CU*BASE 9.0

CU*BASE® Software Upgrade

Online Credit Unions	Self Processing Credit Unions
May 18, 2009	**June 3-4, 2009**

Updated booklets 📖 mentioned in this summary will be available on our website no later than **May 14**. Updated online help ⚲, including the "What's New" summary list of all changes, will be included when you receive the release.

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❶ 360 Mortgage Enhancements

We are excited to announce some very significant changes to the way CU*BASE handles member payments on mortgage loans with the 360-day interest calc type. The goal was to allow the loans to remain compliant for the secondary market, while making the day-to-day servicing easier for your staff and your members.

■ The system can now handle **posting a regular payment <u>and</u> a separate principal-only payment** at the same time, with two independent transactions and member-friendly descriptions. (No special teller Proc Codes needed!)

■ We've developed a new style of **interactive messages** to help both members and staff navigate the complex techniques required to post payments correctly on these types of loans. Messages will appear in CU*BASE **Teller** and **Transfer** screens, as well as in **It's Me 247** online banking.

    ▪ If *less than* the regular payment, a message will clarify to the member that everything will be applied to principal.

    ▪ If *more than* the regular payment, a message will ask the member to confirm that a regular payment will be posted, with extra funds going to principal (or all can go toward principal).

    ▪ If making the *exact* payment amount, no messages are needed so the system just posts immediately and the member is on his way!
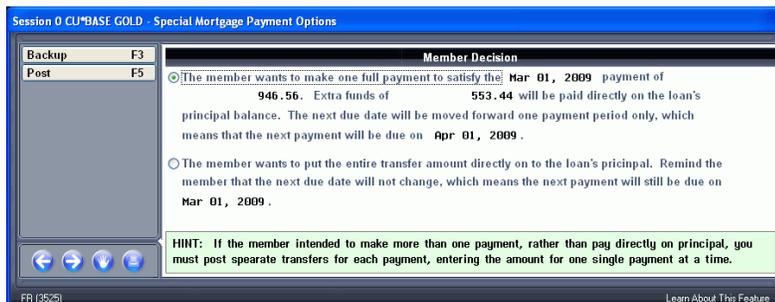
Other variations of the messages will be used in special cases, such as if members are allowed to pay ahead, or if members try to pay ahead when not allowed (can apply all to principal or wait and make the payment later).

■ New secondary transaction descriptions will clearly **document a member's decision**, such as "MBR-ELECTED PAYMENT FOR 3/1/09" or "MBR-ELECTED PRINCIPAL-ONLY PMT" and so on.

■ Got a member that wants to make his May payment on April 10? No problem! A new "instant interest calc" method means that a payment for the coming month can be made at any time during the month, **even prior to the interest calc date**. If interest for the month hasn't been calculated yet, CU*BASE will simply calculate it on the fly, then post the transaction so that the interest paid is actually posted directly to income.

■ You can also configure your mortgage products to allow the member to **pay ahead**, if desired (up to 9 periods ahead) – so a member could, for example, pay his May payment on March 10. (If you still prefer to require one payment per period, the messaging will automatically warn the member that early payments will be applied directly to principal, and the member can choose to cancel and wait to make the payment until the next month.)

■ By loan category, you can choose a monthly **interest calculation date** other than the 20th if desired, to match the day of the month used by loan participation partners. *(You can choose any date from the 16th to the 20th.)*

Revised: April 21, 2009

Mortgage Payments in It's Me 247

While your tellers can still assist your members in making these loan payments when they visit a credit union branch, the new messaging means that you can feel confident in allowing your members to make their mortgage payments via **It's Me 247** Online Banking as well.

Members will receive the same friendly messages that your tellers receive to explain exactly how the funds will be applied when they make payments to their mortgage loans online.

In addition, special help tips will answer frequently-asked questions about mortgage loans, such as how to catch up multiple payments due, how to put extra onto principal, etc.

