
Certificate and Share Secured Loans

Allow
Automated CD and Share Secured
Loans Online

INTRODUCTION

With CD Secured loan offers or Share Secured loan offers, you can now give members the same YES online that you would in person. These are low-risk loans you can offer directly to members via **It's Me 247** online banking, with no underwriting, no credit check, and no need for your underwriters even to get involved.

Want Assistance Getting Started?

- Check out the CU*Answers store for more information about CD-secured loans: <https://store.cuanswers.com/product/cd-securedoffers/>.
- Contact Lender*VP at lendervp@cuanswers.com for assistance on share-secured loans.

Check Out the Video!

- View a member's experience opening a share-secured loan: <https://ondemand.cuanswers.com/share-secured-loans/>.

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For an updated copy of this booklet, check out the Reference Materials page of our website:
<https://www.cuanswers.com/resources/doc/cubase-reference/>
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“IN A NUTSHELL”

This section of the booklet covers a brief summary of CD and Share Secured loans.

WHAT IS A CERTIFICATE OR SHARE SECURED LOAN?

Let's say one of your members calls you on the phone, and she has a \$10,000 regular CD with four years to go on the term. She needs the money now but doesn't want to close out the CD and pay the penalty. This is a great time to talk about CD Secured Loans with the member.

Or with a Share Secured loan, the member has a higher balance on their savings account, and they want a loan (lower than that balance) that they can pay off with monthly payments. This is a great time to talk to them about a Share Secured Loan.

How long would it take you to say YES to a CD or Share Secured loan secured by that CD or share account? Would you make the member fill out a lengthy app, run a credit check, wait for an underwriter's approval...or would you just say YES and open the account right then?

With CD Secured loan offers or Share Secured loan offers, you can now give members the same YES online that you would in person. These are low-risk loans you can offer directly to members via **It's Me 247** online banking, with no underwriting, no credit check, and no need for your underwriters even to get involved.

- See page **5** or a list of frequently asked questions (FAQ)
- See page **11** for scenarios of how CD Secured loans work.

THE MEMBER EXPERIENCE

- See page **13** for pictures of the member's experience.

With CD Secured loans, when the CD falls within certain credit union parameters, the member logs in to **It's Me 247**, chooses an amount and payment plan. With a click, the loan account is automatically opened, and the funds are automatically disbursed into the member's savings or checking accounts. A pledged share record is set up to secure the CD funds as collateral on the loan account.

With Share Secured loans, the member needs to have a savings account that falls within the parameters, and the member experience is nearly the same, only this time a pledged share record is set up to secure the savings account fund as collateral for the loan account.

CONFIGURING A CERTIFICATE-SECURED OR SAVINGS-SECURED LOAN

- See page **25** for more information.

With CD Secured loans, you get to decide which CD types can be used as security and can even set up a processing fee that will be charged at the time the loan is opened.

With Share Secured loans, you get to decide which savings dividend types can be used as security and also get to set up a processing fee that will be charged at the time the loan is opened.

At this time, only closed-end loans are available.

GETTING LOAN FORMS READY

- See page **31** for more information.

You can request that a custom form (one for CD Secured and a different one for Share Secured, if needed), for example your promissory note, be presented to the member when they submit their request. When the last signature is added, the new loan is then created. This new presentation requires that you reprogram your promissory note for online presentation in the OL (online) format. Reach out the Lender*VP forms to get started at lendervpforms@cuanswers.com.

WORKING THE LOS LOAN QUEUE IN CU*BASE

- See page **32** for more information.

CD Secured loans or Share Secured loans appear in the booked loan section of the CU*BASE LOS loan queue (Tool #2). All your team needs to do is handle any follow-up paperwork you want for your records.

If the member failed to complete the CD or Share Secured loan process—for example, does not sign the form—then the member's request will appear in the Pending section of the loan queue for follow-up.

FREQUENTLY ASKED QUESTIONS

How does the freeze on CD or Share Secured loans work?

The freeze on a CD Secured Loan and Share Secured loan works differently.

For all types of secured loans, the funds record for the amount of the loan is attached to the secured account when a loan is created (either CD or share account).

For CD-secured loans, this record is set to last the life of the loan and the secured funds are not released until the loan is paid off. If a member makes monthly payments on the CD-secured loan, the secured amount is not lowered.

However, for a share-secured loan, the secured amount is gradually released as loan payments are made, which matches the default behavior when pledged share records are created by a CU employee in CU*BASE.

A credit union employee can change this setting on the loan by manually using **Tool #51 Miscellaneous Loan Maintenance**, then *Pledged Shares*.

What determines the term for CD or Share Secured Loans?

There are some differences between CD Secured and Share Secured Loans.

- The **maximum term of a CD Secured loan** is determined by the remaining term of the Certificate used to secure the loan (i.e., the number of months remaining until the maturity date).
- The **maximum term of a Share Secured loan** is determined by the term established in the loan product (in the General Information screen).

What determines the rate and amount of a CD or Share Secured loan?

The requirements for CD and Share Secured loans are the same, with one exception noted below.

The CD or Share loan configuration screens allow you to offer the member any **rate** equal to or greater than the current certificate or savings product rate. *There is no check on your general rate tolerance settings when configuring a CD Secured loan product.* If the certificate rate is tiered, then the member will be offered a different rate on their loan depending on the rate of their certificate. This also applied to a Share Secured loan. If the savings account is tiered, this will affect the rate accordingly.

The **amount the member can borrow** for a CD or Share Secured loan is limited to the balance of the certificate/savings account minus any amount that is secured, for example for another CD Secured loan. There is no minimum loan amount. Members can borrow as little as \$1.00.

- NOTE: This amount could potentially exceed the amount allowed by the loan category, as the system only looks at the CD/savings account itself for the maximum.

For Share Secured Loans, any other miscellaneous holds would also be considered, for example, a hold on a debit card.

Can we charge a fee for the CD or Share Secured loans service?

The same requirements apply to CD and Share Secured Loans. The fee is simply configured on the different configuration screens used for the products.

Yes. A processing fee can be charged when the member opens the loan. The fee must come from a savings or checking account and cannot come from the new loan account. *Your credit union can even elect not to charge an increased interest rate on the loan and simply earn money on your loans with these fees.*

If a member does not complete the process to open the loan (for example fails to complete a required promissory note), a loan application is created and is sent to the loan queue. The processing fee is not charged for this loan application.

