
Write-off/Charge-off Tools for Loans

Maximizing Collections of Your Underperforming Loans

INTRODUCTION

The CU*BASE Loan Write-off feature provides a way for credit unions to reclassify underperforming loans without giving up the ability to continue collecting on the loan and reduce potential losses.

In addition to automating and streamlining the procedure, the system will also take a snapshot of the loan status at the time of write-off. This history will allow for more detailed trend analysis, providing details such as the amount of funds collected while the loan was in a write-off status.

The tool also includes a separate function for automating the charge-off and account closing for uncollectible loans, including all related G/L entries. As with write-offs, the system will take a snapshot of loan status details for use in historical tracking and analysis.

The Write-off/Charge-off dashboard will let you monitor these loans for board approvals and compliance with your policies. It also gives your lending management valuable insight into your credit union's efforts to manage balance sheet examiner concerns and your overall loan yield.

*Assistance for this booklet was provided by CU*Answers Collections Services.*



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For an updated copy of this booklet, check out the Reference Materials page of our website:
<http://www.cuanswers.com/resources/doc/cubase-reference>
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UNDERSTANDING THE DIFFERENCE BETWEEN A WRITE-OFF AND A CHARGE-OFF

What's the difference between writing off a loan and charging one off? When it comes to CU*BASE tracking tools, it's all about whether the debt is still collectible or not. In a nutshell, writing off a loan reclassifies how it appears in the system but still allows you to collect on the debt through all of the usual channels. It changes the accounting to declassify it as an interest-earning asset. This does not affect the contract itself. The contract is still fully in force. Charging off a loan is done when collectability is extremely unlikely and closes the account and writes off the entire remaining balance against your loan-loss G/L.

Tools to Manage Examiner Concerns

CU*BASE write-off/charge-off tools not only help you minimize your potential losses, they also help you manage examiner concerns related to your loan portfolio.

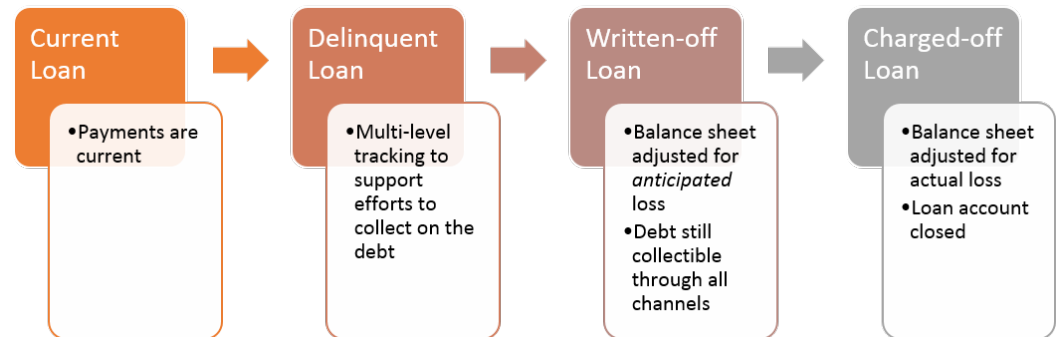
What do examiners want? First and foremost, examiners want good balance-sheet management and a credit union that recognizes the fair value of its loan portfolio every month. At the same time, a credit union must be diligent in not giving up on a loan's performance too soon, before it must take a loss.

To balance both perspectives, CU*BASE offers write-off management capabilities to remove the loan from the balance sheet's performing portfolio numbers, while still keeping the loan top-of-mind with both the credit union and the member. Writing off a loan helps you manage your balance sheet and the expense processing, moving a loan from the active portfolio to the allowance for loan-loss reserve, without creating a final loss before it is warranted.

Written-off loans can still be collected through any member service channel and have a full memo-trial balance presence to make collections easy. The examiner is happy to have the loans properly removed from the active balance-sheet portfolio, and the credit union is happy for the chance to continue to collect and ultimately reduce its losses.

Life Cycle of a Charged-Off Loan

The following illustrates the stages a loan goes through before it's charged off and the account closed.



Credit unions sometimes choose to skip the write-off stage and go directly from “doubtful collections” to “loss taken,” removing it from both the balance sheet and the active-member trial balance. But this effectively destroys any chance a credit union has to further collect on the loan.

Tools to Monitor Bankruptcies More Effectively

At a time when bankruptcies are commonplace, it's too easy to get in a groove and just assume that debts will be forgiven, that the member will automatically receive their bankruptcy release. These assumptions and a lack of attention to bankruptcy procedures can cost credit unions money.

On the other hand, resisting the examiner's desire to address your fair assessment of potential losses in the active portfolio and insisting on waiting for bankruptcy resolution can cause stress between the examiner and the credit union. CU*BASE write-off tools can help manage the concerns on both sides of the relationship towards a positive outcome.

For example, you may write off a loan for lack of performance in January, but still be able to collect on it until the member files for bankruptcy proceedings in August. The written-off status of the loan keeps it top-of-mind for the credit union and active with the member the entire time, maximizing your chances of negotiating other arrangements with the member.

Tools to Improve Your Lending Team

In fact, moving loans to a written-off status actually *encourages* the collection of the debt. With the status of these accounts right at their fingertips, collectors are urged to keep working these accounts. And comparing loan performance to the initial underwriting input can make for better lenders in the long run too.

Tools to Analyze Your Loan Performance

Of course, if the member's circumstances eventually do force the charge-off of the loan, CU*BASE makes it easy to move the loan from its written-off status in the loan-loss allowance portfolio to a closed-loan status, which would incur loss for the credit union.

In both cases, at the time a loan is written off, and again at the time of a charge-off, CU*BASE takes a snapshot to record the complete status of the loan so that it can be included in analyses related to loan yield and the performance of your credit union's underwriting policies.

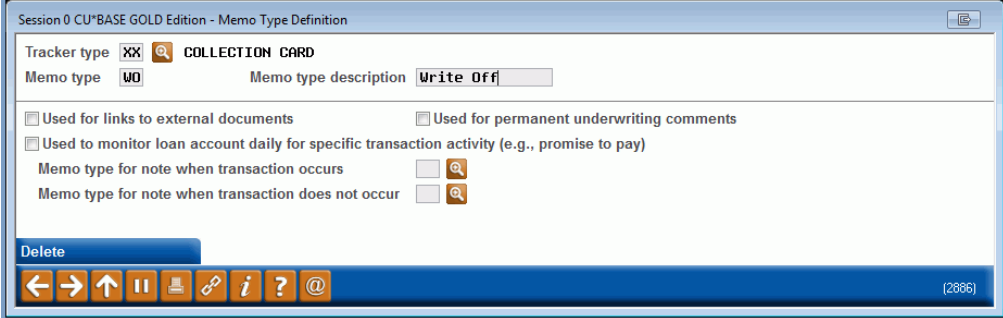
CONFIGURING WRITE-OFF/CHARGE-OFF MEMO TYPES

When a loan is charged off or written off, a pre-configured memo type is used for the system-generated Tracker conversation that is created to document the change. Additionally, the write-off and charge-off process offers you the option of creating a personalized note in a separate Tracker conversation. Memo types are configured via **Tool #260 Configure Memo Type Codes for Trackers**.

CU*Answers Collections Services recommends you create special memo types to use for write-off and charge-off conversations. This will assist in tracking and reporting for the future.

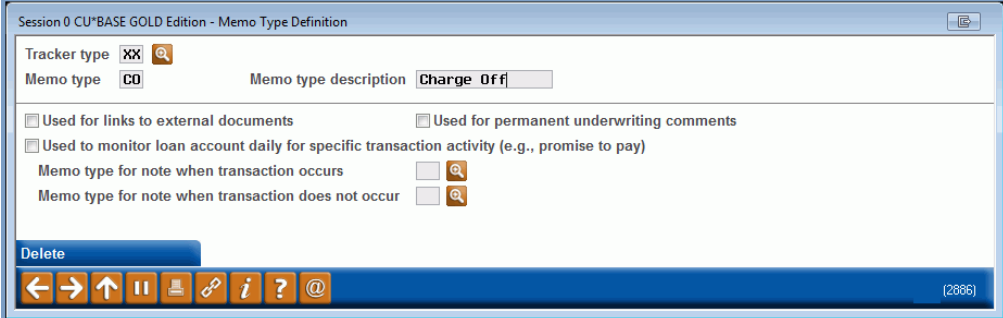
Recommended configurations include the following:

Write-Off Memo Type



The screenshot shows the 'Memo Type Definition' window for a 'Write Off' memo type. The 'Tracker type' is set to 'XX' with a magnifying glass icon and the text 'COLLECTION CARD'. The 'Memo type' is 'WO' and the 'Memo type description' is 'Write Off'. There are four checkboxes: 'Used for links to external documents' (unchecked), 'Used for permanent underwriting comments' (unchecked), 'Used to monitor loan account daily for specific transaction activity (e.g., promise to pay)' (checked), and 'Memo type for note when transaction occurs' (unchecked). There are also two magnifying glass icons for the last two checkboxes. At the bottom, there is a 'Delete' button and a toolbar with icons for back, forward, up, down, print, link, info, help, and search. The number '(2686)' is visible in the bottom right corner.

Charge-Off Memo Type



The screenshot shows the 'Memo Type Definition' window for a 'Charge Off' memo type. The 'Tracker type' is 'XX' with a magnifying glass icon. The 'Memo type' is 'CO' and the 'Memo type description' is 'Charge Off'. There are four checkboxes: 'Used for links to external documents' (unchecked), 'Used for permanent underwriting comments' (unchecked), 'Used to monitor loan account daily for specific transaction activity (e.g., promise to pay)' (checked), and 'Memo type for note when transaction occurs' (unchecked). There are also two magnifying glass icons for the last two checkboxes. At the bottom, there is a 'Delete' button and a toolbar with icons for back, forward, up, down, print, link, info, help, and search. The number '(2686)' is visible in the bottom right corner.

CONFIGURING WRITE-OFF/CHARGE-OFF CODES/REASON CODES

Once you have created the memo types as recommended by CU*Answers Collections Services (see previous section), you can configure which memo types will be used for the system-generated Trackers. These memo types will also be used for the additional Tracker conversations containing free-form text that can be created at write-off and charge-off. **See page 18.**

This screen also allows you to create reason codes to indicate the reason for the write-off or charge-off (such as Chapter 7). Tip: Only configure reasons that are frequently used. These codes are required each time a loan is written off or charged off; however, the same code can be used at write-off and charge-off.

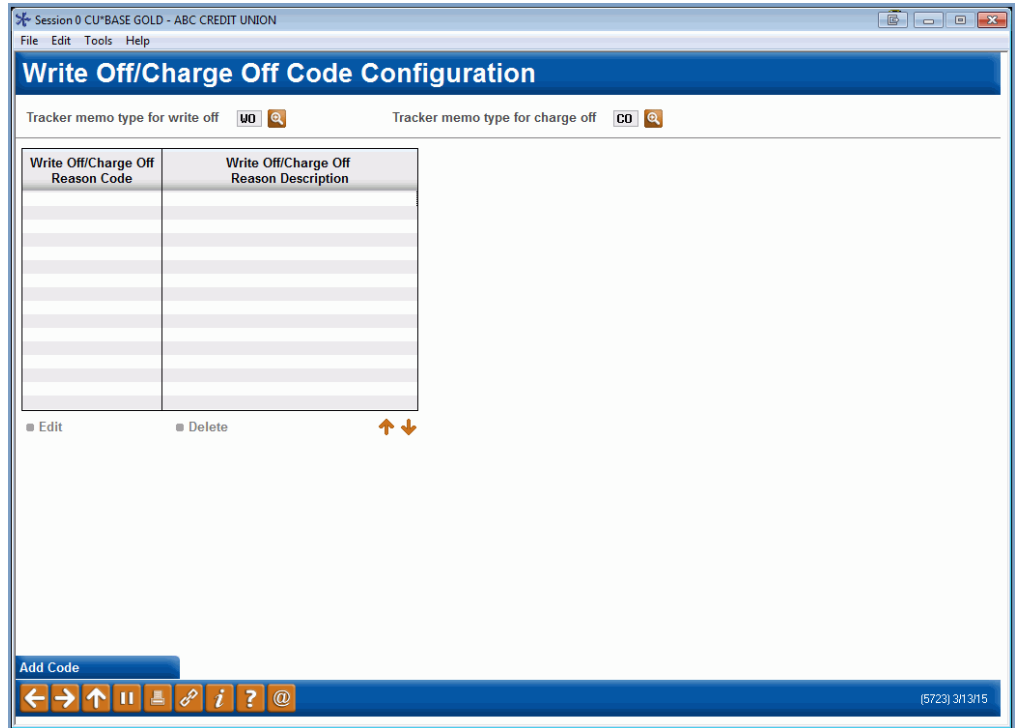
- Sample write-off reason codes recommended by CU*Answers Collections Services can be found here:

http://www.cuanswers.com/wp-content/uploads/Write_off_reason_codes.pdf

Write-off/Charge-off Code Configuration (Tool #1007)

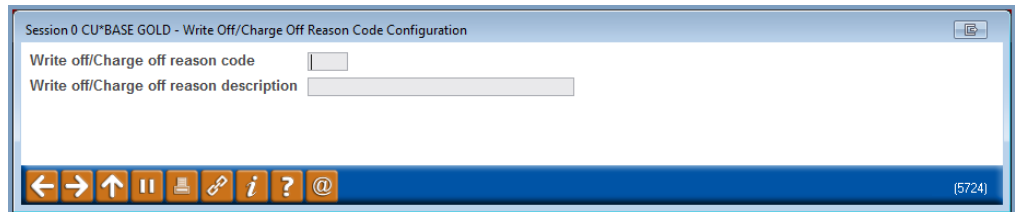
The screenshot shows a web application window titled "Session 0 CU*BASE GOLD - ABC CREDIT UNION". The main heading is "Write Off/Charge Off Code Configuration". Below the heading, there are two input fields: "Tracker memo type for write off" and "Tracker memo type for charge off", each with a search icon. The central part of the screen is a table with two columns: "Write Off/Charge Off Reason Code" and "Write Off/Charge Off Reason Description". The table is currently empty. Below the table, there are "Edit" and "Delete" buttons, and a vertical scroll bar. At the bottom left, there is an "Add Code" button. The bottom right corner shows a timestamp "[5723] 3/13/15".

