Loan Statement Notices

Printing Loan Billing Notices Including HELOC and First Mortgage Notices

INTRODUCTION

Over the years, there have been many different strategies for communicating with members about the status of a loan account. From no special notices at all, to preprinted coupons, to using the member statement, to billing notices, to having specialized loan statements—credit unions have tried them all.

With the introduction of a specialized statement for credit card loans as part of the CU*Answers Online Credit Card Processing system, credit unions started expressing interest again in having some type of specialized loan statement to use for home equity line of credit products. Some have discussed using it for other kinds of revolving lines of credit and even some fixed closed-end products.

Based on that response, CU*Answers has developed a tool to print a special type of correspondence for your open-credit loan products: **the CU*BASE Statement Notice**.

CONTENTS

HOW IT WORKS

Statement notices are an on-demand print option, using **Tool #659 *Print Loan Statement Notices***. The credit union is responsible for initiating the printing of notices and choosing the timing. Notices are printed to a selected laser printer and can be folded and inserted manually into standard window envelopes.

> *If you will be printing a large volume of these special notices, CU*Answers does provide notice printing and mailing services. Contact a Client Service Representative for a quote.*

WHEN SHOULD NOTICES BE PRINTED?

Timing is everything. The top portion of the loan statement notice includes status information such as balance due, interest due, next payment due date, etc. Because this status can change any time activity happens on the loan account, your credit union will have to decide whether to print statement notices with status as of the end of a month, or print them with status information as of the moment in time when the notices are printed.

When statement notices are printed as of EOM, the results are repeatable (i.e., the exact same notices could be printed two days later because the system is using a static status to prepare the notice).

Example 1:

If on April 10 statement notices were printed with a start date of March 1 and an end date of March 31, the system would use March month-end files, and the status data would reflect the status as of the end of the month.

Example 2:

If on April 10 statement notices were printed with a start date of March 6 and an end date of April 5, the system would pull status information from the account as of that moment in time (on the 10th). If notices were reprinted the next day (or even later during that same day), the status potentially would be different, for example if a loan payment was made in the meantime.

Another timing concern would be related to loans where payments are recalculated, such as LOCs or interest-only loan types. Consider whether payment changes are regularly scheduled or if they are interactive. For example, in the case of an interest-only loan product, the statement notices should generally be printed *after* the date the loan category uses to recalculate the current payment based on interest due.

- On interest only loans, if a member who is delinquent makes a payment after the interest is calculated, but before the notices are run, you may end up with incorrect data. Since the payment due will not be recalculated at the time of the notice printing, this data will not have been adjusted to the new payment due amount.

Either way (printed at EOM or during the month), it is recommended that statement notices be printed using a regular schedule, to avoid printing duplicate transaction history from one notice to the next.

For example, if statement notices are printed *as of* the 25th of every month, but some months they are printed on the 28th and some months they are printed on the 3rd of the next month, members might be confused if they regularly make payments on the last day of the month. Some months the statement notice would show a payment due in a few days, but other months would show the payment already made.

> *One way to avoid some of this confusion is to use the exclusion options so that members who are paid ahead do not receive a reminder. See the following pages for more information.*

RULES

CU*BASE Statement Notices are designed to be a combination of a statement of account history and status, a payment coupon, and a billing notice or invoice.

While a statement notice looks like an account statement, **it will not be processed with either regular member account statements or online credit card statements**. Normal account statements will still include all transaction history for all types of loans, whether or not a separate statement notice was generated.

Instead, this feature will print the statement notice on demand using a special selection screen that will control when the statement is printed, which members will receive one, and what range of history data will be printed on the notice.

No record will be retained as to whether a statement was produced for a particular member or not, and there is no intention of combining this with the normal statement processing or adapting any of the existing statement archival processes (CD-ROM, e-statements, etc.) for these types of notices.

