18), which is grouped using your credit union's configured categories, accounts on this report will be grouped according to the number of months delinquent. The following delinquency aging groups are used (these are not configurable): 2 to 6 months, 6 to 12 months, and 12 months and over. This report is ideal for reporting delinquency status to your Board or an auditor.

There are actually two separate reports printed: a Detail report (LDQAN2) showing each individual loan account, and a Summary report (LDQAN3) showing a summary by aging group.

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

Report Samples

The following samples were printed using the "R" Risk format and include both loans and open-credit accounts.

Report 1: Detail

10/14/99 15:12.49		Corporation: 01				DEMONSTRATION CREDIT UNION DELINQUENT LOAN ANALYSIS ALL LOAN/OPEN CREDIT			LDQAN2A	PAGE 5 DAWNM ** DETAIL **
Member Name	Account Number	Delinquency	Balance	In Months	Interest	Mon	Risk			
		2 TO 6	6 TO 12	12 & OVER	DUE	DLQ	Score			
SUSIE S. STEVENSON	544919-786		5000.00		26.17	2	0727			
JEFF J. JOHNSON	545303-780	23918.96			.00	3	0000			
ERIC E. EVANS	554022-771	2233.86			8.03	3	0629			
BART B. BROWN	554093-771	140.11			.56	2	0668			
SUSAN S. SMITH	554213-772	9677.77			546.51	2	0572			
TARI T. THOMAS	554271-772		513.45		25.05	9	0584			
TIMOTHY T. THOMAS	554297-771	5657.88			10.85	4	0657			
DAVID D. DONALDSON	554653-771	2295.54			15.75	2	0602			
	-772	4604.30			52.92	3	0772			
MARK M. MATTHEWS	555898-771		4937.39		393.08	9	0638			
	-773		2454.29		115.24	6	0662			
MARK M. MATTHEWS, JR.	555940-772	6756.42			83.25	3	0667			
JACKIE J. JONES	556363-771	13.60			.00	2	0682			
SAMANTHA S. STEVENSON	556428-771	856.86			33.39	5	0712			
JACK J. JOHNSON	556677-771	9801.49			118.00	2	0716			
ERIN E. EVANS	556703-786	43.41			2.16	4	0627			
BECKY B. BROWN	557011-773	3029.67			47.73	2	0563			
SAMUEL S. SMITH	557049-771		3458.54		133.73	6	0620			
TODD T. THOMAS	557082-773	10544.29			48.51	2	0675			
DENNIS D. DONALDSON	557115-786	100.00			2.64	3	0603			
* TOTALS --		546102.67*	84248.94*	31414.02*	13510.77*					
* NUMBER OF LOANS DELINQUENT --		111*	20*	4*	135*					
* AVERAGE RISK SCORE --		580	605	674						

Report 2: Summary

10/14/99 15:12.51		Corporation: 01				DEMONSTRATION CREDIT UNION DELINQUENT LOAN ANALYSIS ALL LOAN/OPEN CREDIT FOR END OF MONTH OCT, 1999			LDQAN3A	PAGE 1 DAWNM ** SUMMARY **
DELINQUENCY AGING GROUP	TOTAL LOAN BALANCES	% OF DLQ.	% OF ALL	AVERAGE RISK SCORE	NUMBER OF LOANS	% OF DLQ.	% OF ALL			
		AMOUNT			COUNT					
DELQ/ 2 TO LT 6 MNTS ..	\$546,102.67	82.52%	5.48%	580	111	82.22%	6.68%			
DELQ/ 6 TO LT 12 MNTS .	\$84,248.94	12.73%	.84%	605	20	14.81%	1.20%			
DELQ/ 12 MNTS & OVER ..	\$31,414.02	4.75%	.31%	674	4	2.96%	.24%			
** TOTAL DELINQUENT **	\$661,765.63	100.00%	6.64%	587	135	100.00%	8.13%			
*** NON-DELINQUENT ***	\$9,310,972.96		93.36%	522	1,526		91.87%			
*** TOTAL ALL LOANS ***	\$9,972,738.59		100.00%	550	1,661		100.00%			

Notice this format also calculates the average risk score for all loan accounts in each aging category.

RISK SCORE ANALYSIS REPORT

MNCOLL #22 "Print Risk Score Analysis Report"

CU*BASE GOLD - Loan Risk Score Analysis Report

Loan Risk Score Analysis Report

Report Options

Corp ID: 01
Date to process: Jun 2008 [MMYY]
Loan category: 45 Optional
Loan purpose code: Optional
Loan security code: Optional
Branch/location #: 00 Optional
Loan officer ID: Optional

Response

Job queue
Copies: 1
Printer: PI

Risk Score Ranges to Sort

Range 1: From 0000 to 0599
Range 2: From 0600 to 0639
Range 3: From 0640 to 0679
Range 4: From 0680 to 0729
Range 5: From 0730 to 0999

Cancel F7

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This report breaks the loans down into the delinquency aging categories defined by your credit union. In addition, the report will show a separate category for current (non-delinquent) loans as well as a category including all credit union loans, whether delinquent or not.

NOTE: Delinquency aging categories are defined using the "Collection Parameter Config" command on menu MNCNFB.