This fee is configured in the CD or Share Secured Loans configuration.

Are there any restrictions on the Certificate Types, Dividend Types, or Loan Products that can be used with CD or Share Secured Loans?

The same requirements apply to CD and Share Secured loans with the only addition that escrow accounts cannot be used to secure a Share Secured loan.

Certificate types or Dividend Applications that are Health Savings Accounts (HSAs) or IRAs cannot be set up as CD/Share Secured loans. Escrow accounts cannot be set up as Share Secured Loans.

Only Installment closed-end loans can be selected when configuring CD/Share Secured or Savings Secured Loans. Mortgages and open-end loans cannot be selected.

What determines the loan settings (such as security code and purpose code) of a CD or Share Secured loan?

The same requirements apply to CD and Share Secured loans.

Most settings of the CD Secured loan are determined by the loan product used in the CD or Secured Loan configuration, accessed from the Certificate configuration.

Most settings of a Savings Secured loan are determined by the loan product used in the Share Secured Loan configuration, accessed from the Savings Dividend Application.

If the member takes the full value of the secured CD or savings account, is it possible for them to later have available funds in that account?

The same requirements apply to Certificate and Share Secured Loans.

Since dividends may be paid after the loan is created, it is possible for the member still to have available funds in their account after they pledge the full amount in a CD/Share Secured loan.

What risks need to be evaluated when using CD or Share Secured Loans?

The same risks apply to Certification and Share Secured loans with the exception listed in the final bullet, which only applies to Share Secured Loans.

Certain controls that may be used by a lender, or even by **It's Me 247** when a member submits a loan application, are not evaluated by the system-generated CD/Share Secured loans.

As long as a member has access to online banking, a PIB profile that allows loan applications, and has a certificate of a Certificate Type/Dividend Application that allows CD/Share Secured loans, that member has the ability to open a CD/Share Secured loan online, up to the available funds on that CD/savings account.

- Secured loans do not evaluate against membership level settings, such as the age of the member, the date the membership was opened, the Membership Designation, etc.
- Secured loans do not evaluate the age of the account, or the source of funds used to create the certificate/share account. Without controls, it is possible that a member could borrow against a certificate/share account where the opening deposit has not yet cleared.
- Membership Comments, that may be available to a lender evaluating a loan application are not evaluated by the system to determine whether a loan should be given to a member.
- Since no credit score is pulled for the member, this also is not used to evaluate whether the member should be able to open the loan.
- There is no validation that the member receives any monthly income if monthly payments are a repayment choice. The member simply needs to have the certificate funds or savings funds available.
- **For Share Secured loans**, the credit union will need to consider whether to make their base share apply to this feature. Additionally, there is the additional risk of recurring transactions on ATM or Debit cards.

What methods can your credit union use to mitigate the risk of CD or Savings Secured loans?

Similar risks apply to both CD and Share secured loans.

Some methods your credit union may use to mitigate the risks include:

- Your credit union may restrict a member from opening these loans online by restricting the member from having online banking access.
- Your credit union may opt to make a special certificate product or savings product for CD/Share Secured Loans and limit those members who may open these types of accounts.

- Your credit union may wish to consider the range of balances for your savings accounts/certificates querying table MEMBER1/MEMBER3 before allowing Share/CD Secured Loans for a savings/certificate product.
- Your credit union may limit members from opening a loan online by using the membership-level controls of Personal Internet Branch (PIB), accessed in Member Personal Banker. Unchecking the “Apply for Loan” box blocks the member from opening a loan online. *NOTE: This blocks the member from opening any loan online; it does not apply just to CD Secured or Share Secured loans.*
 - *If your credit union allows members to adjust their PIB profiles themselves, you can elect to turn off this feature on a membership basis.*
 - *Additionally, it is a good practice to evaluate this change periodically. For example, if a member is no longer a minor, you may wish to check this setting to allow the member to then open loans online.*

What will happen if the member asks a credit union employee to redeem a portion or all of the secured certificate for the CD Secured loan?

If the employee attempts to redeem all of a secured CD account, or a partial amount in excess of the available balance, error messages will appear, and the employee will be prevented from making the transaction.

A credit union employee can lower the amount of the security on the loan manually by using **Tool #51 Miscellaneous Loan Maintenance**, then *Pledged Shares*.

Do CD or Share Secured loans require that joint owners sign documents? Does either evaluate loans against community or marital property laws?

The same requirements apply to CD and Share Secured loans.

No. Neither CD Secured loans nor Savings Secured loans look to joint owners, community property, or marital property laws. The loan documents will not require, ask for, or accept a second signature. Your credit union may wish to review your CD/Member/Loan or Share/Member/Loan Documentation to ensure they are still in compliance with the product. You may decide to use a unique certificate type for CD Secured loan products or a unique dividend application for your savings secured loan product.

Can a member take out more than one CD or Share Secured loan?

The same requirements apply to CD and Share Secured Loans.

In cases where a member has multiple certificates (or savings accounts), each certificate (or savings account) is eligible for a CD Secured loan (or Share Secured loan). Additionally, the member is allowed to open multiple small balance loans against a larger certificate (or savings account). The

number of loans is limited by the number of loan suffixes allowed per loan category.

With CD Secured or Share Secured Loans, do members sign a promissory note before the loan is funded? What happens if they do not sign the form?

The same requirements apply to CD and Share Secured Loans.

Yes, if an online note is programmed in CU*BASE, it will be presented to and signed digitally prior to the loan funding. If the member cancels out and does not sign the form, the loan will not be created. Instead, the system will submit a loan application to be worked in the LOS Loan Queue (Tool #2).

CD and Share Secured loans do require special loan forms specifically coded for this type of offer. Your standard loan forms cannot be used with this feature without the special coding.

*If you are anxious to get going and use this feature, however, the form is not required to use the feature. CD and Share Secured loans have the flexibility to allow you to move forward without a required form (for example, while your form is programmed by Lender*VP forms). If you select this option, you will just need to work into your credit union policies and procedures steps to ensure appropriate promissory notes or other forms are signed and returned by the member.*

How does the member access CD or Share Secured Loans?

