



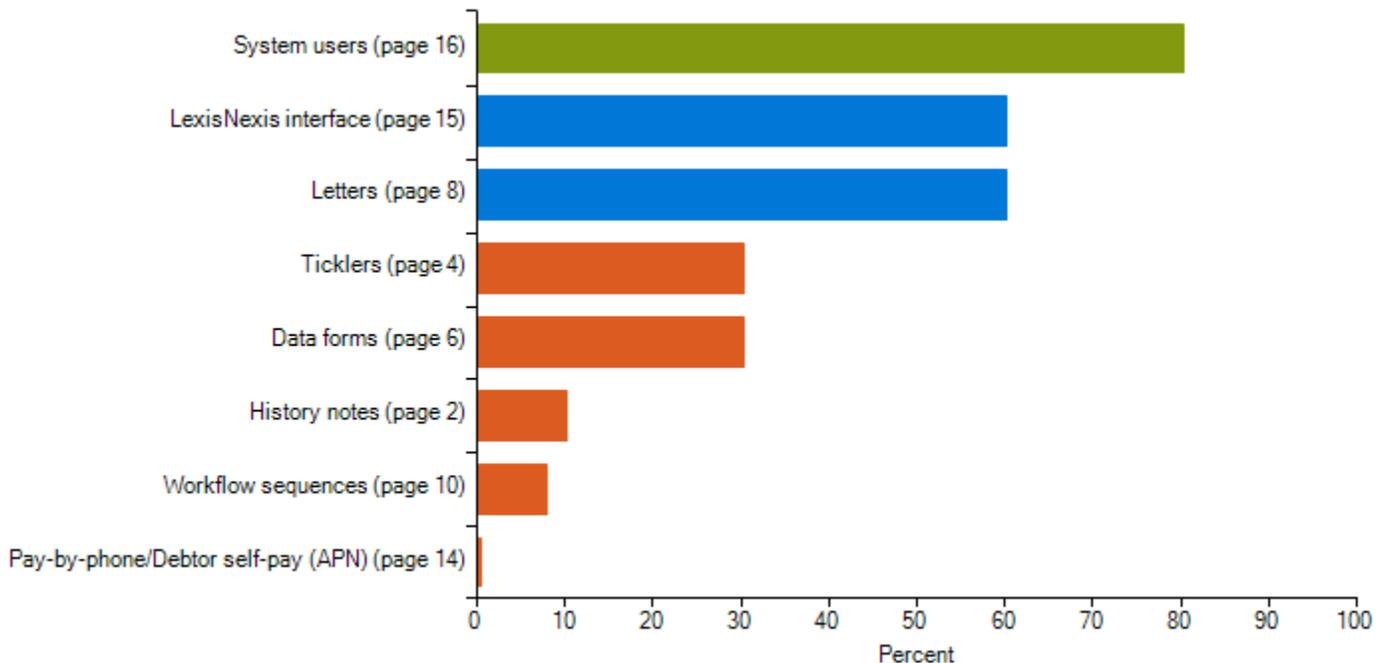
## Overview

Typically, financial institutions determine that they are not fully leveraging their existing technology, as vendors share frustration at Clients underutilizing their technology. This report is our leading-edge solution to solve both issues. This COLLECTION AND ASSET RECOVERY MANAGER – PROFESSIONAL (CARM-Pro) feature evaluates your CARM-Pro implementation monthly, identifying CARM-Pro areas leveraged well, and areas underutilized. It includes high level steps on how to more robustly leverage underutilized areas, while sharing organizational benefits to using these identified capabilities.

It is shared at all levels, from collection managers to CEO's. The goal is to let your institution enjoy all benefits of a fully leveraged CARM-Pro; getting better results with less effort. When you begin to more effectively utilize the features CARM-Pro has to offer, you will "get more done with less work", reduce compliance risk, reduce delinquencies, reduce charge-offs, increase recoveries, and reduce ALLL.