1. On this screen, enter the write-off and charge-off memo types in the *Tracker memo type for write off* and *Tracker memo type for charge off* fields. You must enter a code for both a write-off and a charge-off.



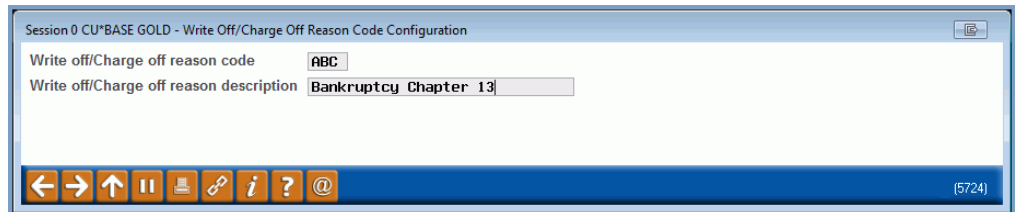
2. Then use *Add Code* (F6) to add the reason codes that are used when the loan is written off or charged off.

Add Reason Code



3. Fill in the reason code and description. The code must be three characters and can be alphanumeric. No spaces are allowed. For the description, thirty alphanumeric characters are allowed and spaces are allowed. Punctuation is allowed for both the code and the description.

Completed Reason Code



Sample reason codes for both bankruptcy Chapter 13 and bankruptcy Chapter 7 are shown below. You may create additional codes as well.

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Write Off/Charge Off Code Configuration

Tracker memo type for write off Tracker memo type for charge off

Write Off/Charge Off Reason Code	Write Off/Charge Off Reason Description
ABC	Bankruptcy Chapter 13
BK7	Bankruptcy Chapter 7

■ Edit ■ Delete ↑ ↓

Add Code

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(5/23) 3/13/15

WRITING OFF A LOAN

BEGINNING THE WRITE-OFF PROCESS

To write off a loan, select **Tool #1006 Write Off / Charge Off Loans**. The following entry screen will appear.

Write Off/Charge Off Loans (Tool #1006), Entry Screen

Session 0 CU*BASE GOLD - Write Off or Charge Off Loan Account

Account # 000000000 000

FR (5126)

Enter the account number and suffix of the loan you wish to write off and use Enter to move to the second screen.

Second Screen

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Write Off or Charge Off Loan Account

Account 610 JOHN H MEMBER Approved by ID SV SUE
Interviewer/processor ID SH SHAWN Collector ID XX CU*ANSWERS COLLECTIONS

Loan Summary		Delinquency Information	
Disbursed amount	11,000.00	Days/months	0 / 0
Balance	8,054.23	Amount	0.00
Interest due	20.35	# of times	0
Total owed credit union	8,074.58	Delinquency fine amount	0.00

Loan Identification		Payment Information	
Category	USED VEHICLES	Date opened	Aug 02, 2013
Type	USED AUTO	First pay date	Sep 13, 2013
Security	AUTOMOBILE	Next pay date	Mar 13, 2015
Estimated value of collateral	12,600.00 Update	Maturity date	Nov 13, 2018
		Last payment date	Jan 09, 2015
		# of payments	63
		# of payments left	45
		Payment frequency	M
		Interest rate	8.400
		Payment amount	219.05

Is this debt still collectible? Yes, I want to write off the loan
 No, I want to charge off the loan & close the account
 N/A

(5127) 3/13/15

This screen displays various information about the loan, such as the interest rate, payment frequency, and date opened and is a summary of what the loan looks like at write-off or charge-off. This should be used to ensure that you have accessed the correct loan and that the numbers match as expected. These fields are collected at write-off and charge-off for research purposes.

Refer to online help for descriptions of all the fields on the screen. NOTE: All the details included on this screen are saved to the Loan Write-off file (LNWRTOFF). This file is documented in the Appendix.

DETERMINING WHETHER THE LOAN IS STILL COLLECTIBLE

On this screen you need to decide if the loan is still collectible. This will determine whether the loan should just be written off or charged off.

At the bottom of the screen is the “Is this debt still collectible?” selection.

Screen on entry

Is this debt still collectible? Yes, I want to write off the loan
 No, I want to charge off the loan & close the account
 N/A

If it is still collectible and to begin the write-off, select *Yes, I want to write off the loan*, as shown below. (If it is not collectible, choose the charge off option, which is covered starting on page 23.)

Selection If Debt Is Still Collectible – Write Off Loan

Is this debt still collectible? Yes, I want to write off the loan
 No, I want to charge off the loan & close the account
 N/A

If the loan does not have collateral, press *Enter*. This will advance you to the third write-off screen (shown on page 15).

If the loan has collateral, refer to the following page.

MAINTAINING COLLATERAL

If the loan has collateral, you can maintain the collateral on this screen. When dealing with secured loans, it is always a good step to review the collateral attached to the loan.

Session 0 CU*BASE GOLD - ABC CREDIT UNION
File Edit Tools Help

Write Off or Charge Off Loan Account

Account **610 JOHN H MEMBER** Approved by ID **SU SUE**
Interviewer/processor ID **SH SHAWN** Collector ID **XX CU*ANSWERS COLLECTIONS**

Loan Summary		Delinquency Information	
Disbursed amount	11,000.00	Days/months	0 / 0
Balance	8,054.23	Amount	0.00
Interest due	20.35	# of times	0
Total owed credit union	8,074.58	Delinquency fine amount	0.00

Loan Identification		Payment Information	
Category	USED VEHICLES	Date opened	Aug 02, 2013
Type	USED AUTO	First pay date	Sep 13, 2013
Security	AUTOMOBILE	Next pay date	Mar 13, 2015
Estimated value of collateral	12,600.00 Update	Maturity date	Nov 13, 2018
		Last payment date	Jan 09, 2015
		# of payments	63
		# of payments left	45
		Payment frequency	M
		Interest rate	8.400
		Payment amount	219.05

Is this debt still collectible? Yes, I want to write off the loan
 No, I want to charge off the loan & close the account
 N/A

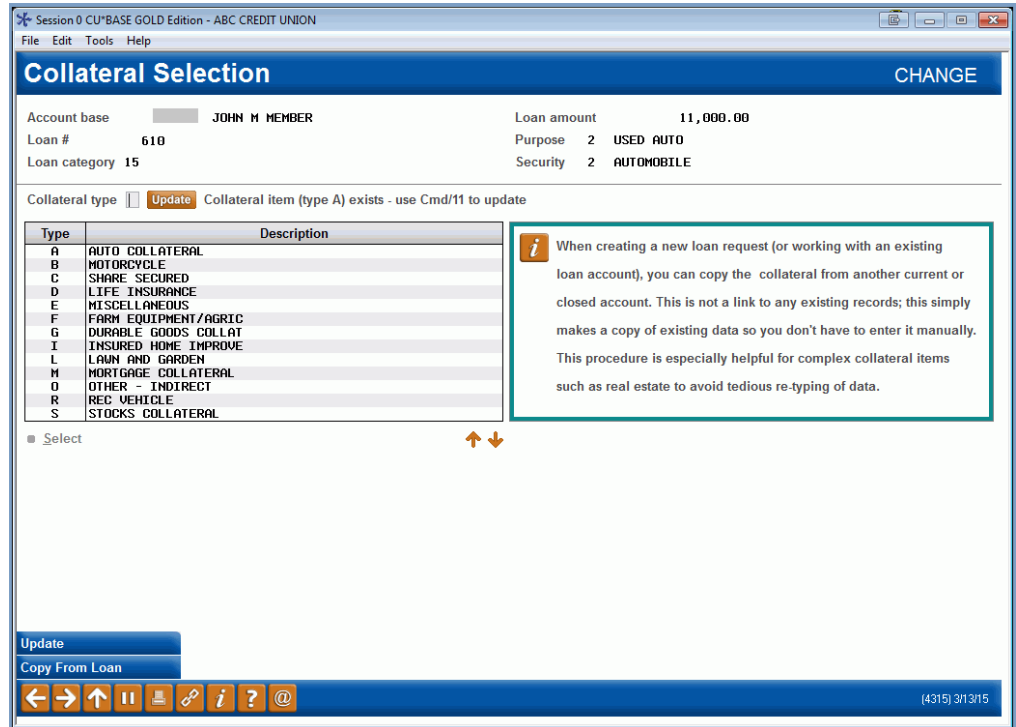
Navigation icons: back, forward, home, stop, refresh, search, help, print, close. #51271.3/1/15

Select the *Update* button next to the *Estimated value of collateral* field. This will take you to the screens where you can maintain the collateral.

This is a good place to adjust the actual value of the security to see if there are issues with your valuation procedures. This creates a more precise loss amount. If the collateral has been liquidated, a zero value should be in place here.

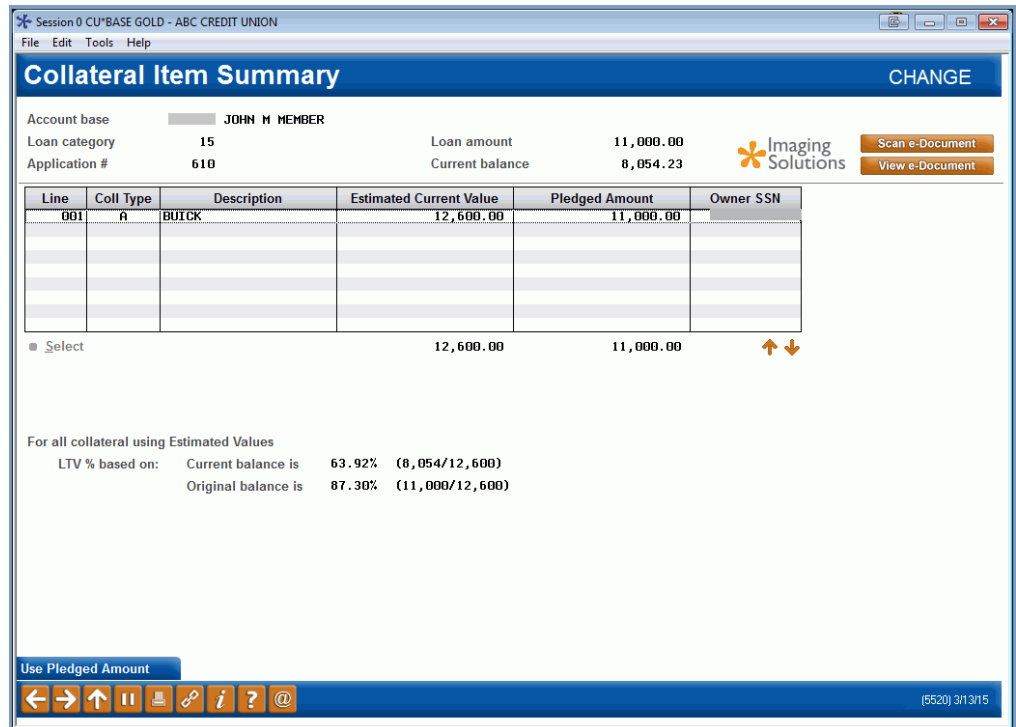
This also allows you to make adjustments, if needed, to the description.

“Update” Next to “Estimated value of collateral” on the Previous Screen



From this screen, use *Update* to enter the collateral screens where you can make an adjustment.