Unlike 1Click loan offers, a member message will not appear at the top of the home page for CD or Share Secured loan offers. Instead, members will see a new option on the contextual menu when they click on any eligible CD or savings account. You can label this anything you like, such as *Borrow on your savings account* or *Borrow from my Certificate*.

Why might a member not be able to open a CD or Share Secured Loan?

The same requirements apply to CD and Share Secured loans, except that the CD has matured, which only applied to CD Secured loans.

A member might not see any accounts in the listing to open a loan for the following reasons:

- They do not have any accounts that qualify for a CD or Share Secured loan.
- There are not any funds available for the loan because they are already secured, either for another CD or Share Secured loan or for other reasons.
- The member has exhausted the number of loan suffixes available for the loan category.
- The certificate has matured.
- The member's PIB settings do not allow for online loan applications.

Are CD Secured Loans offered to members using "It's My Biz 247?"

The same requirements apply to CD and Share Secured Loans.

No, at this time, the offerings are not available for business members using these products.

I see multiple applications by the member in my loan queue as well as a booked CD Secured or Share Secured loan. Why is this the case?

The same requirements apply to CD and Share Secured Loans.

When the member starts and then cancels the document signing process a pending application is created. They can do this repeatedly, for example if they have technical difficulties, and each time a new pending application is created. These pending applications are not tied to the final completed booked CD Secured loan by the member. The same applies to Share Secured loans.

If the member starts and stops and then later completes the process, your loan department may need to do some investigation to determine which pending applications require follow-up. (Remember that all pending loans are deleted after 90 days.)

Is it a requirement to use eDOC Innovations for my e-signing process for CD and Share Secured loans?

The same requirements apply to CD and Share Secured Loans.

No, it is not a requirement. Your credit union can elect to configure the feature so that the member signs the forms after the loan is opened. In these instances, you can then deliver the form via another form-delivery channel, such as paper or another eSign vendor other than eDOC Innovations. Other form signing options may be available. Contact Imaging Solutions for more information at imaging@cuanswers.com.

SCENARIOS FOR CERTIFICATE SECURED LOANS

This section specifically applies to CD Secured loans.

Sample Scenario #1: Loan for entire CD balance, paid monthly

Fred Jones has a 5-year certificate that he opened a couple years ago:

Opened date	7/29/2016
Maturity date	7/29/2021
CD face value	\$10,000.00
Current balance	\$10,542.97
Secured balance	\$0.00

In March, Fred logs into online banking and opens a new loan account for the entire amount of the CD (a processing fee of \$25 is posted to one of Fred's other savings accounts):

CD current balance	\$10,542.97
Secured balance	<u>\$10,542.97</u>
Remaining unsecured balance	\$0.00

The new closed-end (MEMBER5) loan has a beginning balance of \$10,542.97, a rate of 4.250% (2% over the CD rate) and a regular monthly payment of \$166.17 and a maturity date of 7/29/2021 that matches the CD (or the last monthly payment if monthly payments are used).

Sample Scenario #2: Single-payment loan for partial CD balance

Jane Smith has a 24-month certificate that she opened last May, and she has a little over a year to go before the maturity date:

Opened date	5/30/2018
Maturity date	5/30/2020
CD face value	\$100,000.00
Current balance	\$101,522.42
Secured balance	\$0.00

On April 5 Jane logs into online banking and opens a new \$50,000 loan account secured against the CD (a processing fee of \$25 is posted to one of Jane's other savings accounts):

CD current balance	\$101,522.42
Amount secured	<u>\$50,000.00</u>

Remaining unsecured balance \$51,522.42

The new \$50,000 loan has a one-time payment of \$50,226.03, due as of the CD maturity date of 5/30/2020. (Loan rate is 5.50% which is 2.25% over what the CD currently pays.)

On September 10 Jane logs in again and opens another \$25,000 loan, secured against the same CD:

CD current balance \$102,734.21

Existing amount secured \$50,000.00

Add'l amount secured \$25,000.00

Remaining unsecured balance \$27,734.21

A second loan for \$25,000 is opened, with a one-time payment of \$25,113.01 due as of the CD maturity date of 5/30/2020. (Just like the first loan, the rate is 5.50%, 2.25% over what the CD currently pays.

On May 30, 2020, Jane takes the entire proceeds of her maturing CD and applies them toward the total payment due on both of the CD-secured loans.

THE MEMBER EXPERIENCE

With CD or Share Secured Loans, the member is presented a loan offer in **It's Me 247**, with the allowed loan terms based upon the current amount and term allowed. (See the Frequently Asked Question section for more details.)