WHAT IS PRINTED

Statement Notices are designed to print on standard laser printers. Information is broken into four parts:

1. **Payment Coupon** (designed to be printed on perforated paper)

2. **Account Status** – stating the current status of the loan (as of the *Statement period end date* selected on the screen)

> ***Special Note Regarding Variable Rates:*** *If a loan has a variable rate code attached to it, when you print statement notices, the system will look at that code to see if any pending rate changes have been scheduled. If so, the account status section of the notice will also include two additional data fields:* ***New rate*** *and* ***Effective date***.

3. **Transaction History** (all transactions between statement period start and end dates)

4. **Marketing Message** (optional)

Transaction detail is printed on the notice but is still included in the member's normal statement. *(This is different from online credit cards, where the credit card loan is mentioned only in the summary section of a regular statement, with no transaction detail.)* **Therefore, this history will be repeated when the member receives his/her regular statement.**

In addition, no indicators will be stored to show whether data has been reported to the member in a prior notice, so your credit union must take care not to overlap statement start and end dates.

PRINTING STATEMENT NOTICES

Print Loan Statement Notices (Tool #659)

The date entered here will appear as the "Statement Date" on the printed statement notice (see the following pages for samples).

Check this check box to include on the notice the web address configured on the Chart of Accounts screen.

Use this screen to specify how notices should be printed. Remember to **take care not to overlap statement periods** from one month to the next so that transactions are not reported to the member more than once. Unlike regular account statements, CU*BASE does not mark which transactions have already been printed on this type of statement notice.

> *If you have problems when printing these notices, such as the paper jams or you did not load the right type of paper, you can return to this screen and recreate them using the same settings again as needed.*

Load the correct paper into the designated printer. Complete all fields as described below, then use Enter to produce the notices.

Field Descriptions

Field Name	Description
This is an archive run	Checking this option allows you to generate a report that you can then export to CU*SPY. This report indexes each notice so that CU*SPY can recognize each notice as a separate notice and thus allow you to reprint a single notice at a later date.
	To print the paper notices, leave this unchecked and print to your regular printer ID. The second time, the archive run, check this box and choose your HOLDxx printer ID. Then display your spooled file list, select the report and use the "Change" option (Option = 2) to change the output queue to DailyXX (in both cases xx is your 2-character CUID).

Field Name	Description
	At EOD these loan notices will be archived in the CU*SPY.
	This report contains all the notices printed; use the report to search for and reprint a notice. Simply use the Find feature in CU*SPY to find the notice and then print the appropriate pages of the archived report to reprint the notice.
	• NOTE: As mentioned earlier checking this checkbox is used for statements you intend to archive. If you intend to hand these statements to member, it is recommended that you run the statements twice, one time with this checkbox checked and one time without it checked. If you select to check the box, the verbiage "HELOC Statement" will appear at the top of each statement, regardless if the member has a HELOC loan, which can be confusing to a member. This verbiage will not appear if the box is unchecked.
Statement period start date Statement period end date	Use this to specify what period of transaction history should be included as well as where the data that is displayed in the account status section of the notice should come from: • If both dates are in the previous month, use that month's month-end files for the status information (balance as of the last day of the month, etc.). **Month-end data is the only way to use static, repeatable data.** • If either the end date or both dates are in the current month, use the status of the account as of today's date (the point in time when the command is taken to print the notices).
Loan categories	Enter loan category codes to generate notices for up to 10 categories in a single batch. Or you may run the process multiple times to specify individual loan categories for which you wish to print statement notices. Notices can be printed for <u>any</u> loan category (MEMBER5 or MEMBER6, open- or closed-end).
Exclude loans with payment due date greater than xx	If desired, you can enter a date in the future and any loans with a due date greater than that date (in other words, loans that are paid ahead) will not receive a notice. Leave blank to include regardless of due date.
Exclude loans paid through payroll/ACH/AFT	If checked, the system will not print a statement notice for any member where a record is found in payroll deduction files, ACH distribution master files, or AFT files where the loan account is receiving payment electronically.
Exclude loans with 0.00 due	Applies primarily to interest-only payment loans. If checked, any loans with a payment amount of 0.00 would not receive a notice.
Exclude loans with freeze indicator 3 (payments & disb)	Check this to exclude any loans with freeze indicator 3 (freeze both payments and distributions). HINT: Remember that you can already exclude written-off loans just by not including loan category in your list of loan categories. This exclusion option is to be used by CUs who do not want the repayment process to interrupt collections efforts related to foreclosures or curing the loan.