“Update” to View Collateral Details



Use the back arrow once adjustments are made to return to the write-off screen.

Second Screen

Session 0 CU*BASE GOLD - ABC CREDIT UNION
File Edit Tools Help

Write Off or Charge Off Loan Account

Account 610 JOHN M MEMBER Approved by ID SV SUE
Interviewer/processor ID SH SHAWN Collector ID XX CU*ANSWERS COLLECTIONS

Loan Summary		Delinquency Information	
Disbursed amount	11,000.00	Days/months	0 / 0
Balance	8,054.23	Amount	0.00
Interest due	20.35	# of times	0
Total owed credit union	8,074.58	Delinquency fine amount	0.00

Loan Identification		Payment Information	
Category	USED VEHICLES	Date opened	Aug 02, 2013
Type	USED AUTO	First pay date	Sep 13, 2013
Security	AUTOMOBILE	Next pay date	Mar 13, 2015
Estimated value of collateral	12,600.00 Update	Maturity date	Nov 13, 2018
		Last payment date	Jan 09, 2015
		# of payments	63
		# of payments left	45
		Payment frequency	M
		Interest rate	8.400
		Payment amount	219.05

Is this debt still collectible? Yes, I want to write off the loan
 No, I want to charge off the loan & close the account
 N/A

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Press Enter to move to the next write-off screen.

FINALIZING THE WRITE-OFF

Use this screen to record the details associated with the write-off. The *Reason for write off* and *Write off approved by* are required fields on this screen.

This screen is where you are required to answer questions such as:

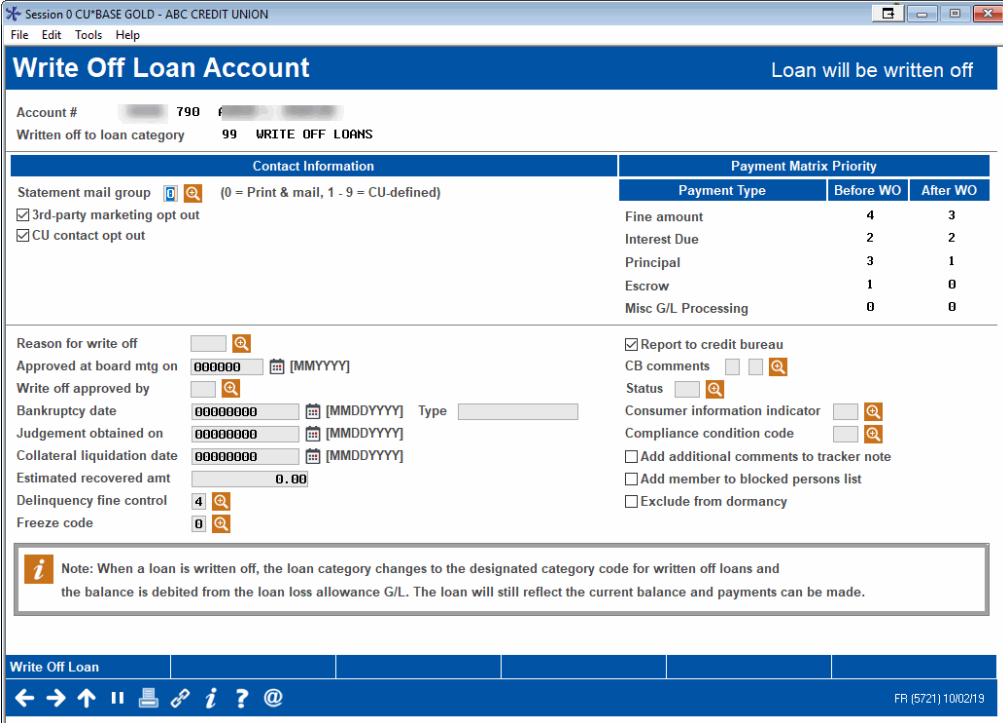
- What do you want done with the statements?
- Do you want to market to the member again?
- Has the payment matrix changed to match policy?
- Do you report to bureau and do you need to add additional codes?
- What (from the list you created earlier) is the reason for the loss?
- On what date was it approved by the board?

The dates that follow are optional but important. They allow you to start collecting information on your losses that pertain to those who are bankrupt, those who were sued, and those who have collateral sold already.

Since write-offs do not have a monthly due date, the *Fine amount* field is defaulted to 3 to stop further fines.

This is also where you decide to report to the bureau (you should) and add any additional codes. These fields are optional but important to prevent disputes.

Third Write-Off Screen



Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Write Off Loan Account

Loan will be written off

Account # 790

Written off to loan category 99 WRITE OFF LOANS

Contact Information	Payment Matrix Priority		
	Payment Type	Before WO	After WO
Statement mail group (0 = Print & mail, 1 - 9 = CU-defined)	Fine amount	4	3
<input checked="" type="checkbox"/> 3rd-party marketing opt out	Interest Due	2	2
<input checked="" type="checkbox"/> CU contact opt out	Principal	3	1
	Escrow	1	0
	Misc G/L Processing	0	0

Reason for write off

Approved at board mtg on [MMYYYY]

Write off approved by

Bankruptcy date [MMDDYYYY] Type

Judgement obtained on [MMDDYYYY]

Collateral liquidation date [MMDDYYYY]

Estimated recovered amt 0.00

Delinquency fine control 4

Freeze code 0

Report to credit bureau

CB comments

Status

Consumer information indicator

Compliance condition code

Add additional comments to tracker note

Add member to blocked persons list

Exclude from dormancy

i Note: When a loan is written off, the loan category changes to the designated category code for written off loans and the balance is debited from the loan loss allowance G/L. The loan will still reflect the current balance and payments can be made.

Write Off Loan

FR (5721) 100219

Refer to online help for descriptions of all the fields on the screen.

NOTE: Almost all details of this screen are saved to the Loan Write-off file (LNWRTOFF). This file is documented in the Appendix. Several fields (such as judgement date) that are written to the LNWRTOFF file can be updated at charge-off or via the write-off maintenance feature (see page 28).

Third Write-Off Screen

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Write Off Loan Account Loan will be written off

Account # f

Written off to loan category **99 WRITE OFF LOANS**

Contact Information		Payment Matrix Priority		
		Payment Type	Before WO	After WO
Statement mail group <input type="text" value="0"/> (0 = Print & mail, 1 - 9 = CU-defined)		Fine amount	4	3
<input checked="" type="checkbox"/> 3rd-party marketing opt out		Interest Due	2	2
<input checked="" type="checkbox"/> CU contact opt out		Principal	3	1
		Escrow	1	0
		Misc G/L Processing	0	0

Reason for write off

Approved at board mtg on [MMYYYY]

Write off approved by

Bankruptcy date [MMDDYYYY] Type

Judgement obtained on [MMDDYYYY]

Collateral liquidation date [MMDDYYYY]

Estimated recovered amt

Delinquency fine control

Freeze code

Report to credit bureau

CB comments

Status

Consumer information indicator

Compliance condition code

Add additional comments to tracker note

Add member to blocked persons list

Exclude from dormancy

i Note: When a loan is written off, the loan category changes to the designated category code for written off loans and the balance is debited from the loan loss allowance G/L. The loan will still reflect the current balance and payments can be made.

Write Off Loan

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The *Reason for write off* field is required to write off a loan. Use the lookup next to *Reason for write off* to access the write-off/charge-off reason codes configured in **Tool #1007 Write-off/Charge-off Code Configuration**. (See page 7.)

Loan Write-Off Reason Code Selection

Session 0 CU*BASE GOLD - Loan Write Off/Charge Off Reasons

Reason Code	Description
ABC	Bankruptcy Chapter 13
BK7	Bankruptcy Chapter 7

Select

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The *Write off approved by* field is also required. Use the lookup next to *Write Off Approved by* to select an employee ID.

Adding a Person to the Blocked Persons List



Compliance condition code 

Add additional comments to tracker note

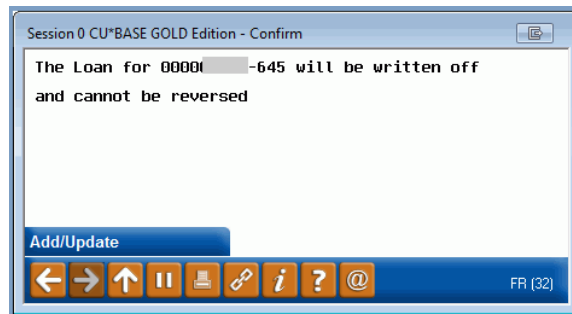
Add member to blocked persons list

When writing off a loan, one option you have is to also add this person to the new membership blocked persons list. Checking this box will add this member to this block list. This database allows you to record names and, if known, SSNs of individuals for whom membership should be denied. It can also serve as a flag that additional verification of a person's identity may be required before opening a membership, when adding a secondary name to an account, or during pre-membership lending. You can also add a person to the New Membership block list by using **Tool 892 Update Fraud Alert/Blocked Persons List** and selecting the New Membership block list. (The member's SSN, type and a comment will be added. The comment will include the date of the write-off.)

Once you have filled in the details on the third screen, click the *Write Off Loan* button to advance to the confirmation screen for the write-off and the process will be complete.

- NOTE: If the box labeled *Add additional comment to tracker note* is checked, you will then advance to the Tracker Review screens. (See page 18.)
- NOTE: If the loan is a variable rate loan, an additional confirmation screen will appear notifying you that the variable rate records for the loan will be deleted. Click Add Update (F5).

Confirmation Screen



Select *Add/Update* (F5) to complete the write-off process.

- IMPORTANT NOTE: At the time of write-off, the system will generate a snapshot of the data and save it to the LNWRTOFF file. This data can be viewed on the Write-off/Charge-off dashboard (see page 30) and the Write-Off History screen (see page 34). The LNWRTOFF file is documented in the Appendix.

See page 22 for a detailed explanation of the write-off process and the steps taken by the system when a loan is written off.

ADDING ADDITIONAL COMMENTS TO TRACKER NOTE

If you check the optional *Add additional comments to tracker note* field on the write-off screen (as shown below), you will advance to the Tracker conversation screen where you can enter a personalized tracker conversation that will be added to the system-generated conversation once the loan is written off.

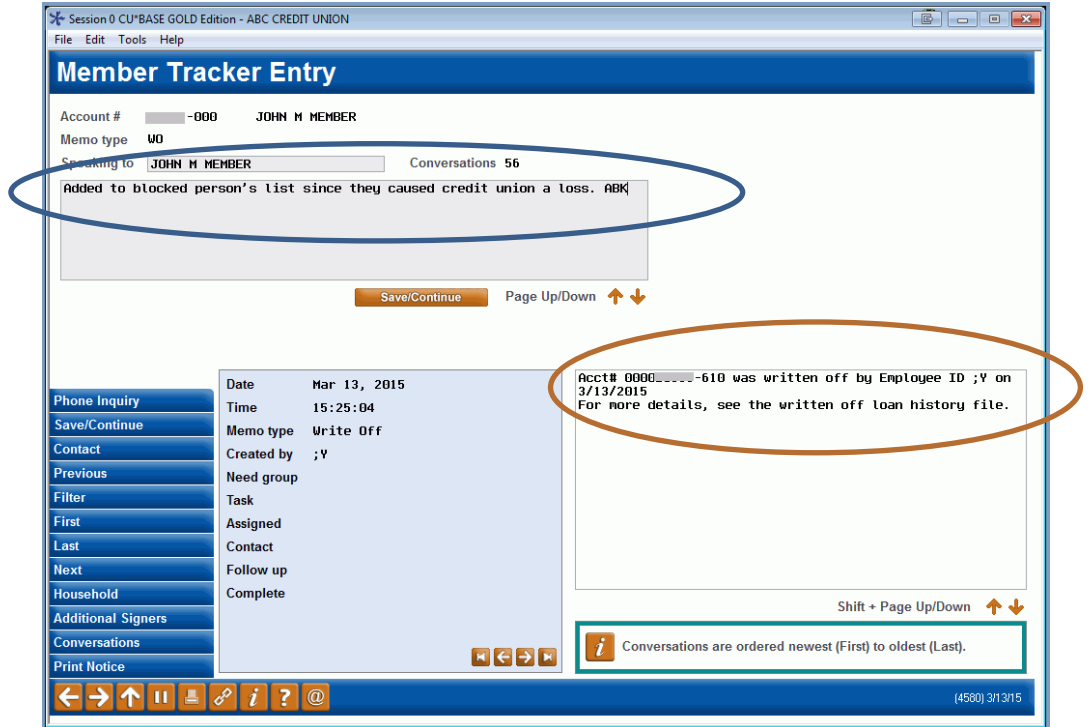
“Add Additional Comments to Tracker Note” Checked

The screenshot shows the 'Write Off Loan Account' interface for account # 610, JOHN M MEMBER. The 'Written off to loan category' is 99, WRITE OFF LOANS. The interface includes a 'Contact Information' section with checkboxes for '3rd-party marketing opt out' and 'CU contact opt out'. A 'Payment Matrix Priority' table is also present. The 'Reason for write off' is BK7. The 'Add additional comments to tracker note' checkbox is checked and circled in orange. A note at the bottom states: 'Note: When a loan is written off, the loan category changes to the designated category code for written off loans and the balance is debited from the loan loss allowance G/L. The loan will still reflect the current balance and payments can be made.'