On this screen you can define up to 5 risk score ranges, to group the loans within each aging category according to the risk score on the loan account record. You can also optionally choose to include only loans with certain categories, purpose or security codes, location number or loan officer ID. The screen will retain the last parameters used to make it easier the next time the report is run.

IMPORTANT NOTE: In order for the percentage calculations to be meaningful, this report was designed to show only loans that have a risk score recorded on the account record. If you want to simply see a list of all delinquent loans, with or without a risk score, use the Delinquent Loan Analysis Report described starting on Page 3.

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

Report Sample

Notice that this credit union only uses 4 of the 6 available aging categories. Under each aging category you'll see the selected risk score ranges, and statistics on the number of delinquent accounts within each range.

10/14/99 15:59.28		Corporation: 01			DEMONSTRATION CREDIT UNION (WN) Loan Risk Score Analysis Report Report For Month Ending OCT , 1999			LRISK2		Page 1 DAWNM	
Loan Category	Purpose Code	Security Code	Branch/Loc No.	ALL	Loan Officer Id:	ALL	Current Balance	Average Risk Score	Weighted Avg Rate		
							-----	-----	-----		
Current:											
	0000 to 0300	8 Accts	2.89 %	of Total Loans			16876.58	525	9.160 %		
	0301 to 0400	1 Accts	.36 %	of Total Loans			10623.76	300	8.999 %		
	0401 to 0500	1 Accts	.36 %	of Total Loans			4568.83	350	9.500 %		
	0501 to 0600	1 Accts	.36 %	of Total Loans			1683.99	500	9.249 %		
	0601 to 9999	3 Accts	1.08 %	of Total Loans			.00	542	.000 %		
		2 Accts	.72 %	of Total Loans			.00	713	.000 %		
2 MONTHS AND UNDER											
	0000 to 0300	155 Accts	56.15 %	of Total Loans			937110.92	523	10.509 %		
	0301 to 0400	19 Accts	6.88 %	of Total Loans			145377.52	300	9.808 %		
	0401 to 0500	30 Accts	10.86 %	of Total Loans			163409.47	349	12.003 %		
	0501 to 0600	4 Accts	1.44 %	of Total Loans			17929.33	453	9.867 %		
	0601 to 9999	44 Accts	15.94 %	of Total Loans			309592.93	562	9.630 %		
		58 Accts	21.01 %	of Total Loans			300801.67	662	10.979 %		
2 TO 6 MONTHS											
	0000 to 0300	91 Accts	32.97 %	of Total Loans			427500.21	581	11.139 %		
	0301 to 0400	4 Accts	1.44 %	of Total Loans			18173.89	300	13.414 %		
	0401 to 0500	9 Accts	3.26 %	of Total Loans			84075.32	391	9.930 %		
	0501 to 0600	7 Accts	2.53 %	of Total Loans			34567.03	454	8.620 %		
	0601 to 9999	22 Accts	7.97 %	of Total Loans			85554.09	563	12.592 %		
		49 Accts	17.75 %	of Total Loans			205129.88	665	11.252 %		
6 MONTHS 1 DAY TO 12 MOS											
	0000 to 0300	18 Accts	6.52 %	of Total Loans			77291.95	598	10.534 %		
	0301 to 0400	1 Accts	.36 %	of Total Loans			14166.10	300	8.000 %		
	0401 to 0500	0 Accts	.00 %	of Total Loans			.00		.000 %		
	0501 to 0600	0 Accts	.00 %	of Total Loans			.00		.000 %		
	0601 to 9999	5 Accts	1.81 %	of Total Loans			21361.37	560	12.493 %		
		12 Accts	4.34 %	of Total Loans			41764.48	639	10.392 %		
OVER 12 MONTHS											
	0000 to 0300	4 Accts	1.44 %	of Total Loans			31414.02	674	13.000 %		
	0301 to 0400	0 Accts	.00 %	of Total Loans			.00		.000 %		
	0401 to 0500	0 Accts	.00 %	of Total Loans			.00		.000 %		
	0501 to 0600	1 Accts	.36 %	of Total Loans			15705.39	554	11.000 %		
	0601 to 9999	3 Accts	1.08 %	of Total Loans			15708.63	714	15.000 %		
All Loans:											
	0000 to 0300	276 Accts	100.00 %	of Total Loans			1490193.68	549	10.728 %		
	0301 to 0400	25 Accts	9.05 %	of Total Loans			188341.27	300	9.975 %		
	0401 to 0500	40 Accts	14.49 %	of Total Loans			252053.62	359	11.266 %		
	0501 to 0600	12 Accts	4.34 %	of Total Loans			54180.35	458	9.052 %		
	0601 to 9999	75 Accts	27.17 %	of Total Loans			432213.78	561	10.407 %		
		124 Accts	44.92 %	of Total Loans			563404.66	663	11.147 %		

The "Current" group represents all current, non-delinquent loans where a risk score has been recorded.

These groups are taken from your collection parameters, and may include up to six delinquency aging categories.

The "All Loans" group represents all outstanding loans, both delinquent and current, where a risk score has been recorded.

Remember that this report will include only those loans that have a risk score recorded on the loan account record.