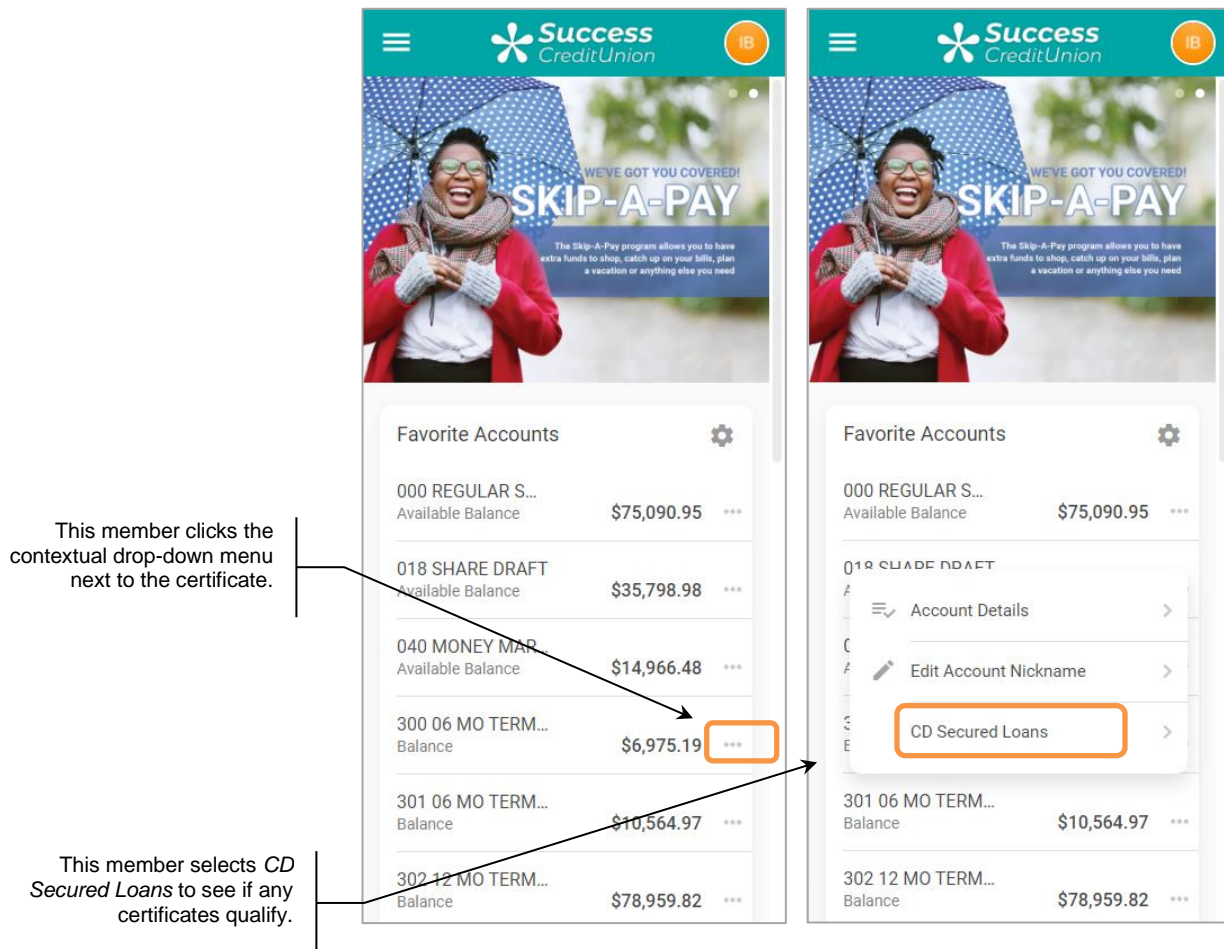
When the loan is created, funds are disbursed automatically to the member's choice of other savings accounts, and a pledged share record is placed on the CD or share account to secure the funds as collateral on the loan.

CONTEXTUAL MENU ACCESS

You configure contextual menu access to both products using ItsMe247 Manager using the default "CD Secured Loans" and "Share Secured Loans." This grants the member access via the contextual menu, as shown in the following two examples. (You can also customize the wording the member sees, as shown in the Share Secured loans example.)

- For more information, contact the Internet Retailer Support Center at irsc@cuanswers.com.
- To purchase ItsMe247 Manager, go to the CU*Answers store at <https://store.cuanswers.com/store/irsc/cupublisher-self-service/>

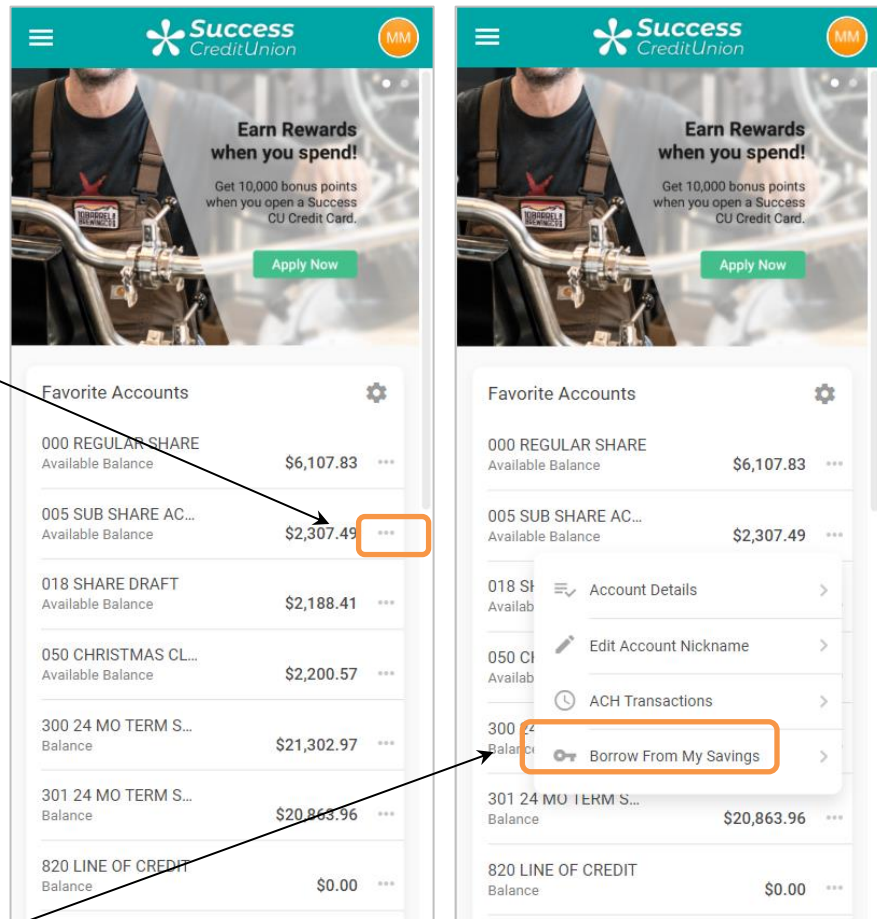
Contextual Menu Access CD Secured Loans



Contextual Menu Access for Share Secured Loans

This member clicks the contextual drop-down menu next to the savings account.

This member selects customized wording to see if any savings accounts qualify. This wording is configured in ItsMe247 Manager.



- Refer to the Frequently Asked Questions section starting on page 5. This section includes several questions that explain why the member may not see this link, even if the certificate type of their CD supports CD Secured Loans, or the dividend application of their savings accounts supports Share Secured Loans.

OTHER Ways To Advertise to Members



Other ways that your credit union can advertise your CD or Share Secured loan programs include adding it in a Member Offers section in the left navigation of your website or the Mega Menu.

- NOTE: Unlike 1Click Loans, there is no Member Message at the top of the Favorites page alerting them that they qualify for the feature.