NOTE: Batch programs such as Direct/Mail Post, ACH, AFT, payroll, etc., have not been changed with this project, and will handle payments to mortgages the same way they do now. (But we do have these on the list for similar enhancements in the future!)
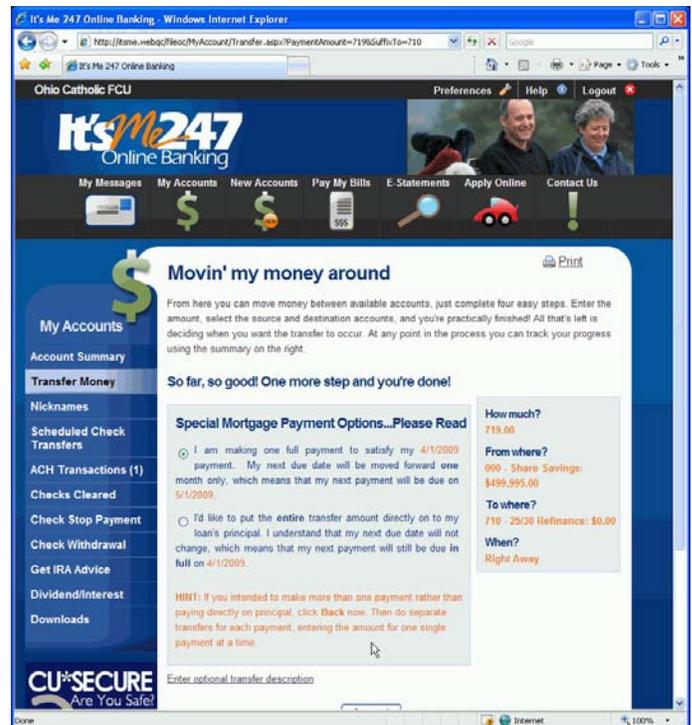
Getting Ready for the Changes

Some things for your mortgage experts to think about in anticipation of the release:

- If you have turned off the ability for members to **make payments in online banking**, you will need to adjust your Loan Category configuration to change the setting of that flag (MNCNFB #1, then F23-Audio/PC Bank).

- To keep these loans compliant for the secondary market, **partial pays are still NOT supported for mortgages**. For example, if a member tries to make smaller, weekly payments, each payment that is less than his full regular payment will post directly to principal, with appropriate confirmation messages presented to the member (or teller).

  Since the most common reason CUs allowed partial pays was to allow for overpayments to principal, the changes we're making with this project mean there should no longer be any reason to activate the *Allow partial pay* flag on your mortgage products. **Therefore, you may need adjust your Loan Category configuration** to change the setting of that flag (MNCNFB #1, then F17-Payment Controls).

  > IMPORTANT: When this release goes in, we will be **clearing** any amount in the *Partial Pay* field on all 360 mortgage loans. From this point on, that field will NOT be used during payment processing to determine whether to move a due date ahead. As always, if you want members to be able to make partial payments toward future payments due, we still recommend that you set up a special mortgage payment savings account with an AFT sweep. Or set up your mortgages to use the 365-day calc type instead.

- Make sure to explain to your tellers that CU*BASE will **no longer allow two regular payments to be posted simultaneously**, even to catch up a delinquent loan. Each payment must be applied separately, one at a time. Fortunately, we've made this really easy with the addition of the new **Balance Forward/This Member** feature being added to Teller posting (explained below).

- Because the new messaging walks the user through the posting process, **Proc Code X** (Payment Matrix Override) and **Proc Code L** (Principal-only Payment) will generally not be needed any more for 360-day mortgage loans. However, Proc Code X might still be useful in situations where the member has outstanding delinquency fines to be paid, since the automated messaging assumes that any extra funds above the regular payment amount will be posted to principal, not to unpaid fines.

■ If you want to consider making changes to any of your **configuration settings** for existing mortgage products (allowing mortgages to be paid ahead, or changing the interest calculation date), you may wish to contact a Client Service Representative, who can help you review your mortgage accounts and make sure that the configuration is set up to behave exactly as you expect.

📖	Refer to the "Mortgage Processing: 360-Day Interest Calculation" booklet for complete details and configuration tips.
🗔	To see samples of the new messages and view how these changes will affect the process of making mortgage payments, visit the CU*Answers Kitchen http://cuanswers.com/kitchen/ or the OnDemand site http://ondemand.cuanswers.com.
🖰	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

❶ Teller Enhancement: Balance Forward to the Same Member

With this release you'll see a new command key on the main Teller Posting screen. The new **F11-Balance Forward/This Member** feature is designed to let you process multiple transactions for the same member, without having to re-enter the member account number over and over again.