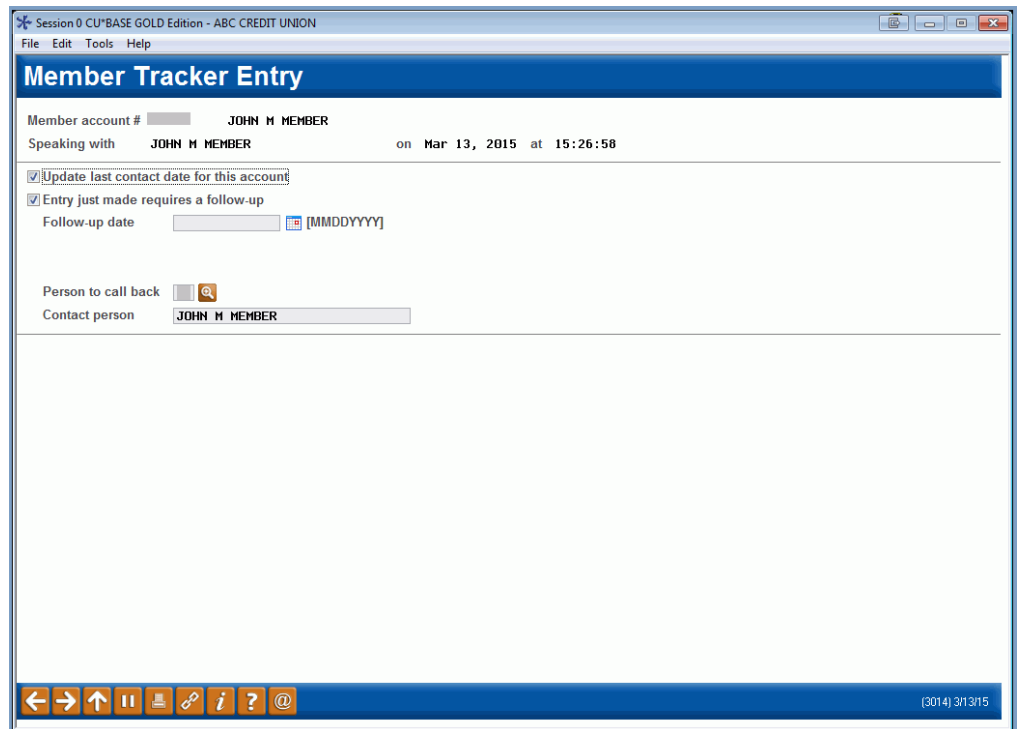
Contact Information		Payment Matrix Priority	
Statement mail group	(0 = Print & mail, 1 - 9 = CU-defined)	Payment Type	Priority
<input checked="" type="checkbox"/>		Fine amount	1 3
<input checked="" type="checkbox"/>		Interest Due	2 2
<input checked="" type="checkbox"/>		Principal	3 1
		Escrow	0 0
		Misc G/L Processing	0 0

Reason for write off	Approved at board mtg on	Write off approved by	Bankruptcy date	Judgement obtained on	Collateral liquidation date	Estimated recovered amt	Delinquency fine control	Freeze code	Report to credit bureau	CB comments	Status	Consumer information indicator	Compliance condition code	Add additional comments to tracker note	Exclude from dormancy
BK7	000000	AI	Jan 13, 2015	Sep 13, 2015	Feb 13, 2014	0.00	3	0	<input checked="" type="checkbox"/>			E		<input checked="" type="checkbox"/>	<input type="checkbox"/>

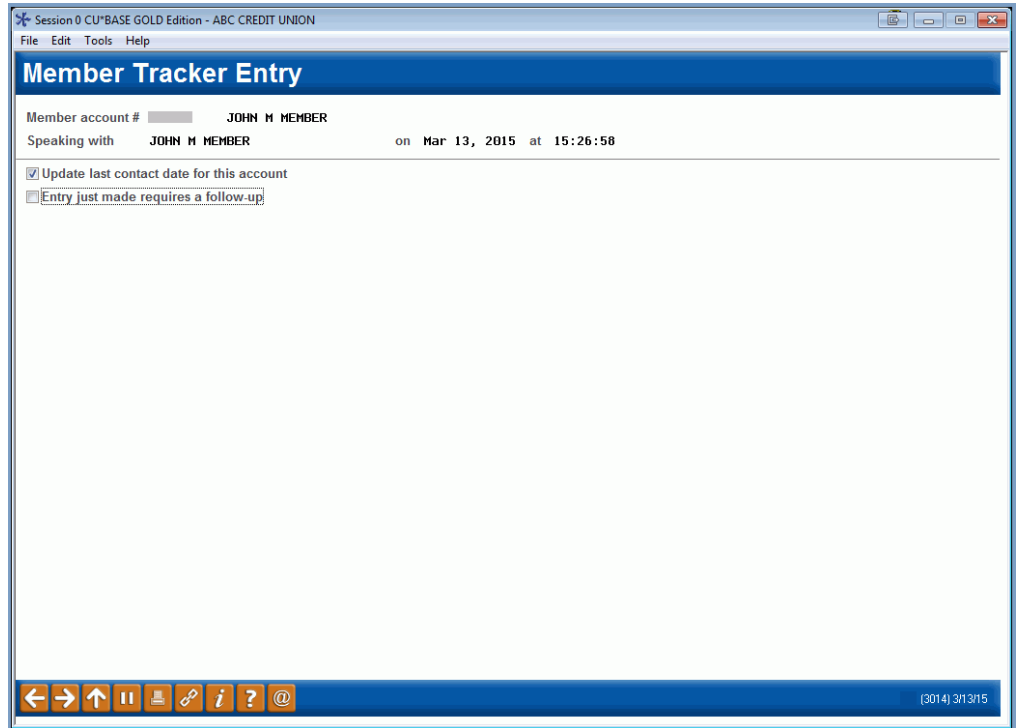
In the example below, you can see the entry of a personal message and the system-generated text. See Page 36 for examples of the Tracker conversations that are created.



At this point, you will save the comments and complete the Tracker conversation screens.



No follow-up is required, so uncheck this box.



Press Enter to complete the process.

CLOSING A CREDIT CARD DURING A WRITE-OFF

If you write-off a credit card loan, you will have the option to do maintenance on the credit card attached to it. This way you can close the card without leaving the write-off screens.

Third Write-Off Screen (Credit Card)

Write Off Loan Account Loan will be written off

Account #
 Written off to loan category **WRITE OFF LOANS**

Contact Information		Payment Matrix Priority		
(0 = Print & mail, 1 - 9 = CU-defined)		Payment Type	Before WO	After WO
<input type="checkbox"/> 3rd-party marketing opt out		Fine amount	1	3
<input type="checkbox"/> CU contact opt out		Interest Due	2	2
		Principal	3	1
		Escrow	0	0
		Misc G/L Processing	0	0

Reason for write off
 Approved at board mtg on [MMYYYY]
 Write off approved by
 Bankruptcy date [MMDDYYYY] Type
 Judgement obtained on [MMDDYYYY]
 Collateral liquidation date [MMDDYYYY]
 Estimated recovered amt
 Delinquency fine control
 Freeze code

Report to credit bureau
 CB comments
 Status
 Consumer information indicator
 Compliance condition code
 Add additional comments to tracker note
 Exclude from dormancy

Note: When a loan is written off, the loan category changes to the designated category code for written off loans and the balance is debited from the loan loss allowance G/L. The loan will still reflect the current balance and payments can be made.

Write Off Loan

FR (5721) 3/19/15

Click the *Card Status* (F9) button to access the Credit Card Maintenance screen (shown below).

Credit Card Maintenance

Credit Card Maintenance UPDATE

Account # **MARY H MEMBER**

Card #	Acct Type	Embossed Name	#	Card Status	Last Used	Last Maint	Card Description
	001	*MARY H MEMBER	2	OPEN ACTIVE STATUS		6/03/2014	VISA CREDIT CARD
	001	*MARY H MEMBER	1	LOST ACCOUNT	6/03/2014	6/03/2014	VISA CREDIT CARD
	001	*MARY H MEMBER	1	LOST ACCOUNT	6/03/2014	6/03/2014	VISA CREDIT CARD

Card Status Emboss Order/History Gate Maint Card Inquiry Status History
 Authorized Users Actvity Tracker

From here, you can close the card or perform other maintenance based on your credit union policy.

WRITE-OFF PROCESS

The following are the steps taken when the loan is written off:

- The principal amount of the loan is debited from the loan allowance G/L account (such as 719.xx).
- The principal balance of the loan is credited to the original loan G/L account (such as 701.xx). (This G/L account is from the loan category definition.)
- The interest due on the loan is credited to the interest due G/L account (such as 781.xx or the accrued interest G/L account from the loan category definition) and is debited to the corresponding income account (such as 111.xx or the interest earned G/L account from the loan category definition).
- The loan category changes to the “Loan category for write offs” from the loan category definition.
- The write-off indicator (WRTOFF) in MEMBER5/6 is changed from 0 to 1 (written-off loan).
- The Interest Calc Code changes to 2.
- The *Review Date* field will show a description of “Write Off Date” in Account Inquiry and the date will update to the current date.
- The *statement mail group*, *3rd-party opt out*, and *CU contact* fields are updated (if applicable).
- The credit report codes are updated (if applicable).
- The payment matrix is updated to the following:

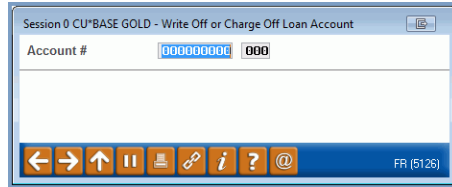
Fine amount	3
Interest due	2
Principal	1

- A system-generated Tracker conversation is created to document the write-off.
- The delinquency fine control is updated (if applicable).
- The freeze code is updated (if applicable).
- Maintenance is performed to the credit card loan (if applicable).
- Maintenance will be performed on the variable rate table, if applicable.
- Add the member to the blocked persons list, if applicable.
- On Account Inquiry screens, the loan account will be highlighted on the screen and the description will change to the description for the new loan category (e.g., “Loans in Collection” or “Written Off”). A comment will also be added indicating the date the loan was written off.
- Additionally, a snapshot is taken of the data and saved to the **LNWRTOFF** file.
- Any Member Notices generated for this member henceforth will remain unprinted, and a Tracker will generate with an NL Memo Type (NoPrint/WrtnOff).
 - NOTE: If the account was flagged to be excluded from dormancy on the third write off screen, this will occur during EOD/BOD processing.

CHARGING OFF A LOAN

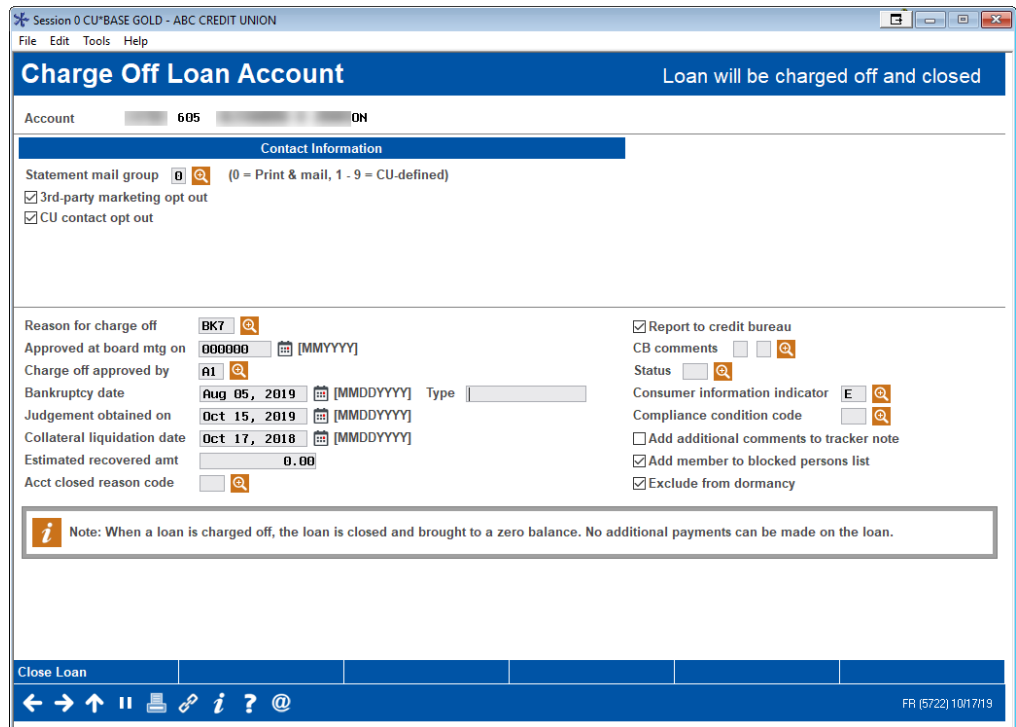
CHARGE-OFF PROCESS

Write Off / Charge Off Loans (Tool #1006)



Enter the account number corresponding to the loan that will be charged off and use Enter. If the loan is not already written off, you will advance to the next write-off screen (shown on page 15) to complete the write-off process first, before proceeding to charge the loan off and close it. If the loan was already written off, you will advance directly to the charge-off screen (shown below).