If you have any feedback on this evaluation, please candidly share your comments directly with me, Rob Daley, President and co-founder of Intelligent Banking Solutions Inc (IBS) at [rdaley@ibshome.com](mailto:rdaley@ibshome.com).

## Effective use summary

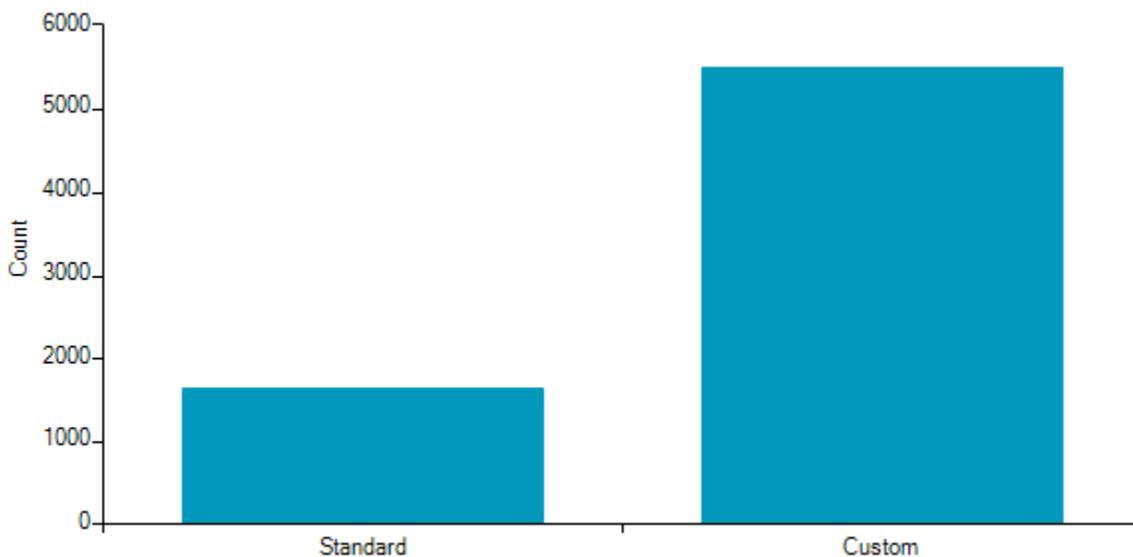




## History notes

History notes are a speedy and consistent process for the recording of client and loan-related events, while reducing compliance failure (by leveraging pre-approved standard messages, and enforcing collection policies via workflow automated next steps).

### Summary



- o There have been 9983 history notes added (1641 standard, 5487 custom, 2855 system).
- o There are 75 history notes defined, there were 14 history notes utilized.
- o There are 15 history notes that have automated workflow sequences.
- o Low standard history note usage.
- o High custom history note usage.

### Recommendations

- Review existing standard history notes for your institution's appropriate usage.
  - o Add needed ones, remove unnecessary history notes.
- Review Workflow sequences for every history note.
  - o Ensure your institution's "next steps" are automated for every standard history note.
  - o Set the tickler, send the needed letter, prompt a data form, etc.
  - o To speed collections, enforce compliance, improve effectiveness.
- Review all standard messages, add needed ones.
- Remove unused standard messages.



- Train staff on the effective use of standard messages.
- Understand standard history notes can include prompts, allowing “blending” of dynamic custom messaging while preserving benefits of standard notes.

## Benefits

- Utilizing standard history notes speeds collections allowing users to get more done with less effort (selecting a pre-approved note is faster than typing a message).
- Ensures that institution “policy” next steps are completed and documented (leveraging CARM-Pro workflow sequences).
- Ensures clean and clear documentation, simplifying management and legal review.
- Improves compliance, reducing fines, and penalties.
- Improves collection effectiveness: Workflows set next steps at proper time, triggering collector action, training debtors to understand that your institution holds debtors to their commitments, reduce delinquencies (lower ALLL – improving net income).
- Prevents some charged-offs (further lowers ALLL, increasing net income).
- Simplifies new staff training (less to teach as system has embedded next steps).
- Custom messages use is slower documentation than selecting standard messages, get less done with more effort.
- Custom messages are compliance and legally “vulnerable”.
- The potential of negative messaging can surface in litigation, leading to a negative legal judgment.
- Some situations require comprehensive “free form” or “custom” documentation – but these should not be the normal or standard documentation tool.