It works just like the existing F9-Balance Forward feature (which, by the way, has been relabeled as Balance Forward/New Member to distinguish between them), with two differences:

■ It skips over the account selection screen and proceeds immediately back to the main teller posting screen for this same member (in other words, you don't have to enter the member's account number or verify their ID again).

■ It will carry forward any cash back amount to the next transaction (just like F9 does), but you can use it even if there isn't any cash back amount. So you could, for example, use this to post two consecutive transfer transactions where no cash or incoming checks are involved.

Verify Member	F1
Trans Override	F2
Post	F5
Misc Receipts	F8
Bal Fwd/New Mbr	F9
Bal Fwd/This Mbr	F11
Cancel	F12
Sales Tools	F15
In-House Checks	F16
Outside Checks	F17
Nicknames	F21
Toggle Card #	F22

Use F9 as always to carry funds forward to another account

Use the new F11 feature to post and come right back to this same member account for an additional transaction

Just like F9, you will use the new feature *instead of* F5-Post, in cases where you want to keep working with this same member.

One of the best uses for this new feature will be to post multiple payments on a mortgage loan, now that the system requires you to post multiple payments one at a time. But you will also find it handy for situations such as when the member wants to make several deposits but receive a separate receipt for each one, or to post multiple transfers, etc.

🖰	Details for all related screens will be available via CU*BASE GOLD Online Help with the release.

❶ Branch Addresses Now Recorded in CU*BASE!

CU*BASE has expanded its ability to record branch address information. Previously, only the main branch address was recorded for each Corp ID, but now CU*BASE lets you store the addresses for all of your branch locations.

The main reason for this change is to comply with new rules for national shared branch transactions, which require a branch address for each transaction. But having this information in CU*BASE will also help us with other new analysis and reporting features in CU*BASE in the future. For example, someday we're hoping to provide this information to members via **It's Me 247** online banking (and maybe even in CU*TALK audio response via the "text-to-speech" engine).

> Now we just need you to enter your branch address information in CU*BASE! Go to the Chart of Accounts Maintenance screen (MNGELE #2) and enter the branch ID. An area on this screen allows you to enter the name and address of each branch.

🖰	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

More Auditing Controls

❗ Shared Branching Transactions Included in BSA Monitoring

With this release you will be able to view the activity of your members at shared branching locations or national branch locations, which will greatly improve your ability to track transactions for BSA reporting. Previously the inquiry and report only showed transactions that were processed at your own branches—now you can view transactions done at other shared branch locations as well.

Monitor this activity on your Bank Secrecy Act Verification Inquiry (**MNAUDT #1 Audit Daily BSA Activity**) and your daily Bank Secrecy Act Cash Reporting by SSN Number Report (**LBKSC3**), or the on-demand BSA report (**MNAUDT #2 Print BSA/SAR Activity Report**).

NOTE: National shared branch networks have all been given a deadline of June 16 to comply with the new rules regarding providing this data for shared branch transactions. Therefore, for the first few weeks after this release goes in, there may not be complete details on all SB transactions from the national networks until after the June 16 deadline is past and everyone has completed their upgrades. *(If your credit union monitors incoming checks in your BSA configuration, both cash and checks are combined into a single total by the national SB networks and they will not be broken out separately until after June 16. If you don't monitor incoming checks, then you won't receive any cash amounts from the national networks until after June 16.)*

A new "SB" column in the detail view on the BSA inquiry as well as on the reports will now indicate that the transactions took place at a shared branching location (this includes national shared branch locations, if applicable to your credit union). This way you will be able to review member transactions at other locations just as you would work transactions posted at your own branches.

As before, transactions are monitored and grouped by SSN/TIN. Remember that you will have members from multiple credit unions shown on the report. If a company has the same Tax ID as another member's Social Security number, or if the same person belongs to two different shared branch credit unions and performs transactions at both of them, or if a member has used their own Social Security number on a child's account, the combination of these otherwise unrelated accounts may exceed BSA requirements and cause accounts to appear on the report that otherwise would not. As before, careful analysis of both the inquiry and report detail will help to determine appropriate action under BSA rules.