NOTE: All the details included in the charge-off (including what is entered on the screen below) is saved to the Loan Write-Off file (LNWRTOFF). This file is documented in the Appendix.



You will need to enter a **Reason for charge off** on this screen. (The example above already has one selected.) Use the look up button to make a reason code selection. This can be the same reason code that was used for the write-off.

This is also a good time to update any funds collected at write-off as the system does not include this amount in the *Estimated recovery amount* field. It is also suggested that you add a comment as to why the loss is being taken now since this was thought to be collectible. To do so, check the *Add additional comments* box. After the loan is closed, you will advance to the Tracker Review screens where you can add a comment. (See page 18.)

Refer to online help for descriptions of these fields.

Charge-Off Screen

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Charge Off Loan Account

Loan will be charged off and closed

Account 605 ON

Contact Information

Statement mail group 0 (0 = Print & mail, 1 - 9 = CU-defined)

3rd-party marketing opt out

CU contact opt out

Reason for charge off BK7

Approved at board mtg on 000000 [MMYYYY]

Charge off approved by AI

Bankruptcy date Aug 05, 2019 [MMDDYYYY] Type

Judgement obtained on Oct 15, 2019 [MMDDYYYY]

Collateral liquidation date Oct 17, 2018 [MMDDYYYY]

Estimated recovered amt 0.00

Acct closed reason code

Report to credit bureau

CB comments

Status

Consumer information indicator E

Compliance condition code

Add additional comments to tracker note

Add member to blocked persons list

Exclude from dormancy

i Note: When a loan is charged off, the loan is closed and brought to a zero balance. No additional payments can be made on the loan.

Close Loan

FR (5722) 10/17/19

A required field is the *Account closed reason code*. Use the lookup and select an account closed reason code.

These closed reason codes are configured via **Tool #551 New/Closed Reason Codes/Comments Config**.

Account Closed Reason Code Selected

Adding a Person to the Blocked Persons List

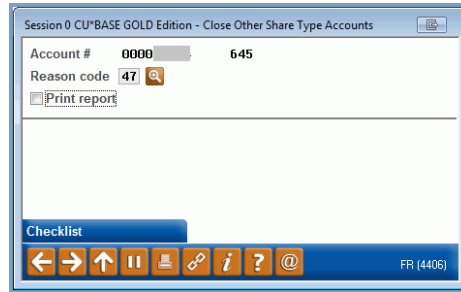
When writing off a loan, one option you have is to also add this person to the new membership blocked persons list. Checking this box will add this member to this block list. This database allows you to record names and, if known, SSNs of individuals for whom membership should be denied. It can also serve as a flag that additional verification of a person's identity may be required before opening a membership, when adding a secondary name to an account, or during pre-membership lending. You can also add a person to the New Membership block list by using **Tool 892 Update Fraud Alert/Blocked Persons List** and selecting the New Membership block list. (The member's SSN, type and a comment will be added. The comment will include the date of the charge off.)

Then click the *Close Loan* button to advance to the confirmation screen.


This will finalize the charge-off process.

Click *Add/Update* or use Enter to advance to the close account screens. You then advance through the standard screens used when you close a loan.

Close Account Screen 1



Session 0 CU*BASE GOLD Edition - Close Other Share Type Accounts

Account # 0000 645
Reason code 47 
 Print report

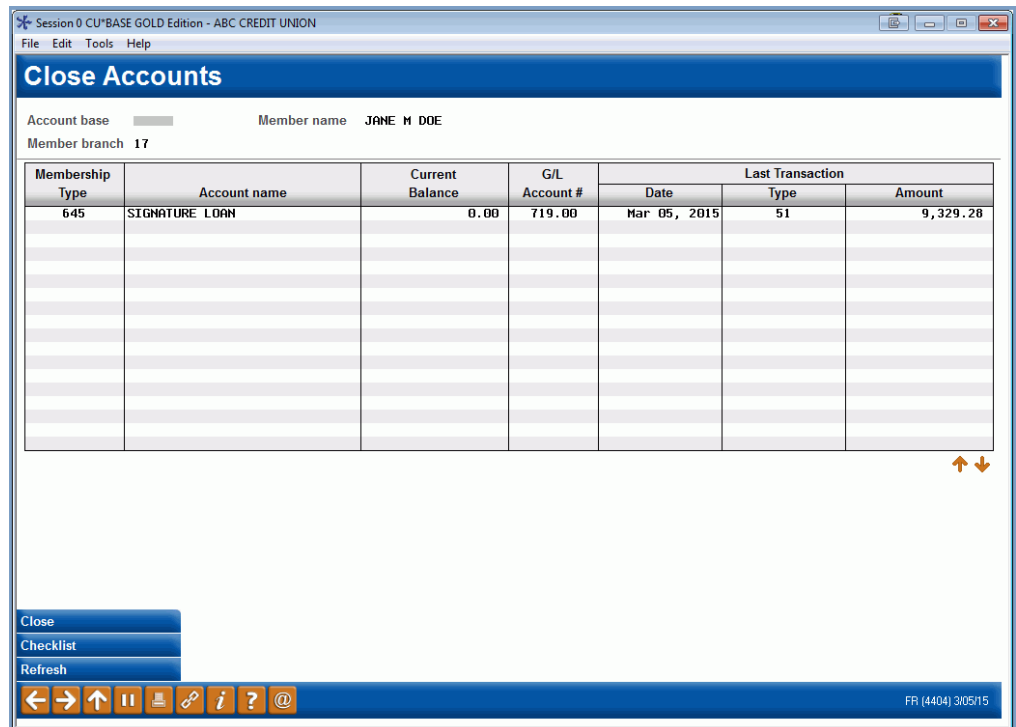
Checklist

Navigation icons: back, forward, up, pause, print, link, info, help, @

FR (4406)

Press Enter on this screen.

Screen 2



Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION
File Edit Tools Help

Close Accounts

Account base Member name JANE M DOE
Member branch 17

Membership Type	Account name	Current Balance	G/L Account #	Last Transaction		
				Date	Type	Amount
645	SIGNATURE LOAN	0.00	719.00	Mar 05, 2015	51	9,329.28

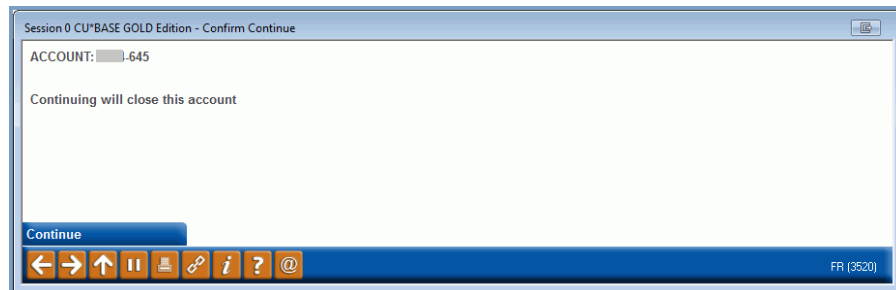
Close
Checklist
Refresh

Navigation icons: back, forward, up, pause, print, link, info, help, @

FR (4404) 3/05/15

Click *Close*.

Close Account Screen 3



Session 0 CU*BASE GOLD Edition - Confirm Continue

ACCOUNT: 645

Continuing will close this account

Continue

Navigation icons: back, forward, up, pause, print, link, info, help, @

FR (3620)

Finalize the closing of the account by clicking *Continue*.

NOTE: If the box labeled Add additional comment to tracker note was checked on the final charge-off screen, you will advance to the Tracker Review screens. (See page 18.)

Miscellaneous maintenance as specified by the charge-off screen will occur, and a Tracker record will be created for the charge-off. A snapshot is taken of the data and is saved to the **LNWRTOFF** file. Then the system will process an account-adjustment transaction for the amount of the loan balance (principal plus accrued interest):

Origin 08/Tran Type 82/Tran Code 24

The result of this transaction will be G/L entries that both debit and credit the 719.xx G/L account. The account is then closed. After end-of-day processing is complete, it will reside in the closed accounts list.

The member will be added to the blocked persons list, if applicable.

- If account was flagged to be excluded from dormancy on the charge off screen, this will occur during EOD/BOD processing.

Reporting a Charged Off Loan as Paid in Full

To report a loan as paid in full that was previously charged off and closed, use the credit reporting information screen within **Tool #887 Update Closed Account Information**. Update the Status field to 64 (“ACCOUNT PAID IN FULL, WAS A CHARGE-OFF”). When loans are sent in the next credit bureau transmission, the bureau will pick up the change in status.

Update Closed Account Information Screen 2

File Edit Tools Help

Closed Account Info Update Loans

Member Information

Account # 712 Address
Branch # 1 12078
G/L account # 701.64 MI
Current balance 0.00

Account Information

Loan note # 0000000 Purpose code 60
Security code 07 Date open Jun 02, 2014 [MMDDYYYY]
1st delinquency 00000000 [MMDDYYYY] Open/closed ID C
of ext 000 FCOA account code
CB comments Status 00
 Report to credit bureau Var int 000
Teller disb YTD interest 0.00
% calc date 00000000 [MMDDYYYY] Loan category E1

Student Loans Only **Indicators**

Government reimbursement ID 0 Frozen disbursement Not frozen
Government int % before payout 000 Passbook process ID 0
Government int % before payout 000 Write off ID 0
CUNA loan insurance
Statement indicator

Mortgage Loans

Tax escrow acct
Census tract

Imaging Solutions Scan e-Document View e-Document

FR [5/23] 6/28/15

WRITE-OFF/CHARGE-OFF MAINTENANCE FEATURE

The Write-off/Charge-off Maintenance feature allows you to update certain fields in the LNWRTOFF file after the write-off or charge-off is completed. This allows you to write-off a loan without the need to know information such as bankruptcy date. This information can be updated after the write-off.

Write-off/Charge-off History Maint (Tool #1030)

On the entry screen enter the account that has been written off or charged off and use Enter to advance to the second screen.

Second Screen

Written Off Loan History Maintenance				CHANGE	
Loan account #	811	Interviewer	32 HOLLIE	Approved by	04 ANNE
Collector	Z8 CREDIT CARD 5 DAY COLLECT	Write off by	;Y	Charge off by	
Branch	04 Corp ID 01	Loan cat at write off	74	Business unit	Loan purpose 36
Loan security	40	Dealer ID			
Write off date	11/28/2016	Charge off date		WO/CO status	W
Date opened	02/04/2008	Last payment date	09/21/2016	Scheduled payment amount	25.00
Original loan amount	6,881.74	# of payments left		# of refinances	0
Disbursement limit	500.00	Maturity date	02/25/2028	# additional signers	1
Loan bal at write off	357.95	Loan balance at charge off	0.00	Tiered Services level	3
Est recovered amount	0.00	Tiered Services score	425		
Delinq fines at write off	0.00	Delinquency balance at write off	25.00		
Delinquent months	0	Delinquent days	24	Delinquency fines at charge off	0.00
Original credit score primary borrower	678	Credit score at write off	713		
Risk score grade level	X	Insurance	N		
WO approved by	AL E-CLOSED	CO approved by			
WO reason code	002 DIVORCE	CO reason code			
Approved at board meeting on	Nov 2016 [MMYYYY]				
Bankruptcy date	[MMDDYYYY]	Bankruptcy type		Judgement date	[MMDDYYYY]
Loan seasoning at WO	105 months	Loan seasoning at CO	0 months		
Collateral type		Collateral liquidated date	[MMDDYYYY]		
Est value of collateral at WO	0.00	Est value of collateral at CO	0.00		
LTV at write off	0.0	LTV at charge off	0.0		

On the second screen you can update the following fields. If data already exists in these fields, it will appear allowing you to change the information.

- Estimated recovered amount
- WO approved by
- CO approved by
- WO reason code
- CO reason code

- Approved at Board Meeting on
- Bankruptcy date
- Bankruptcy type
- Judgement date
- Collateral liquidated date

When you have completed your updates use Update (F5) to save the changes to the LNWRTOFF file.