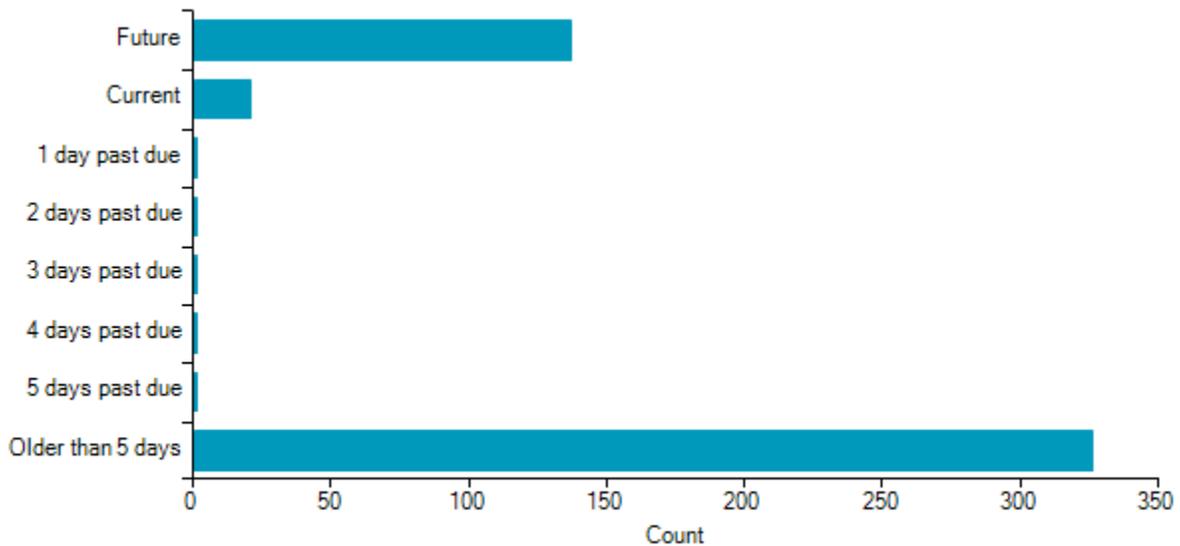


## Follow-up ticklers

Ticklers are used as reminders for when a specific activity or event related to a client are to take place. The list of ticklers can be found in the 'Follow-Up Ticklers' history journal, where they can be viewed, modified or removed. Typically, Follow-up Ticklers are pre-determined at each institution's location (using CARM-Pro configuration), however it is also possible to enter a custom tickler if there are no existing ticklers listed which adequately cover the event/action you wish to record.

Often, it seems counter-intuitive to "not" sort a collector's past due list by age or high balance of delinquency. However, a 45 day late jumbo mortgage, where the debtor has promised to be in within two days with a check to bring their mortgage current has no action items today, whereas a 25 day late small unsecured personal loan, where the debtor has ignored two calls, two emails, and one letter – may need a follow-up today. Therefore, sorting work by oldest-to-newest tickler ensures no wasted collector time and makes sure the right things get done in proper sequence.

### Summary



- o Low tickler usage.
- o There are 486 active ticklers.
- o There are 0 ticklers that have automated workflow sequences.
- o Any ticklers older than 10 days is a red flag. This implies that either work volume exceeds collection resources or collectors are not using ticklers.