📖	Refer to the "Bank Secrecy Act Monitoring Tools" booklet for more details.
🖱	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

📖 Due Diligence Monitoring (a new Red Flag Tool!)

This is the first in a series of planned projects aimed at incorporating customer Due Diligence processes into CU*BASE. These modifications are fueled by regulators requiring CU*BASE clients who are actively supporting commercial accounts to complete their due diligence to meet the guidelines of BSA, primarily associated with Anti-Money Laundering (AML).

We have added a new field to membership records so that you can manually flag a member for special monitoring based on the results of internal due diligence efforts. This new 1-digit numeric field is available on the Membership Information screen (MNUPDT #1) only when the account is updated, not when the membership is originally created. Enter any number 0-9 to indicate whatever you want it to mean under your credit union's policies.

Then, to help you audit these accounts, we have also added new selection criteria to the existing Insider/Employee Account Audit Report (**MNAUDT #17** "Insider Audit/Due Diligence Rpt") so that activity can be monitored for all flagged members.

🖱	Details for all related screens will be available via CU*BASE GOLD Online Help with the release.

❗ Authorized Address Changes for Red Flag Compliance

We are continually adding features to improve your Red Flag compliance. With this release, we have adjusted the loan coupon text so that it now includes additional verbiage to alert members that a signature is required to authorize an address change.   This new text appears on the coupon right after the change of address section.

🖱	Details for all related screens will be available via CU*BASE GOLD Online Help with the release.

❗ Audit Tracker Records when Wrong Email Flag is Checked

This release also includes an expansion of Audit Tracker reporting and a new Audit Tracker Memo Type. Whenever the wrong email flag is checked on a member's account (through F14-Name Address/Alternate Address in Inquiry or Phone Operator, or through MNSERV #13 or MNSERV #22), a new entry is created on the member's Audit Tracker with the Memo Type of "EI" (email invalid). Many credit unions, including our Xtension staff, have been creating an Audit Tracker message manually to document this change, but now CU*BASE will record this change automatically for you.

🖱	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

❗ New Report Confirms NCUA Share Insurance Calculations

Everyone in the credit union industry is aware of the deadlines coming this fall for changes to your share insurance premiums. And CU*Answers wants to make it easier for you to calculate the amount of your members' shares deposits that are covered by the National Credit Union Share Insurance Fund (NCUSIF).

A new report, available via **MNRPTD #14** "NCUA Share Insurance Report," aggregates accounts by SSN/TIN and produces the following reports:

1) **Singly-held accounts** (savings/certificate accounts with no joint owners)
   Except for "special" Membership Designations selected in #5 and #6 below.

2) **Jointly-held accounts** (savings/certificate accounts with one or more joint owners)
   Except for "special" Membership Designations selected in #5 and #6 below.

3) **IRA accounts** (excluding Coverdell Education Savings Accounts)

4) **Revocable Trusts** by Membership Designation code
   When printing the report, you define which Membership Designation codes you use for trusts so that they will be separated and included only on this section of the report.

5) **Coverdell Education Savings** accounts

6) **Excluded Membership Designations**
   When printing the report, you define any "special" Membership Designations you consider not eligible for this insurance, and these memberships are excluded from all other sections. This would include non-natural-person accounts or irrevocable trusts you need to exclude from the other sections.

> This might mean that you will need to review your Membership Designation codes and create some new ones specifically for the purpose of segregating memberships on this report. Membership Designation codes are configured via MNCNFC #25. Contact a Client Service Rep. if you would like assistance.

7) Then there will be a separate **Summary Report** with grand totals from the various sections. (This page will be particularly helpful when filling out your **5300 Call Report**.)

There will be a special line item on the summary for **Joint Owners without SSN/TIN** to identify places where we didn't have complete SSN/TIN information for a joint owner (meaning that CU*BASE has a name on file but no SSN/TIN for that particular secondary names record). NCUA generally requires

this amount be insured because you are not able to prove exactly who owns it, and this will give you a sense of the number of accounts where you might want to do some cleanup of your joint owner records.

> TIP: Audit Link has some great sample letters you can send to members to try and gather this information for your files. Contact jvilker@cuanswers.com if you are interested in learning more.