MEMBER VIEWS QUALIFYING CERTIFICATES OR SAVINGS ACCOUNTS

Once the member accesses the feature, they will land on the entry page. This page lists the accounts that qualify for the CD or Share Secured loans. The member clicks the right arrow to pick the loan amount and term.

Member Views the CD or Savings Secured Selections



Borrow Money Secured by Your CD

Success Credit Union now offers CD-secured loans. Just tell us how much you'd like to borrow, up to the current balance on your CD, and choose a term to determine your monthly payment. The loan must be paid off by the time the certificate has matured.



Your Certificates

\$6,975.19 06 MO TERM SHARE CER	>
\$78,959.82 12 MO TERM SHARE CER	>
\$1,100.00 06 MO TERM SHARE CER	>

Page will timeout in 14:56

Success Credit Union

This site contains links to other sites on the internet. We, and your credit union, cannot be responsible for the



Borrow Money Secured by a Savings Account

Success Credit Union now offers loans secured by funds in a savings account. Just tell us how much you'd like to borrow, up to the available balance on one of your savings accounts, then choose a term to determine your monthly payment.

Your Shares

\$2,307.49 SUB SHARE ACCOUNT	>
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Page will timeout in 14:51

Success Credit Union

This site contains links to other sites on the internet. We, and your credit union, cannot be responsible for the content or

The sales information at the top of the screen is configured in the CD or Share Secured Loans configuration.

Member Views the Sales Information

Success
CreditUnion

IB

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Borrow Money Secured by Your CD

Need cash in a hurry? Secure an affordable loan by borrowing against your CD. ABC Credit Union offers low interest rates. As low as 1.000 percent above your CD dividend and flexible repayment terms.that match your account's maturity. Plus we'll provide financing 24 x 365. Best of all, you'll still earn interest on your CD investment. Thank you for being a valued member of ABC Credit Union.

Certificate: 12 MO TERM SHARE CER

Configure Loan Amount and Term Options

To preview your repayment for these loan terms, select "Update Estimate" and check the table below.

Loan Amount (Up to \$78,959.82)

\$0.00

Repayment Preference

Select an Preference...

Update Estimate

Success
CreditUnion

MM

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Borrow Money Secured by Your Share

Need cash in a hurry? Secure an affordable loan by borrowing against your savings account. Success Credit Union offers interest rate as low as 4.125% above your savings dividend. Plus we'll provide financing 24 x 7 x 365. Best of all, you'll still earn interest on your savings account. Enter in the loan amount and term you are seeking and follow the on-screen instructions. Thank you for being a valued member of Success Credit Union.

Share: SUB SHARE ACCOUNT

Configure Loan Amount and Term Options

To preview your repayment for these loan terms, select "Update Estimate" and check the table below.

Loan Amount (Up to \$2,307.49)

\$0.00

Loan Terms (Up to 36 Months)

1

Update Estimate

Estimated Loan Terms

Enter a loan amount and repayment terms

16

CD and Share Secured Loans

we'll provide financing 24 x 365. Best of all, you'll still earn interest on your CD investment. Thank you for being a valued member of ABC Credit Union.

Certificate: 12 MO TERM SHARE CER

Configure Loan Amount and Term Options

To preview your repayment for these loan terms, select "Update Estimate" and check the table below.

Loan Amount (Up to \$78,959.82)

Repayment Preference

Select an Preference...

Select an Preference...

One-Time (At Maturity)

Repay Monthly

Estimated Loan Terms

Enter a loan amount and term preference above, then select "Update Estimate."

Share: SUB SHARE ACCOUNT

Configure Loan Amount and Term Options

To preview your repayment for these loan terms, select "Update Estimate" and check the table below.

Loan Amount (Up to \$2,307.49)

Loan Terms (Up to 36 Months)

Update Estimate

Estimated Loan Terms

Enter a loan amount and repayment terms above, then select "Update Estimate."

Continue

Page will timeout in 13:26

Success Credit Union

This site contains links to other sites on the internet. We and

For CD Secured loans, the member enters the amount they want to borrow and selects from the allowed term options, either one time at maturity or repay monthly. (Your credit union can allow one or the other or both in the CD Secured configuration.)

For Share Secured loans, the member selects the term. Only monthly payments are allowed.

(More information on allowed amounts and terms are covered in the Frequently Asked Questions section of this booklet.)

For CD Secured loan, if the member clicks Repay monthly, they must select the term.

Monthly or Term Payment Options

Success
CreditUnion

IB

we'll provide financing 24 x 365. Best of all, you'll still earn interest on your CD investment. Thank you for being a valued member of ABC Credit Union.

Certificate: 12 MO TERM SHARE CER

Configure Loan Amount and Term Options

To preview your repayment for these loan terms, select "Update Estimate" and check the table below.

Loan Amount (Up to \$78,959.82)

\$10,000.00

Repayment Preference

Repay Monthly

Loan Terms (Up to 10 Months)

0

Update Estimate

Estimated Loan Terms

To view the offer, the member clicks Update Estimate. CD Secured loans shows the member the rate and estimated amount due or payment amount if monthly payments are selected (not shown). Share Secured loans shows the rate and payment amount.

Member Sees Estimated Loan Terms and Views Offer

The image displays two side-by-side screenshots of the Success Credit Union mobile app interface, showing the loan estimation process for two different loan types: CD Secured Loans and Share Secured Loans.

Left Screenshot (CD Secured Loans):

- Header:** Success Credit Union logo, IB icon.
- Loan Amount:** (Up to \$78,959.82) Input field shows \$10,000.00.
- Repayment Preference:** One-Time (At Maturity) (dropdown menu).
- Update Estimate:** Orange button.
- Estimated Loan Terms:**
 - Loan Rate: 1.150 %
 - Estimated Amount Due: \$10,098.93
 - Due Date: 10/11/2022
- Continue:** Orange button.
- Page will timeout in 7:10**

Right Screenshot (Share Secured Loans):

- Header:** Success Credit Union logo, MM icon.
- Share:** SUB SHARE ACCOUNT
- Configure Loan Amount and Term Options:**
 - To preview your repayment for these loan terms, select "Update Estimate" and check the table below.
- Loan Amount:** (Up to \$2,307.49) Input field shows \$1,000.00.
- Loan Terms:** (Up to 36 Months) Input field shows 12.
- Update Estimate:** Orange button.
- Estimated Loan Terms:**
 - Loan Rate: 1.550 %
 - Estimated Amount Due: \$84.04
 - Due Date: 5/4/2022
- Continue:** Orange button.
- Page will timeout in 12:45**

Now the member views the offer. If it is acceptable to the member, they click *Continue*.