### Recommendations



- This suggests external next-step tools are used (sticky notes, Outlook, lists) and not CARM-Pro (to determine who does what on each account).
- Prevent wasting time (avoid errors) reviewing external tracking to do lists by leveraging CARM-Pro system-driven ticklers (following policies) to determine when to do what next (ticklers); not humans reviewing history and making “next step” decisions after the activity.
- Leverage ticklers to get more done with less effort.
- Improve collection effectiveness.
- Determine if there is a real reason not to leverage CARM-Pro ticklers.
- Review all standard history notes, letters and data forms; make sure each has the proper tickler (set by CARM-Pro workflow sequences).
- Review the standard tickers, delete ones your institution will never use; add ones deemed missing.
- Every debtor touch or attempted touch should yield a clear next step – a tickler. Having at least one tickler for every account maximizes productivity, efficiency and effectiveness.
- Reviewing accounts daily to determine what the next step is wastes time and money and is error prone (allows things to potentially fall through the cracks).
- An extension of every touch should at that time set the next step; follow-up the demand, verify the promise, confirm the meeting happened, etcetera.
- Prioritizing ticklers also ensures that if some things do not get done “today”; it is the lower priority, least negatively impactful to your institution.

## Benefits

- Effective collections yield a clear next step (a tickler) with every debtor touch (or attempted touch).
- Ensures that policies are being followed.
- Compliance is enhanced.
- Debtors are “trained” to respect their commitments.
- Collectors are more efficient when using daily work ticklers (vs reviewing accounts, wasting time deciding what to do next on which account).
- Have CARM-Pro users start each day with “My Ticklers”.



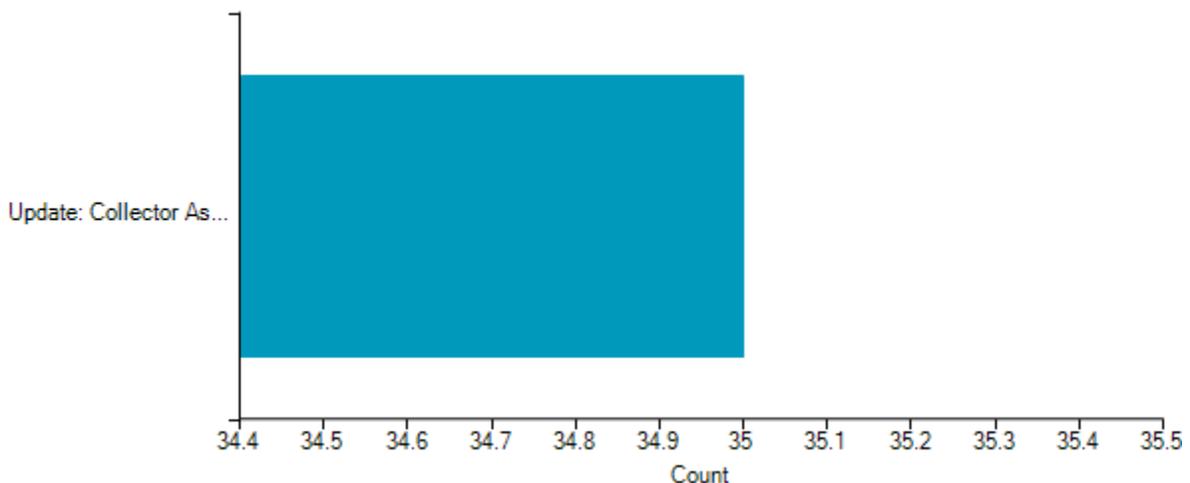
## Data forms

Data forms provide an extremely useful means of managing client data by allowing you to update information more easily and efficiently. Using a data form, you can enter all the required information into a single screen rather than selecting multiple data fields on the client screen and updating them individually – thereby saving collectors' valuable time.

You can group business situations, like first time delinquent contact, auto accident, key situations (BK, repossession, litigation, divorce, death) and consolidate all needed data into a simple form for that situation.

### Summary

#### Data form usage



- o There were 35 data forms used.
- o There are 37 active data forms available, 1 data forms were utilized.
- o There are 0 data forms that have automated workflows.

### Recommendations

- Review configured data forms, compared to “external” tools (Word, Excel, etcetera); for non-delinquent account collection tasks (track BK, foreclosures, repossessions, litigation etcetera).
- Create needed data forms, to integrate these tracking roles within CARM-Pro.
- Review / leverage the standard related screens, data forms, work lists and reports (for these situations). Edit each as needed, for best value to your institution.