If you haven't visited the NCUA's website recently, now would be a great time to get a refresher of how these very complex calculations work. Visit http://www.ncua.gov/ShareInsurance/Index.htm and review the excellent materials explaining the concepts. You might be surprised to learn how much more coverage a member can actually get, if they set up their accounts just right! The presentation "Share Insurance and You," available on that website, is particularly helpful in this regard.

	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

Envelopes for Members and Vendors

- **Member Envelopes from Inquiry/Phone** – While working with an account in Inquiry or Phone Op, you can click a new Print button located near the member's address on the Contact Information tab. You will be sent to the same screen as the standalone option (MNSERV #11) so you can choose the number of envelopes you want to print, as well as whether to print a return address.

- **Vendor Envelopes** – We've also made it easy to print an envelope you can use to send materials to one of your vendors. From MNACCK #3 Work with AP Vendors and MNACCK #16 AP Vendor Inquiry, simply use F23-Print Envelope or click the Print button to print an envelope containing the vendor's address in a similar manner.

	Details for all related screens will also be available via CU*BASE GOLD Online Help with the release.

For Self Processors: Tools for Setting Up a Training Library

For Our Self Processing Credit Unions ONLY

We've developed some nifty new tools to make it easier and more foolproof to set up a copy of your member files to use as a training library. These new options will be available via the On-Demand Processing menu (OPER > # 7). The new tools take the guesswork out of making a copy of your member files from an EOD backup, setting up the file with a unique name of FILE99 (no more of that ambiguous FILEXX), updating the system dates properly, cleaning up history files to use disk space most efficiently, setting up a set of login IDs, and paring down the workstation and Employee ID configurations to be unique to a training environment.

Step-by-step instructions will be included in a newly updated version of the **Self Processing Operational Guide**, which will be available on the Reference materials page of our website no later than May 14 (look for the green box at the top of that page).

> IMPORTANT: This feature is designed for self processing credit unions only, not service bureaus like our cuasterisk.com partners who serve multiple credit unions from the same iSeries. The process allows for one training library per iSeries system. (If your staff serves members of more than one CU, they can still be given access to this one central training library, of course.)

Miscellaneous

- **Additional information on the ACH Exceptions report** – We have added the SEC code, check number (when applicable) and company entry description to the ACH Exception Report.

> NOTE: Coming later this summer are some additional changes related to Stop Pay processing for ACH (including placing stop pays on anticipated ACH items and separate fees for ACH stop pays!). Watch for more

- **Miscellaneous Advances enhancement** – The Miscellaneous Advance transaction description has been lengthened to the standard 20 characters. The screen will now also default in a standard description from the posting code, similar to how we do Misc. Receipts. This means less typing for you! It will still be input-capable to allow you to enter in any alternative text, of course.

- **New collateral data for Home Mortgage Disclosure Act (HDMA) reporting** – Changes to the Collateral ID screen now allow you to gather information necessary for when you download data for your quarterly HMDA reporting. While entering collateral details, use F17-HMDA to move to a new screen which gives you the option of collecting additional geographic information and data on ethnicity, race and sex.

- **Account security for Speed Sequence "PIN"** – Previously Member Personal Banker checked for Account Security but the speed sequence "PIN" did not have this added protection. Now this speed sequence checks for this security feature as well.

- **Membership Analysis report verbiage changed** – The verbiage on the Membership Analysis Report (MNMRKT #21) has changed so that the totals at the end of the report more accurately reflect that they are "membership" totals instead of "account" totals. The totals on the report now read "Positive balance memberships," "Negative balance memberships" and "Memberships w/ written off loans."

- **Outside checks/ in-house drafts teller screens** – These teller screens now display the member's name and account number.

- **Application Comments added to the Loan Officer Worksheet** – Application comments now appear on the Loan Officer Worksheet to assist with loan application processing.

- **Marketing Club configuration enhancement** – You can now define unlimited dividend applications, loan categories, and OTB codes when setting up your Active Status Tracking settings for Marketing Clubs. (Previously you were limited to 3 codes each.)

	Immediate Effect	Changes automatically in place on the day the release is implemented; no additional configuration required.
	Must be Activated	Your CU must make a decision either to activate it or modify configuration parameters. Sometimes requires contacting a CSR.
	Team Implementation	Work with a CU*Answers Client Service Representative before implementation.