Success
Credit Union

IB

< Review Proposed CD Secured Loan

Your Proposed CD Loan

\$10,000.00
Loan Amount

Loan Rate
1.150 %

Loan Terms
One-Time Payment

Amount Due
\$10,098.93

First Due Date
10/11/2022

Deposit Account
Select an eligible account where you would like these loan funds deposited:

Select an Account...

Processing Fee
You will incur a \$25.00 processing fee to create this loan.
Select an account to draw this fee from:

Select an Account...

Success
Credit Union

MM

< Review Proposed Share Secured Loan

Your Proposed Share Loan

\$1,000.00
Loan Amount

Loan Rate
1.550 %

Loan Terms
12 Months

Amount Due
\$84.04

First Due Date
05/04/2022

Deposit Account
Select an eligible account where you would like these loan funds deposited:

Select an Account...

Processing Fee
You will incur a \$50.00 processing fee to create this loan. Select an account to draw this fee from:

Select an Account...

Back

Get Loan

The member selects the deposit account for the loan funds. If configured by your credit union, select the account for the processing fee.

Member Selects Accounts for Disbursement and Fee (if applicable)

The image displays two screenshots of the Success Credit Union mobile app interface, showing the 'Review Proposed Share Secured Loan' screen. The left screenshot shows the initial state where the member is selecting accounts for disbursement and fee. The right screenshot shows the same screen after the member has selected the accounts, with the loan details updated.

Left Screenshot (Initial State):

- Loan Terms:** One-Time Payment
- Amount Due:** \$10,098.93
- First Due Date:** 10/11/2022
- Deposit Account:** Select an eligible account where you would like these loan funds deposited: 018 SHARE DRAFT: \$35,798.98
- Processing Fee:** You will incur a \$25.00 processing fee to create this loan. Select an account to draw this fee from: 018 SHARE DRAFT: \$35,798.98
- Buttons:** Back, Get Loan
- Page will timeout in 11:49**

Right Screenshot (Updated State):

- Your Proposed Share Loan:** \$1,000.00 (Loan Amount)
- Loan Rate:** 1.550 %
- Loan Terms:** 12 Months
- Amount Due:** \$84.04
- First Due Date:** 05/04/2022
- Deposit Account:** Select an eligible account where you would like these loan funds deposited: 000 REGULAR SHARE: \$6,107.83
- Processing Fee:** You will incur a \$50.00 processing fee to create this loan. Select an account to draw this fee from: 005 SUB SHARE ACCOUNT: \$2,307.49
- Buttons:** Back, Get Loan

The member clicks *Get Loan*. The loan is then opened if no form is required, or the member advances to sign the form.

Your credit union has the option to present a loan form. This form is configured in the CD or Share Secured Loan forms configuration screens. There are special requirements for the loan forms. Only the primary member can sign the form. Refer to page 31 for more information about preparing the loan forms for this product.

NOTE: CD and Share Secured Loans support signing only one loan form.

Member Signs Form if Configured

The screenshots illustrate the following steps in the loan signing process:

- Loan Terms:** Displays loan details: 24 Months, Monthly Payment \$70.43, First Due Date 12/22/2021. Buttons: Sign Documents, View & Sign Documents, Maybe Later, Decline, Accept Offer.
- View Or Sign Your Documents:** Lists documents to be signed. Button: View & Sign All.
- Review Documents:** Prompt to review documents before signing. Button: Review Documents.
- Loan and Security Agreement and Disclosure Statement:** Legal document review screen. Button: Start.
- Adopt Your Signature:** Signature capture screen. Button: Adopt and Sign.
- CAUTION: IT IS IMPORTANT THAT YOU SIGN:** Confirmation screen before proceeding. Button: Next.
- Loan and Security Agreements and Disclosure Statement:** Final review of the signed document. Button: Finish.
- Download Your Documents:** Option to download the signed document as a PDF. Button: Submit & Continue.

From the final form screen, the member can download a PDF of the form they signed. **The loan is still not opened!** To advance and open the loan, the member must click **Submit & Continue** on the final screen. Otherwise, the loan is not opened.

IMPORTANT NOTE: If at any time up until this final step in the loan signing process, the member cancels out or if they fail to click “Submit and Continue,” the loan will be sent as a loan application. Your loan officers work this in the CU*BASE LOS loan queue (Tool #2).

If the member completed the form signing process, the confirmation screen is shown (left image). This also appears if no form is included in the loan signing process.

At this point, the loan appears on the member’s Full Account Summary page (right graphic). The loan also appears as a booked loan in the CU*BASE LOS loan queue (Tool #2).

Left Screenshot: Confirmation Screen

Success Credit Union

You Opened a New Loan

\$10,000.00

Funds Deposited To
018 SHARE DRAFT

New Loan Account
660 SHARE SECURED

Loan Rate
1.15 %

Loan Terms
One-Time Payment

Monthly Payment
\$10,098.93

First Due Date
10/11/2022

Page will timeout in 7:42

Success Credit Union

This site contains links to other sites on the internet. We.

Right Screenshot: Full Account Summary Page

Success Credit Union

300 06 MO TER... Matures 04/11/2...	\$0.00	***
301 06 MO TER... Matures 11/15/2...	\$1.71	***
302 12 MO TER... Matures 10/11/2...	\$0.00	***
303 06 MO TER... Matures 03/25/2...	\$0.00	***
400 18 MO IRA ... Matures 10/03/2...	\$3.06	***
Account Totals:	\$4.77	

Loans

660 SHARE SEC... Balance	\$10,000.00	***
Account Totals:	\$10,000.00	

Page will timeout in 14:26

(Similar screens and experience apply to Certificate Secured loans.)