### Benefits



- Get more done with less, use fewer software products, maximizing the institution's return on investment in software; reduce 3rd party annual vendor due diligence.
- Speeds collections (get more done with less work).
- Ensures "policy" next steps are completed, documented.
- Ensures clean/clear documentation (simplify management, legal review).
- Improves compliance, reducing fines/penalties.
- Improves collection effectiveness, reduces delinquencies (lower ALLL, improve net income); prevents some charged-offs (further lowers ALLL, increasing net income).
- Simplifies new staff training, less to teach as system has embedded next steps.
- High use of data forms is good, suggests leveraging CARM-Pro for advanced specialty purposes, tracking BK, foreclosures, repossession, general litigation, first debtor contact, accidents, problem (commercial) loans and more general tracking needs.

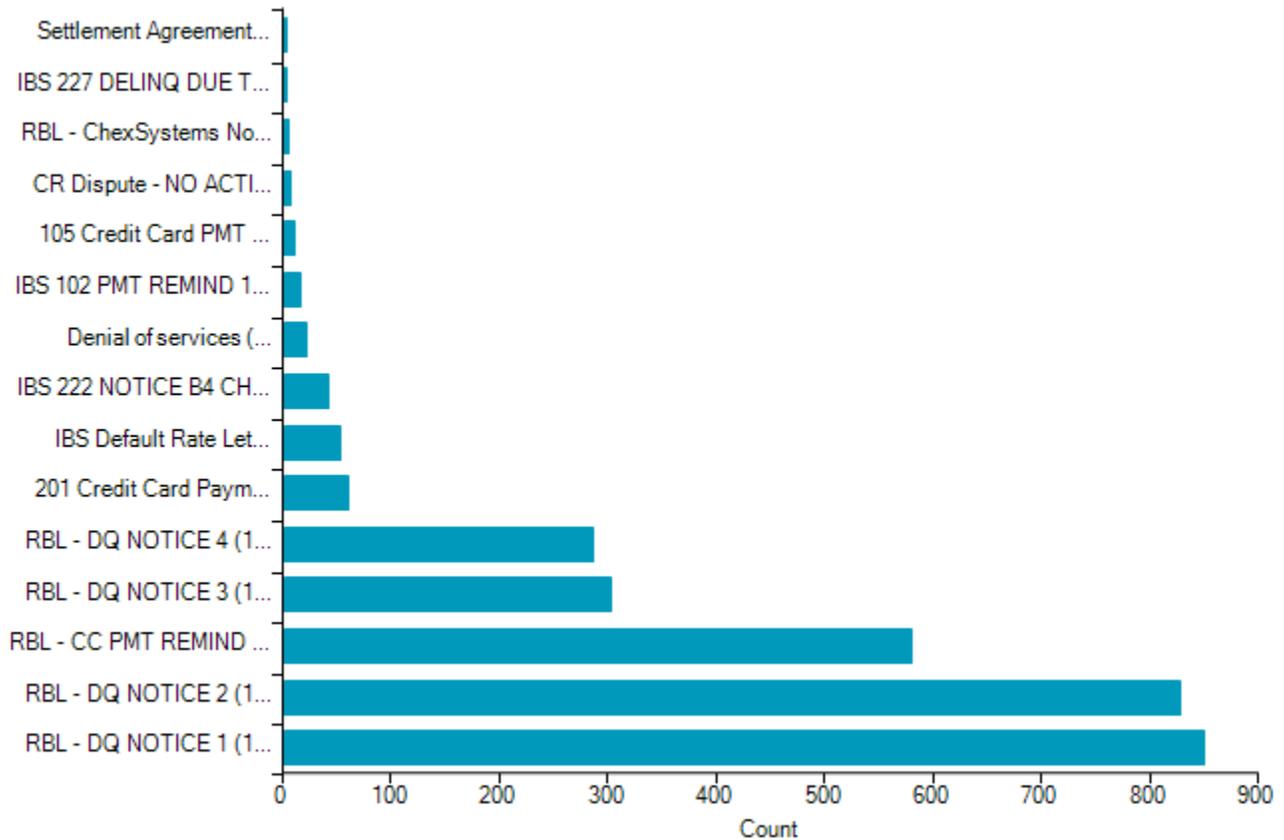


## Letters

CARM-Pro provides the ability for users to have access to a library of pre-configured letters used for communicating with contacts, and which will automatically contain the required information within the body of the selected letter. “Letters” can also be forms, or any document corresponding to a debtor or 3rd party regarding a debtor to the debtor’s collateral (attorneys, appraisers, repossession agents, etcetera). Like standard history notes, letters too can run-time prompt collectors for data – critical data to be human approved before the letter, or data not (yet) in CARM-Pro. If it is correspondence coming from the collections team, it should come out of CARM-Pro.

### Summary

#### Letters (top 15)



- o There were 3082 letters printed.
- o There are 25 active letter templates available, 20 letter templates were utilized.
- o There are 0 letters that have automated workflow sequences.



## Recommendations

- Review letters and delete (or re-word) all “low use” letters, letters never used, or used exceedingly sparingly (unless there is a business reason why a letter should be used so sparingly).
- Review all standard letters, forms collection team correspondence, for your institution’s appropriate usage. Add needed ones, delete unneeded ones.
- Review Workflow for every letter; ensure your institution’s “next steps” are automated for every standard letter (set the proper tickler, send the needed letter, etc.) – to speed up collections, enforce compliance, improve effectiveness.
- Review rule-based letters versus collector initiated letters. Configure all letters that should be sent automatically based on collection policy (for example “all 21 day late mortgages, with no debtor BK and no open promise get the mortgage 21 day late letter”, etcetera ...). Leverage fully automated letters whenever possible.