Field Name	Description
Print CU name/address	Check this flag to include CU name and address from the CU*BASE configuration file (will <u>not</u> use a logo). If printing on letterhead, leave this flag unchecked.
Print sequence	Choose one of the following to print the statements in order by: A = Account # (this is the default), Z = Zip code (for bulk mailing)
Title	Enter a title to print in the upper-right corner of the printed notice.
Message	Use these optional lines for miscellaneous marketing or instructional messages to be printed at the bottom of the first page of the notice.

SAMPLE PRINTED MORTGAGE NOTICE

```
CU*ANSWERS TEST CREDIT UNION                    ** MORTGAGE STATEMENT **
9999 ELM ST.                                            Page    1
TESTCITY,  MI 99999-
                                            Account Number          10102-788

     (555) 555-5555
                                            Statement Date              9/03/06
                                            Current Balance         $32,249.99
                                            Minimum Payment            $552.00
                                            Payment Due Date          09/15/06


     JOHN Q MEMBER                          Amount Enclosed      _____
     1234 ANYSTREET
     ANYCITY MI  49000-1234




                      (Tear here and return with payment)


     CU*ANSWERS TEST CREDIT UNION (CU)      Account Number          10102-788

     Previous Balance           33,699.63
     Advances & Debits                .00   Amount Past Due               .00
     Payments & Credits         1,600.00    Current Amt Due            552.00
     New Balance               32,249.99    Minimum Payment            552.00

     Original Balance          40,000.00    Payment Due Date          09/15/06
     Current Balance           32,249.99    Annual % Rate               7.750%
                                            Daily Periodic Rate      .0212328%
                                            YTD Interest             1,657.60


     TRANSACTIONS:
     DATE         DESCRIPTION                   AMOUNT     PRINCIPAL      INTEREST
     8/04/06      HM EQUITY PAYMENT           1,600.00     1,449.64        150.36













     This is the marketing message blah blah blah blah blah
     Will appear on four lines exactly as typed on the screen
```

The printed statement notice is formatted so that it will fit into a standard window envelope. If printed on perforated paper and mailed with a CU-provided return envelope, the member could then return the top payment coupon with his/her payment check.

SAMPLE PRINTED HELOC NOTICE

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CU*ANSWERS TEST CREDIT UNION              ** HOME EQUITY STATEMENT **
9999 ELM ST.                                      Page    1
TESTCITY,  MI 99999-
                                          Account Number        10102-788

     (555) 555-5555
                                          Statement Date          9/03/06
                                          Current Balance      $32,249.99
                                          Minimum Payment         $552.00
                                          Payment Due Date       09/15/06


     JOHN Q MEMBER                        Amount Enclosed    _____
     1234 ANYSTREET
     ANYCITY MI  49000-1234




                        (Tear here and return with payment)


     CU*ANSWERS TEST CREDIT UNION (CU)      Account Number        10102-788

     Previous Balance          33,699.63
     Advances & Debits               .00   Amount Past Due             .00
     Payments & Credits         1,600.00   Current Amt Due          552.00
     New Balance               32,249.99   Minimum Payment          552.00

     Credit Limit              40,000.00   Payment Due Date        09/15/06
     Current Balance           32,249.99   Annual % Rate             7.750%
     Available Credit           7,750.01   Daily Periodic Rate    .0212328%
     Over Credit Limit               .00   YTD Interest           1,657.60


     TRANSACTIONS:
     DATE         DESCRIPTION                   AMOUNT      PRINCIPAL       INTEREST
     8/04/06      HM EQUITY PAYMENT           1,600.00      1,449.64         150.36















     This is the marketing message blah blah blah blah blah
     Will appear on four lines exactly as typed on the screen
```

The printed statement notice is formatted so that it will fit into a standard window envelope. If printed on perforated paper and mailed with a CU-provided return envelope, the member could then return the top payment coupon with his/her payment check.