ANALYSIS TOOLS: THE WRITE-OFF/CHARGE-OFF DASHBOARD

Loan Write-off/Charge-off History Dashbd (Tool #476)

Session 0 CU*BASE GOLD - ABC TEST CREDIT UNION

File Edit Tools Help

Written Off Loan History Dashboard

Written off between [] and [] [MMDDYYYY] View indirect loans only

Approved at board meeting on [] [MMYYYY] Branch [] WO/CO reason code []

Interviewer selected WO/CO approved by selected Loan category selected

Business unit selected Loan purpose selected Loan security selected

Account	Type	Rsn Code	WO Date	Last Name	Closed Date	Chrgd Off	Balance At Write Off	Current Balance	Net Change \$	Net Change %
66 693			Feb 25, 2009	E		N	5,042.90	5,042.90	.00	.00
83 800			Feb 11, 2014	R	Feb 11, 2014	Y	.00	.00	.00	.00
90 811			Dec 27, 2012	B		N	5,155.20	4,900.96	254.24	4.93
90 846			Dec 27, 2012	B		N	28,281.71	26,882.28	1,399.43	4.94
08 866			Apr 27, 2012	R	Nov 29, 2013	Y	.00	.00	.00	.00
08 920			Apr 27, 2012	R	Nov 29, 2013	Y	.00	.00	.00	.00
13 011			Jan 28, 2015	J		N	20,315.50	20,315.50	.00	.00
13 900			Jan 28, 2015	J		N	5,987.56	5,987.56	.00	.00
14 645			Apr 27, 2012	R		N	890.13	890.13	.00	.00
14 920			Apr 27, 2012	R		N	10,523.41	10,523.41	.00	.00
56 800			Feb 11, 2014	B	Feb 11, 2014	Y	.00	.00	.00	.00
01 646			Dec 27, 2013	U		N	926.15	926.15	.00	.00
01 647			Dec 27, 2013	U		N	15,015.58	15,015.58	.00	.00
01 690			Dec 27, 2013	U		N	497.41	497.41	.00	.00
01 900			Dec 27, 2013	U		N	507.55	507.55	.00	.00
08 600			Mar 09, 2007	H	Mar 09, 2007	Y	.00	.00	.00	.00

Credit Score history
 Account Inquiry
 Written off loan history
 Tracker review

Records 3,594 Members 2,412 Active 2,461 68.5 % Closed 1,133 31.5 %

View Filters Analysis Export Member Connect View CO Loans Common Bonds

Template Management Clear Template

FR (5718) 4/08/16

This view includes written-off loans that are still open and considered collectible. To view only charged-off loans, use *View CO Loans* (F11).

“View CO Loans” (F11)

Session 0 CU*BASE GOLD - ABC TEST CREDIT UNION

File Edit Tools Help

Charged Off Loan History Dashboard

Charge off between [] and [] [MMDDYYYY] View indirect loans only

Approved at board meeting on [] [MMYYYY] Branch [] WO/CO reason code []

Interviewer selected WO/CO approved by selected Loan category selected

Business unit selected Loan purpose selected Loan security selected

Account	Type	Rsn Code	CO Date	Last Name	Closed Date	Chrgd Off	Balance At Charge Off
29 645	004		Mar 01, 2016	M	Mar 03, 2016	Y	8,374.80
29 693	004		Mar 01, 2016	M	Mar 03, 2016	Y	994.08
04 600			Feb 11, 2014	B	Feb 11, 2014	Y	.00
04 800			Feb 11, 2014	B	Feb 11, 2014	Y	.00
16 800			Feb 13, 2013	Z	Feb 13, 2013	Y	.00
38 600			Apr 19, 2005	M	Apr 19, 2005	Y	.00
50 600			Nov 29, 2013	H	Nov 29, 2013	Y	.00
50 601			Nov 29, 2013	H	Nov 29, 2013	Y	.00
64 605	001		Mar 29, 2016	F	Mar 28, 2016	Y	13,815.49
71 600			Feb 11, 2014	T	Feb 11, 2014	Y	.00
71 601			Feb 11, 2014	T	Feb 11, 2014	Y	.00
71 800			Feb 11, 2014	T	Feb 11, 2014	Y	.00
25 600			Nov 29, 2013	E	Nov 29, 2013	Y	.00
92 600			Nov 08, 2004	H	Nov 08, 2004	Y	.00
19 615			Feb 24, 2014	D	Feb 24, 2014	Y	.00

Credit Score history
 Account Inquiry
 Written off loan history
 Tracker review

Records 1,089 Members 760 Active .0 % Closed 1,089 100.0 %

View Filters Analysis Export Member Connect View ALL Loan Common Bonds

Template Management Clear Template

FR (5718) 4/08/16

Use the date range at the top of the screen to view only loans that were written off (or charged off) during that time period.

NOTE: Some data may not be available if a loan was charged off or written off prior to the implementation of the 15.0 release (April 19, 2015 for online credit unions).

- You can access the *Written Off Loan History* screen (shown on page 34) by selecting a loan and then the *Written off loan history* option.
- You can also access the member's Tracker conversations (shown on page 36) by selecting a loan and then clicking the *Tracker Review* option.
- The *Net Change* columns show the difference, as a \$ amount and a percentage, between the amounts shown in the *Current Balance* and *Balance at Write Off* fields. This could be a negative amount.

Want even more detail on the write-off? When a loan is written off, the system converts the *Review Date* field to *Write Off Date*. Therefore, you can run the Selective Loan Trial Balance report for Loan Category 99 (or the Loan Categories used for write-off) and Date Reviewed (also representing Date Written Off) for the period of time you wish to review. This report can be accessed via **Tool #788 Selective Loan Information Report**.

To see summary statistics on all of the written off and charged off loans, use the Analysis button. See the next page for a sample of the screen that will appear.

Filter Descriptions

<i>Field Name</i>	<i>Description</i>
Written off between MMDDYYYY and MMDDYYYY	Enter From and To write-off dates to filter the written-off loan information.
View indirect loans only	If this box is checked, the dashboard will display only loans with a dealer ID in the indirect dealer file. Default is unchecked.
Approved at board meeting on	Select the appropriate MMYYYY and pull loans written off or charged off on the selected date.
Branch	Select to filter by a branch.
WO/CO reason code	This is a lookup of the current write-off and charge-off reason codes. (See page 7.)
Interviewer WO/CO approved by Loan category* Business unit Loan purpose Loan security	For these miscellaneous filters, use the <i>Select</i> button to move to a screen where you can select one or more items. Use the Shift and Ctrl keys to select multiple items on the screen and then click Select to return to the dashboard. Choose to filter by interviewer, the employee ID of the staff member who approved the write-off, the loan category, the business unit, the loan purpose code, or the loan security code.

**The loan category filter uses the loan category in effect prior to when the loan was written/charged off for loans written/charged off after April 2015.*

WRITTEN OFF/CHARGE OFF ANALYSIS

Session 0 CU*BASE GOLD - ABC TEST CREDIT UNION

File Edit Tools Help

Written Off/Charge Off Analysis

Written off

W/O between Jan 01, 2015 and Dec 31, 2015

	Dollars	%	Count	%	Members	Usable Scores	Org Avg Crd Score	Event Avg Crd Score	Avg Crd Score Chg Orig to Event	Avg Seasoning Months
Total written off	2,116,172	100.0	364	93.8	265	237	629	533	96-	40
Total charged off	.0	.0	24	6.2	22				0	59
Combined	2,116,172		388		287	237	629	533	96-	41

Key Facts for Written Off Loans

Top Reasons	Dollars	%	Count	%	Top 3 Dealers	Dollars	%	Count	%
BANKRUPTCY 07	789,827	37.3	91	25.0		53,501	2.5	6	1.6
** Blank **	440,242	20.8	93	25.5		41,148	1.9	4	1.0
BANKRUPTCY 13	300,360	14.1	31	8.5		38,382	1.8	4	1.0
INCOME LOSS	128,321	6.0	33	9.0					
MEDICAL	89,073	4.2	9	2.4					
DECEASED	87,504	4.1	16	4.3					
View Totals	1,835,327	86.7	273	75.0		133,031	6.2	14	3.8

Top 3 Employees	Dollars	%	Count	%	Top 3 Categories	Dollars	%	Count	%
	499,964	23.6	64	17.6	99 WRITE OFF LOAN	440,242	20.8	93	25.5
	415,706	19.6	87	23.9	15 USED VEHICLES	393,267	18.5	51	14.0
	400,852	18.9	65	17.9	98 SIGN LN -SECUR	232,494	10.9	43	11.8
View Totals	1,316,522	62.2	216	59.3	View Totals	1,066,003	50.3	187	51.3

Top 3 Members	Dollars	%	Count	%
	73,635	3.4	2	.5
	56,310	2.6	2	.5
	51,808	2.4	5	1.3
View Totals	181,753	8.5	9	2.4

Bankruptcy Board Approval View Filters Alternate Views No Filters

FR (5397) 4/15/16

This screen shows summary statistics about the group of loans selected on the dashboard, including the “top 3” members, employees, dealers, loan categories, and write-off reasons. Use the **View** button in any top 3 section to see a window showing a complete list of those items.

For example, clicking this button in the Top 3 Categories section shows all of the loan categories included in the current filters, with total dollars written off by loan category, as shown in this sample. →

Session 0 CU*BASE GOLD - All Written Off by Category

records 38

Loan Category	Dollars	%	Count	%
99 WRITE OFF LOAN	14,794,999	88.7	2,184	87.1
15 USED VEHICLES	460,772	2.7	61	2.4
98 SIGN LN -SECUR	287,240	1.7	57	2.2
04 SIGNATURE LOAN	185,757	1.1	70	2.7
87 VISA PLATINUM	153,927	.9	9	.3
65 SIMPLY PLATINUM	136,861	.8	19	.7
16 REC VEHICLES	128,650	.7	12	.4
09 CL END HOME EQ	76,007	.4	2	.0
85 PRIME VISA	66,281	.3	3	.1
14 NEW VEHICLES	63,100	.3	6	.2
63 SIMPLY PLATINUM	40,002	.2	5	.1
49 FIX MORT 10 YR	36,550	.2	1	.0
87 SIMPLY PLATINUM	31,467	.1	7	.2
69 SIMPLY PLATINUM	31,134	.1	7	.2
73 VISA CLASSIC	27,305	.1	4	.1
88 VISA PLATINUM	22,504	.1	1	.0
Totals	16,675,754	100.0	2505	100.0
Average	6,656			

MONITORING YOUR BOARD APPROVALS OR BANKRUPTCIES

Use the **Board Approval** button to see a recap of all write-offs and/or charge-offs with documentation of their approval at a board meeting, or use the **Bankruptcy** button to see details about bankruptcy status.

*NOTE: Items will be shown in the **Bankruptcy** summary only if they were properly coded as bankruptcies when they were written off/charged off (see Page 15 for more details). This may or may not correspond with the reason codes that*

were assigned, since those codes are CU defined and not used by this bankruptcy summary analysis.


Board Approval (F5)

Session 0 CU*BASE GOLD - Board Approval Information by Year

records 17

Year	Written Off	Board Approved		Total Loans		
	Count	\$ Amount	Count	\$ Amount	% Approved	
2016	41	178,766	56	221,283	73.2	
2015	213	1,378,623	366	2,116,172	58.1	
2014	0	0	665	1,946,257	.0	
2013	0	0	347	1,442,470	.0	
2012	0	0	232	1,691,225	.0	
2011	0	0	295	2,036,213	.0	
2010	0	0	329	2,267,187	.0	
2009	0	0	303	2,398,033	.0	
2008	0	0	210	1,258,390	.0	
2007	0	0	209	560,730	.0	
2006	0	0	150	321,084	.0	
2005	0	0	203	283,317	.0	
Totals	254	1,557,389	3,593	16,699,024	7.0	

Show Charged off

By default the written-off loans will appear first; use **Show Charged off** to see only charge-offs. Use  to drill down to a monthly recap for a particular year:

Session 0 CU*BASE GOLD - Board Approval Information for Year 2015

records 12

Month	Written Off	Board Approved		Total Loans		
	Count	\$ Amount	Count	\$ Amount	% Approved	
January	0	0	27	147,339	.0	
February	0	0	37	147,903	.0	
March	0	0	29	143,071	.0	
April	0	0	29	177,216	.0	
May	0	0	29	109,871	.0	
June	35	206,231	36	216,449	97.2	
July	35	256,297	35	256,297	100.0	
August	24	224,723	24	224,723	100.0	
September	38	227,496	39	229,424	97.4	
October	26	155,972	26	155,972	100.0	
November	20	68,617	20	68,617	100.0	
December	35	239,283	35	239,283	100.0	
Totals	213	1,378,619	366	2,116,165	58.1	

From here you can drill down again on a particular month to see the list of member accounts that make up that monthly total.