CREATION OF THE SECURED RECORD IN CU*BASE

When the loan is opened, a secured record is created for the total amount of the loan. The total amount remains secured until the loan is completely paid off, regardless of if the member makes monthly payments. *In the case of CD Secured loans, the secured record remains until the CD reaches maturity, if this selection was made.*

This record can be viewed in CU*BASE by using **Tool #51 Miscellaneous Loan Maintenance**, then *Pledged Shares* or by clicking the lookup next to *Pledged Shares* in the Account Inquiry detail of the loan.

[illegible]

If required, a credit union employee can lower the pledge share amount by using **Tool #51 Miscellaneous Loan Maintenance**, then *Pledged Shares*. After selecting the secured amount and *Select*, the employee checks *Release funds as payments are made* or simply change the secured amount. Then save the changes to update the record.

CONFIGURING CERTIFICATE SECURED LOANS

CD Secured loans are configured at the Certificate Type level. To access your certificate types, use **Tool #194 Certificate Products Configuration**. Then from the entry screen, select *Certificate type*.

Certificate Types configure the various settings of the certificates used with CD Secured loans.

- NOTE: You cannot use Health Savings Accounts (HSAs) or IRAs to secure CD Secured loans.

“Certificate type” from “Certificate Products Configuration (Tool #194)

Certificate of Deposit Maintenance UPDATE

Certificate type: 06
 Corp ID: 01
 Application: CD Description: 18 MONTH CERTIFICATE

Allow principal distributions: ☐ Allowed ☐ Required ☒ Blocked
☒ Allow CD secured loan via online/mobile banking

Certificate Length		Certificate Penalty		General Ledger	
Days		Penalty code		Certificate	908.02
- Or -		Days		Premium penalty	131.00
Months	18	Penalty grace	10	Accrued dividend	830.20
				Dividend expense	340.50

Options **Renewal**

IRA/HSA ☐ IRA ☐ HSA ☒ N/A
☐ Add funds to CDs
☒ Report dividends to IRS
 Laser certificate form: CD02

Default renewal code: ☐ Manual ☒ Auto Renew ☐ Transfer to ☐ Check
 Default renewal CD type: (blank = same CD type)
☐ Allow member to change renewal code on existing account via online banking
 Allow member to bump the current rate: 00 times during the CD term

Dividend Rate(s)			
Minimum	500.00	Maximum	99,999.99
Minimum	100,000.00	Maximum	149,999.99
Minimum	150,000.00	Maximum	249,999.99
Minimum	250,000.00	Maximum	999,999.99
Minimum	0.00	Maximum	0.00
Minimum	0.00	Maximum	0.00

Suspend
 Delete
 Checklist

FR 6862 10/07/20

On the detail screen, check *Allow CD secured loans for online/mobile banking* to access the screen used to configure the CD Secured loan product for certificates of this Certificate Type.

Any member with a certificate of this Certificate type will be able to open a CD Secured loan. For this reason, you may elect to create a type specifically for this product or use other methods to mitigate this risk. Refer to the FAQ starting on page 5 for some discussion of your options.

Use Enter to move to the *CD Secured Loan Parameters* screen where you configure your CD Secured product.

CD Secured Loan Parameters Screen

Session 0 CU*BASE GOLD -

File Edit Tools Help

CD Secured Loan Parameters

Type **06 18 MONTH CERTIFICATE**

Loan product to offer

Processing fee

Fee G/L account Fee transaction description

% to add to CD rate to determine loan rate %

Payment plans allowed ☒ Monthly ☐ Single payment due at maturity ☐ Member can choose either monthly or single pay

Default underwriting code for requests in process

Online self-serve form for eSigning

All other settings for these new loans will be pulled from the loan product and its associated loan category configurations.

Online Sales Info

← → ↑ ↓ ⏏ ⏏ ⓘ ? @

FR (7031) 10/09/20

Use this screen to configure your CD Secured Loans product. Refer to the field descriptions below.

Field Descriptions

Field Name	Description
Loan product code	<p>Use the lookup to select a code or enter a loan product code in the field provided. Only Installment closed-end loans can be selected when configuring CD Secured Loans. Mortgages and open-end loans cannot be selected.</p> <ul style="list-style-type: none"> NOTE: The lookup will only present loan products that are closed-end loans since the feature only supports loan categories that are MEMBER5 loans. NOTE: Many conditions of the CD Secured loan, such as purpose code and security code, come from the selected loan product.
Processing fee	<p>Optionally enter a dollar amount for the processing fee charged to the member when they complete opening a CD secured loan.</p> <ul style="list-style-type: none"> NOTE: No fee is charged if the member fails to open a loan (and a loan application is created).
Fee G/L account	<p>(Required when a dollar amount is entered in the <i>Processing fee</i> field.)</p> <p>Enter the fee G/L.</p>
Fee transaction description	<p>(Required when a dollar amount is entered in the <i>Processing fee</i> field.)</p> <p>Enter the transaction description for the fee used for the member's statement.</p>

Field Name	Description
% to add to CD rate to determine loan rate	<p>Enter the percentage to add to the CD rate to determine the loan rate.</p> <ul style="list-style-type: none"> NOTE: There is no check on your general rate tolerance settings when configuring a CD Secured loan product. For tiered rates, then the member will be offered a different rate, based on their tier.
Payment plans allowed	<p>Select how members will pay back the amount they take out in their loan.</p> <p>Select one of the following: <i>Monthly</i>, <i>Single payment due at maturity</i>, or <i>Member can choose monthly payment or single pay</i>.</p> <ul style="list-style-type: none"> NOTE: If the member selects Monthly, CU*BASE does not confirm that the member can make monthly payments.
Online self service form for eSigning	<p>Optional. Enter a form to be presented when the loan is booked.</p> <p>If this is entered, it is required to book the loan. Otherwise, it will be presented as an application in the pending loan queue.</p> <p>Must be an OL type (Online) form.</p>

From this screen use Online Sales Info to access a screen that allows you to enter the sales text the member sees in online banking. See page 15.

Online Sales Info

Session 0 CU*BASE GOLD

File Edit Tools Help

Online Sales Information

CHANGE

Dividend application

Enter sales text to be displayed in online banking

Need cash in a hurry? Secure an affordable loan by borrowing against your share account.

Success Credit Union offers interest rates as low as 4.125% above your Share dividend. Plus, we'll provide financing

24 x 7 x 365. Best of all, you'll still earn interest on your Share Investment.