For more details while working on these dashboard analysis screens use the  online help button.

WRITE OFF LOAN HISTORY SCREEN


The Write Off Loan History screen records a snapshot of the loan at write-off. When the loan is charged off, this screen is updated. (This displays the information collected in the LNWRTOFF file. This file is documented in the Appendix of this booklet.)

NOTE: Some data may not be available if a loan was charged off or written off prior to the implementation of the 15.0 release (April 19, 2015 for online credit unions). For example, the “loan category at the time of write off” field documents the loan category on the loan before it was assigned to the written-off loan category. If the loan was written off before the software for this screen was implemented, this is the write-off category.

Written Off Loan History Screen

Written Off Loan History			
Loan account #	616	Interviewer	14 STACY
Collector	XX CU*ANSWERS COLLECTIONS	Write off by	;Y
Branch	17	Loan cat at write off	16
Loan security	47	Dealer ID	
Approved by	17 SARAH	-CLOSED	
Charge off by	;Y		
Business unit		Loan purpose	72
Write off date	03/05/2015	Charge off date	03/05/2015
Date opened	11/26/2013	Last payment date	12/10/2014
Original loan amount	12,565.00	# of payments left	108
Disbursement limit	12,565.00	Maturity date	12/05/2023
Loan bal at write off	12,633.93	Loan balance at charge off	12,633.93
Est recovered amount	0.00	Tiered Services score	100
Delinq fines at write off	0.00	Delinquency balance at write off	226.40
Delinquent months	0	Delinq days	15
Delinquency fines at charge off			0.00
Original credit score primary borrower	621	Credit score at write off	573
Risk score grade level	X	Insurance	N
WO approved by	A1 TEST TEST	CO approved by	A1 TEST TEST
WO reason code	BK7 Bankruptcy Chapter 7	CO reason code	BK7 Bankruptcy Chapter 7
Approved at board meeting on		Judgement date	
Bankruptcy date	Bankruptcy type	Loan seasoning at CO	15 months
Loan seasoning at WO	15 months		
Collateral type	U	Collateral liquidated date	
Est value of collateral at WO	18,000.00	Est value of collateral at CO	18,000.00
LTV at write off	70.1	LTV at charge off	70.1

The sample above includes charge-off information since this loan was not only written off, but also charged off.

*The fields on this screen are documented in CU*BASE online help, accessible by clicking the  button on this screen. Also refer to the Appendix of this document.*

If the screen contains zeros in all fields, the loan currently is not written off nor charged off.

This screen is accessed from three different access points. One access point is via *Written off loan history* on the Write-off/Charge-off dashboard shown in the previous section:

Access Point on Write-off/Charge-off Dashboard

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Written Off Loan History Dashboard

WO between [] and [] [MMDDYYYY] View indirect lo

Approved at board meeting on [] [MMYYYY] Branch []

Interviewer 000 selected WO/CO approved by 000 selected

Business unit 000 selected Loan purpose 000 selected

Account	Type	Reason Code	WO Date	Last Name	Closed Date	Charged Off	Bal W
645			Jul 06, 2009			N	
633			Jul 06, 2009			N	
811			Jul 06, 2009			N	
645			Nov 10, 2011			N	
920			Oct 25, 2011			N	
900			Sep 29, 2008	LD		N	
900			Jul 15, 2011			N	
866			Nov 15, 2011			N	
600			Feb 11, 2014		Feb 11, 2014	V	
601			Feb 11, 2014		Feb 11, 2014	V	
800			Feb 11, 2014		Feb 11, 2014	V	
800			Feb 13, 2013	R	Feb 13, 2013	V	
600			Apr 19, 2005	R	Apr 19, 2005	V	
600			Nov 29, 2013		Nov 29, 2013	V	
601			Nov 29, 2013		Nov 29, 2013	V	
600			Feb 11, 2014		Feb 11, 2014	V	
601			Feb 11, 2014		Feb 11, 2014	V	

Credit Score history
 Account Inquiry
 Written off loan history
 Tracker review

Another access point is via the *Write Off History* option on the Collections Member Inquiry screen, accessed via **Tool #982 Work Collections**:

Access Point from Collections Inquiry

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Collections Member Inquiry

Position to account []

Coll ID	Contacted	Account	Type	Memo Type	Name	Type	Month
Z8	Dec 22		110			NEG*	
Z2	Dec 22		920			OURL	
			846			DELQ	
			037			NEGB	
			110			NEG*	
Z8	Oct 03		811			DELQ	
Z8			920			OURL	
			037			NEGB	
XX			610			DELQ	
			037			NEGB	
			000			NEGB	
Z3	Nov 04	1	900			DELQ	
Z8	Dec 15	1	811			OURL	
	Sep 05	1	110			NEG*	

Assign Chg Neg Bal Limit Household Follow-up
 Notices Participation Loan Work Member Work Loans
 Underwriting Comm More Info Contact Info Last Note
 Inquiry All Relationships Write-Off History

Another access point is via the delinquency pop-up window. The *Write-Off History* button is always visible, regardless of whether the loan is written off:

Access Point on Delinquency Pop Up

Session 0 CU*BASE GOLD Edition - Payment Information

Summary Escrow detail

Use Reporting History to see a history of credit bureau reporting for this loan, showing each time the loan was reported to the bureau(s).

View Credit File
Payment Change
Reporting History
CPI History
Write-Off History

Delinquency Details

Fine ID 3 \$30 LATE FEE CONS/CLASSIC LOC

Control N 0/00/0000

Notice level 1 Fines paid 0.00

Delinquent interest due 0.00

Written Off Loan

Months 0 Days 15 # times 1

1st date delinquent Jan 06, 2015 # pmts 1

Amount Due

Amount delinquent 173.57

Fine amount 0.00

Amount due 173.57

Partial payment 0.92

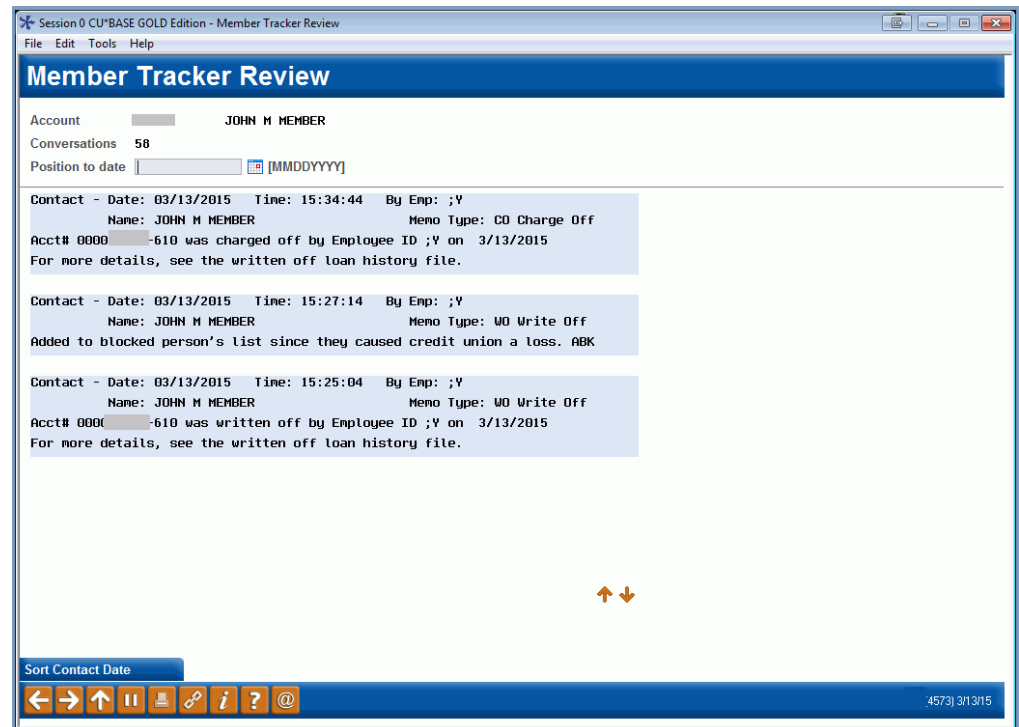
TRACKER CONVERSATIONS/COMMENTS

When the loan is written off and when the loan is charged off, a system-generated Tracker conversation is created and is added to the member's Collection (XX) Tracker. You also have the option of creating an additional Tracker conversation when you write-off the loan and also when you charge-off the loan.

Below are full-screen and close-up views of the Tracker conversations created during the write-off and charge-off process. The top and bottom ones are system generated. The middle Tracker conversation was created using the *Add additional comments* feature. (See **page 18** for details.)

The screen below is accessed via *Tracker Review* from the Write-Off/Charge-Off History dashboard. It is also accessed from Phone Operator and Account Inquiry.

Full-Screen View



A close-up of this screen is shown on the following page.

Close-Up View of Tracker Conversations

Contact - Date: 03/13/2015 Time: 15:34:44 By Emp: ;Y
Name: JOHN M MEMBER Memo Type: CO Charge Off
Acct# 0000-610 was charged off by Employee ID ;Y on 3/13/2015
For more details, see the written off loan history file.

Contact - Date: 03/13/2015 Time: 15:27:14 By Emp: ;Y
Name: JOHN M MEMBER Memo Type: WO Write Off
Added to blocked person's list since they caused credit union a loss. ABK

Contact - Date: 03/13/2015 Time: 15:25:04 By Emp: ;Y
Name: JOHN M MEMBER Memo Type: WO Write Off
Acct# 0000-610 was written off by Employee ID ;Y on 3/13/2015
For more details, see the written off loan history file.

The fact that the loan is written off or charged off is also recorded on the Member Account Comments screen.

Comments Screen

Type	Comment	ID	Date
000	Open End Credit Plan 12/21/06 Ind. No Insurances	55	Dec 22, 2006
000	**MEMBER TOLD ABOUT DEBIT HOLDS/ FEE REVERSED**	22	Dec 14, 2012
610	LOAN WRITTEN OFF 3/13/15		Mar 13, 2015
610	LOAN CHARGED OFF 3/13/15		Mar 13, 2015

TRACKING CHARGE OFFS AND RECOVERIES FOR 5300 CALL REPORT

The NCUA requires that credit unions report year to date (YTD) loan charge-off and recovery information every quarter on the 5300 Call Report. The Loan Charge Off and Recoveries section of the Call Report encompasses both written off (debt is deemed still collectible) and charged off (debt is deemed not collectible) per the classifications in CU*BASE.

Loan Charge Offs and Recoveries page of 5300 Call Report

Credit Union Name: _____ Federal Charter/Certificate Number: _____

LOAN CHARGE OFFS AND RECOVERIES AS OF: _____
This page must be completed by all credit unions.

LOAN LOSS INFORMATION		YTD Charge Offs	Acct	YTD Recoveries	Acct
1. Unsecured Credit Card Loans			680		681
2. Payday Alternative Loans (PALs I and PALs II) (FCU Only)			136		137
3. Non-Federally Guaranteed Student Loans			550T		551T
4. New Vehicle Loans			550C1		551C1
5. Used Vehicle Loans			550C2		551C2
6. Total 1st Mortgage Real Estate Loans/Lines of Credit			548		607
7. Total Other Real Estate Loans/Lines of Credit			549		608
8. Leases Receivable			550D		551D
9. All Other Loans (See Instructions)			550C		551C
10. Total Charge Offs and Recoveries			550		551

ADDITIONAL LOAN LOSS INFORMATION (Included in the loan losses reported above.)		YTD Charge Offs	Acct	YTD Recoveries	Acct
11. Indirect Loans			550E		551E
12. Participation Loans			550F		551F
13. Interest Only & Payment Option 1st Mortgage Loans			550I		551I
14. Interest Only & Payment Option Other RE/LOC Loans			550M		551M
15. Residential Construction excluding Commercial Purpose			550N1		551N1
16. Member Commercial Loans Secured by Real Estate			550G3		551G3
17. Member Commercial Loans NOT Secured by Real Estate			550G4		551G4
18. Nonmember Commercial Loans Secured by Real Estate			550P3		551P3
19. Nonmember Commercial Loans NOT Secured By Real Estate			550P4		551P4
20. Agricultural Loans			550H1		551H1
21. Commercial Construction & Development Loans			550Q1		551Q1
22. TDR Loans Secured by First Mortgages			550U		551U
23. TDR Loans Secured by Other RE/LOCs			550V		551V
24. TDR RE Loans Also Reported as Commercial Loans			550W1		551W1
25. TDR Consumer Loans NOT Secured by Real Estate			550X		551X
26. TDR Commercial Loans NOT Secured by Real Estate			550Y1		551Y1

BANKRUPTCY INFORMATION		No. of Members	Acct	Amount	Acct
27. All loans charged off due to Bankruptcy YTD					682
28. Number of members with loans (outstanding) who have filed for:					
a. Chapter 7 Bankruptcy YTD			081		
b. Chapter 13 Bankruptcy YTD			082		
c. Chapter 11 or 12 Bankruptcy YTD			088		
29. Total outstanding loan balances subject to bankruptcies identified in items 28a - 28c.					971

FORECLOSURE INFORMATION		No. of Loans	Acct	Amount	Acct
30. Real Estate Loans Foreclosed Year-to-Date (Report Balance at time of Foreclosure)			1005A		1005

FEDERAL CREDIT UNION INTEREST RATE CEILING REPORT		Amount	Acct
31. Federal Credit Union Interest Rate Ceiling			
a. Dollar amount of loans with interest rates that exceed 15% (Federal Credit Unions Only)			567
b. Aggregate weighted average interest rate for the loans with interest rates that exceed 15% (Federal Credit Unions Only)			568

FCU - Federal credit union

NCUA 5300
Effective June 30, 2020
Previous Editions Are Obsolete

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Per the NCUA's Call Report Instructions, credit unions are required to report the dollar amount of loans charged off year-to-date by collateral category in

the left column. Report the dollar amount of recoveries year-to-date by collateral category in the right column.

We understand that each credit union has their own unique method for tracking written and charged off loans within CU*BASE. The suggestions in the next sections may not benefit every credit union equally.

GATHERING YTD CHARGE OFF INFORMATION

Credit unions can use Tool #476 “Loan Write-off/Charge-off History Dashbd” (discussed in detail starting on page 30) to obtain the total count and amount of written/charged off loans. Filter the dashboard by the appropriate “WO between” date range (1/1/YYYY to end of quarter) and include both charged off and written off loans. Use the Analysis button to see the count and amount of written off/charged off loans combined.

Analysis Feature of Tool #476 “Loan Write-off/Charge-off History Dashboard”

Written Off/Charge Off Analysis				
W/O between	Jan 01, 2021 and		Jun 30, 2021	
	Dollars	%	Count	%
Total written off	8,504	60.7	6	85.7
Total charged off	5,505	39.3	1	14.3
Combined	14,009		7	

Note: The dollar amount total above represents the balances at the time of write-off/charge-off.

The trial balance feature of Tool #788 “Loan Information Report” can also be used for obtaining charge-off amounts for the Call Report. Enter the appropriate quarter end for the process date, filter the loan category(s) used for write-offs and filter by the loan code(s) that correlate with the NCUA grouping. Use Review/write off date range of 1/1/YYYY to end of quarter date. Totals for the selected loans are listed in the Statistical Summary section at the end of the report.

Keep in mind that the figures for loans that are charged off in CU*BASE will not be included in the Loan Information Report totals because charged off loans no longer reside in CU*BASE.

GATHERING YTD RECOVERY INFORMATION

The Call Report asks for the dollar amount of recoveries that have occurred YTD regardless of when the loan was written or charged off. As an example, for 2nd quarter 2021, the Call Report requires recovery amounts received between January 1, 2021 and June 30, 2021.

For tracking recovery amounts, most credit unions reconcile their loan allowance G/L account(s), usually 719.xx and consider credit transactions to be recoveries. G/L credit totals are gathered each month and tracked via an internal spreadsheet. For the Call Report, the appropriate months in the current year are added to determine YTD recovery amounts. For example

quarter 2 would include the current year January-June recovery amount totals.

A suggestion for making it easier to track recoveries for the 5300 Call Report is to configure separate loan allowance G/L accounts for each of the NCUA's loan groupings (Unsecured Credit Card Loans, New Vehicle Loans, etc.). See the below Chart of Accounts for an example.

Tool #202 “Chart of Accounts/Budget Groups Maint” > F1=Full Chart

Maintain Chart of Accounts								
Company	01					Position to account #	71900	
Budget group	Select	Accounts	<input type="radio"/> Cash	<input type="radio"/> Non-cash	<input checked="" type="radio"/> Both	Contains description		
G/L type		Status	<input type="radio"/> Active	<input type="radio"/> Suspended	<input checked="" type="radio"/> Both	# of records displayed	476	
Account	Description	Cash	Type	Budget Group	Reversal Acct	Status	Inc/Exp Acct	Accrual Acct
719.00	ALLOWANCE FOR LOAN LOSS	N	A			A	719.00	719.00
719.01	ALLOWANCE FOR LOAN LOSSES - VISA	N	A			A	719.01	719.01
719.03	ALLOWANCE FOR LOAN LOSSES - REAL ESTATE	N	A			A	719.03	719.03
719.04	ALLOWANCE FOR LOAN LOSSES-NEW VEHICLE	N	A			A	719.04	719.04
719.05	ALLOWANCE FOR LOAN LOSSES-USED VEHICLE	N	A			A	719.05	719.05
719.06	ALLOWANCE FOR LOAN LOSS-SIGNATURE	N	A			A	719.06	719.06
719.07	ALLOWANCE FOR LOAN LOSS-LINE OF CREDIT	N	A			A	719.07	719.07

In addition, a separate “write-off” loan category for each of the same groupings is defined via Tool #458 “Loan Category Configuration”.

92	WRITTEN OFF LOANS-LOC
93	WRITTEN-OFF LOANS-SIGNATURE
94	WRITTEN OFF LOANS-USED VEHICLE
95	WRITTEN OFF LOANS-NEW VEHICLE
97	WRITTEN OFF LOANS
98	WRITTEN OFF VISA LOANS
99	WRITTEN OFF LOANS

The appropriate loan allowance G/L account then gets assigned to the corresponding written off loan category:

Tool #458 “Loan Category Configuration”

Loan Category Definition	
Category code	95 WRITTEN OFF LOANS-NEW VEHICLE
General Ledger Interface	
Loan category	719.04
Interest earned	719.04
Accrued interest	719.04
Loan category for write-offs	95

With the above configurations in effect, the credit union will reconcile multiple 719.xx G/L accounts to determine recovery amounts however the individual totals for each 719.xx will match to the NCUA loan categories.

BANKRUPTCY INFORMATION

The Call Report asks for the total dollar amount of loans charged off due to bankruptcy YTD. This figure may be able to be obtained via the Analysis feature on Tool #476 “Loan Write-off/Charge-off History Dashbd” if the credit union entered bankruptcy dates at the time of write-off/charge-off. After filtering the appropriate YTD date range, use the Analysis feature, then use the Bankruptcy button to view the total amount of bankrupt loans for the current year.

Bankruptcy (F4)

Bankruptcy/ Judgement Data by Year							Bankruptcy
Year	Board Approved		Total Loans			% Approved	
	Count	\$ Amount	Count	\$ Amount			
2021	0	0	1	0		.0	
2020	0	0	0	0		.0	
2019	0	0	0	0		.0	
2018	0	0	0	0		.0	
2017	13	0	13	0		100.0	
# records 5 Totals 13 0 14 0 92.8							↑ ↓

ANSWERS TO OTHER FREQUENTLY ASKED QUESTIONS (FAQ)s

Below is some additional information about write-offs and charge-offs that is included in AnswerBook.

Click the link to view the answer and related information.

1. [When a loan is written off, will the payment matrix automatically change so that if payments are made, the amount will be applied to principal first?](#)
2. [Can written off loans be suppressed from member statements?](#)
3. [How do I obtain a listing of loans that were written off during a particular period of time \(e.g., for the month\)?](#)
4. [If a member has a written off loan, is there any way I can keep him/her from receiving a statement at all?](#)
5. [Why can't I write off a Student Loan using the "Write Off Loans" tool?](#)
6. [Is my credit union charged a monthly membership fee for members who have written off loans?](#)
7. [How do I send 1099C forms to members that are written off or charged off?](#)

APPENDIX: LNWRTOFF FILE

Following are the contents of the LNWRTOFF file. Data is captured at write-off and at charge-off. The final column below indicates if this field is updated at charge-off (if a value exists). (See notes at the end of the table for details.)

Field Name	Comments	Update at CO*
Branch	Branch from MEMBER 5/6	No
WO/CO off status	Indicates whether the WO/CO status of the loan could be used in displaying loans on the dashboard Either W or C	Yes
Loan Category at Write Off	Loan category code from MEMBER 5/6 NOTE: This is generally the loan category on the loan before it was assigned to the written-off loan category. But if the loan was written off before the software for this screen was implemented (spring 2015), this will show the write-off category.	No
Business Unit at Write off	From the loan category configuration	No
Loan Purpose Code	Loan purpose code from MEMBER 5/6	No
Loan Security Code	Loan security code from MEMBER 5/6	No
Dealer ID	Dealer ID from the Dealer/Account file	No
Write Off Date	Write-off date MMDDYYYY	No
Charge Off Date	Charge-off date MMDDYYYY	Yes
Loan Balance at WO	Loan current balance from MEMBER 5/6 at the time of write-off	No
Loan Balance at CO	Loan current balance from MEMBER 5/6 at the time of charge-off	Yes
Delinquency Fines at Write Off	Delinquent fine amount from the MEMBER 5/6	No
Delinquent Balance	Delinquent balance at write-off from MEMBER 5/6	No
Months/days delinquent	The delinquent days and delinquent months from the MEMBER 5/6 file	No
WO Reason Code	Write-off reason code	No
CO Reason Code	Charge-off reason code	Yes
Bankruptcy Date	The date of the bankruptcy MMDDYYYY (asked at time of WO/CO, can be overridden at time of charge-off)	Yes
Bankruptcy Type	Free-form text field used to indicate bankruptcy type; "Chapter 7" as an example (asked at time of WO/CO, can be overridden at CO) 15 positions	Yes
Judgement Date	The date of the judgement that was obtained MMDDYYYY (asked at time of WO/CO, can be overridden at CO)	Yes
Collateral type	Collateral type from the first collateral record on file (not overridden)	No
Collateral Liquidated Date	The date that the collateral was liquidated MMDDYYYY (asked at time of WO/CO, can be overridden at CO)	Yes
Estimated value of collateral at WO	Add up the "Estimated Value" of all the collateral records on file for this loan.	No
Estimated value of collateral at CO	Add up the "Estimated Value" of all the collateral records on file for this loan.	Yes

Field Name	Comments	Update at CO*
Estimated recovered amount	The estimated amount that has been recovered from the loan at WO (asked at time of WO/CO, can be overridden at CO)	Yes
Interviewer ID	Interviewer ID	No
Approved By	Approved By	No
Collector ID	Collector ID	No
Date Opened	Date opened from MEMBER 5/6	No
Original Loan Amount	Disbursed Amount MEMBER 5/6	No
Disbursement Limit	Disbursement Limit from MEMBER 5/6	No
Maturity Date	Maturity date from MEMBER 5/6	No
Last Payment Date	Last payment date from MEMBER 5/6	No
# of Payments Left	Number of payments left from MEMBER 5/6	No
Payment Amount	Scheduled payment amount from MEMBER 5/6	No
# of refinances	The Refinance count from MEMBER 5/6	No
Original Credit Score Primary Borrower	Credit score of the primary borrower when the loan was created; from MEMBER file	No
Credit Score at Write Off	Current credit score of the primary borrower; from OPENDLF file	No
Risk Score Grade Level	Risk score grade level from MEMBER 5/6	No
Loan Seasoning at WO	Number of months the loan was on the books; calculated by comparing the current date at time of write-off to the date opened	No
Loan Seasoning at CO	Number of months the loan was on the books; calculated by comparing the current date at time of charge-off to the date opened	Yes
# of additional signers	Number of ADSL records	No
Insurance	This is a Y/N flag that indicates if there is insurance on the loan at the time of write-off. If any of the following fields from the MEMTRL3 file has a value, then this flag is Y: ACTBL6, ACTBL7, ACTBL8	No
LTV at WO	Loan-to-value calculated using the Estimated value of collateral at WO from this history file (which adds up the Estimated value of all collateral records on file for this loan); compared to the loan balance at WO.	No
LTV at CO	Loan-to-value calculated using the estimated value of collateral at CO from this history file (which adds up the estimated value of all collateral records on file for this loan); compared to the loan balance at WO	Yes
Tiered Services score	The tiered services score from the TIERDL file	No
Tiered Services level	The tiered services level from the TIERDL file	No
Approved at Board Meeting	The MMYYYY of the board meeting where the charge-off was approved (asked at time of write-off or charge-off)	Yes
WO Approved By	The Employee ID of the staff member who approved the write-off (asked at time of write-off)	No
CO Approved By	The Employee ID of the staff member who approved the charge-off (asked at time of charge-off)	Yes

*The Yes/No value in the *Update at CO* field only applies to the situation where a record exists in the history file (if the loan was written off in CU*BASE). If the loan is being written and charged off at the same time, then all fields get populated in the history file.