Enter in the loan amount and term you are seeking and follow the on-screen instructions.

Thank you for being a valued member of Success Credit Union.

Add/Update

← → ↑ ↓ ⏏ 🔗 ⓘ ? @

CONFIGURING SHARE SECURED LOANS

Share Secured loans are configured at the savings Dividend Application level. To access your Dividend Applications, use **Tool #777 *Savings/Checking Products Configuration***. Then from the entry screen, select a savings dividend application.

Dividend Applications configure the settings of the savings accounts used to secure Share Secured loans.

- NOTE: You cannot use Health Savings Accounts (HSAs), IRAs, and escrow accounts to secure Share Secured loans.

Savings Dividend Application from "Savings/Checking Products Configuration (Tool #777)

Session 0 - ABC TEST CREDIT UNION

File Edit Tools Help

Share Account Setup

Update

Dividend application MS Corp ID 01 ABC TEST CREDIT UNION Dividends are calculated EOD; Dividends are posted BOD.

General Account Information Dividend Information

Description MONTHLY SAVINGS

Account range 075 to 076

Application type Share/savings products

IRA plan type

☐ Reg D transaction account

☐ Reg D transfers per month

☒ Allow share secured via OLB

Zero balance account option Close on zero balance

☐ Prompt for credit report on open

☒ Allow account nicknames

☒ Report dividends to the IRS

☐ Club processing allowed

Accounting Interface

Liability G/L account # 902.29

Expense G/L account # 340.29

Accrual G/L account # 830.29

Stop pay G/L # 0.00

Stop pay fee (CU initiated) 0.00

☐ Allow change of fee amount

Stop pay fee (Member initiated via online banking) 0.00

Configure Negative Balance Processing

i Dividend rates are entered using Tool #506: Member Rate Maintenance

Suspend	Save	Skip	Qualified Dividends	ARU/Online Banking	Restrict Mbr Dsgn
Checklist	ANR Scoring				

Navigation icons: Back, Forward, Up, Down, Print, Refresh, Help, Search, etc.

FR (2749) 5/04/22

On the detail screen, check *Allow share secured loans via OLB* to access the screen used to configure the Share Secured loan product for savings accounts created with this Dividend Application.

Any member with a savings account with this Dividend Application will be able to open a Share Secured loan. For this reason, you may elect to create a type specifically for this product or use other methods to mitigate this risk. Refer to the FAQ starting on page 5 for some discussion of your options.

Use Enter to move to the *Share Secured Loan Parameters* screen where you configure your Share Secured product.

Share Secured Loan Parameters Screen

Session 0 CU*BASE GOLD

File Edit Tools Help

Share Secured Loan Parameters

Dividend application MS MONTHLY SAVINGS

Loan product to offer 018

Processing fee 0.00

Fee G/L account 0.00 Fee transaction description

% to add to rate to determine loan rate 0.000 %

Payment plans allowed Monthly

Default underwriting code for requests in process DA

Online self-serve form for eSigning

All other settings for these new loans will be pulled from the loan product and its associated loan category configurations.

Online Sales Info

Navigation icons: back, forward, up, down, print, link, info, help, search

FR (7/377) 5/04/22

Use this screen to configure your Share Secured Loans product. Refer to the field descriptions below.

Field Descriptions

Field Name	Description
Loan product to offer	<p>Use the lookup to select a code or enter a loan product code in the field provided. Only Installment closed-end loans can be selected when configuring Share Secured Loans. Mortgages and open-end loans cannot be selected.</p> <ul style="list-style-type: none"> NOTE: The lookup will only present loan products that are closed-end loans since the feature only supports loan categories that are MEMBER5 loans. NOTE: The loan product determines many conditions of the Share Secured loan, such as purpose code and security code.
Processing fee	<p>Optionally enter a dollar amount for the processing fee charged to the member when they complete opening a Share Secured loan.</p> <ul style="list-style-type: none"> NOTE: If the member fails to open a loan, this fee is not charged. (In this case an application is created.)
Fee CU account	<p>(Required when a dollar amount is entered in the <i>Processing fee</i> field.)</p> <p>Enter the fee G/L.</p>
Fee transaction description	<p>(Required when a dollar amount is entered in the <i>Processing fee</i> field.)</p> <p>Enter the transaction description for the fee used for the member's statement.</p>
% to add to determine loan rate	<p>Enter the percentage to add to the share rate to determine the loan rate.</p>

GETTING THE LOAN FORMS READY

As was covered in the previous two sections, CD or Share Secured Loans can require that the members sign a form, for example a promissory note, before the loan is opened and funds are disbursed.

Any form used for traditional delivery options your credit union uses can be used for CD or Share Secured loans. These loan forms must be reprogrammed for use with the CD or Share Secured loan feature into the OL format.

With CD or Share Secured loans, only the primary borrower signs the form. This product does not support joint owners signing documents or marital property laws that require more than one signature.

To get started with reprogramming your form for use with CD or Share Secured loans, contact Lender*VP form at lendervpforms@cuanswers.com.

This part is not required, and your credit union can elect to configure the feature so that the member signs the forms after the loan is opened. In these instances, you can then deliver the form via another form-delivery channel, such as paper or another eSign vendor other than eDOC Innovations. Other form signing options may be available. Contact Imaging Solutions for more information at imaging@cuanswers.com.

WORKING THE LOS LOAN QUEUE IN CU*BASE

Once the CD or Share Secured Loans offer is booked, it appears as a booked loan in the CU*BASE LOS loan queue (Tool #2). The *DC* column reads “OL;” otherwise, the loan looks no different than any other booked loan.

App #	Applicant Name	App Date/Time	DC	Pass	Fail	Review	Int	ID	Action
024773	MARSHA MEMBER	Oct 12 09:55	OL				96	96	

The offer will appear as a loan application in the Pending area if the member fails to complete all steps to open a loan.

Additionally, one or more applications may appear in addition to a booked loan. This happens when the member makes several attempts before completing the process. For example, they may have lost Internet connectivity while attempting to create the loan.

All offers and applications appear in the queue in timestamp order, with the most recent being higher on the listing. Your lending team may require research to determine if any follow-up is required of the pending items in the queue.