## Benefits

- Speeds collections (get more done with less work).
- Ensures “policy” next steps are completed, documented.
- Ensures clean / clear documentation (simplify management, legal review).
- Improves compliance, reducing fines / penalties.
- Improves collection effectiveness, reduces delinquencies (lower ALLL, improve net income); prevents some charged-offs (further lowers ALLL, increasing net income).
- Simplifies new staff training, less to teach as system has embedded next steps.



## Workflow sequences

Workflow provides the ability to have specific actions such as creating a Letter to also cause a sequence of processes which will automatically generate, say, a History Note, or a Follow-up Tickler, or maybe both – without users having the need to initiate these additional actions manually.

Workflow sequences both speed collections and enforce collection policies, while reducing compliance failure risk.

### Results

- Low workflow usage
- Review all standard messages, standard letters and data forms for your institution's proper "next step", and configure these next steps in workflow (to add ticklers, send letters, launch standard messages and/or data forms).

### Recommendations

- Every standard message, letter, and data form should have at least one workflow entry (to set the follow-up tickler).

### Benefits

- Workflows drive efficiency, compliance, policy adherence.
- Leverage workflows to:
  - get more done with less.
  - remove inefficiencies.
  - follow policies.
  - reduce manual errors.
- Compliance is enhanced.
- Improves collection effectiveness.



## Reports

CARM-Pro provides powerful reporting functionality, be it either via standard reports offered with the application or with customized reports which have been written specifically for your institution. The CARM-Pro database contains your data, it is completely available to report writers. It contains data from your core, from collector use, and often from ancillary 3rd party providers (companies your institution uses when working past due, charged-off or special asset accounts). Supervisors, executive management, your board of directors, auditors, all should get needed report information from CARM-Pro (in a fully automated format). Thus, your team need not dump to Excel or Word, to format, wordsmith and/or reorganize the look and feel of the reported data.

### Summary

- There are 1 custom reports.

### Review

- Review the current suite of standard reports, determine if “as is” they meet your needs, or not. If “as is” does not meet your requirements, ID the needed changes you can make, or engage IBS Client Service to make allowing this / these reports to be run and distributed with no human editing.
- Leverage the flexible, open CARM-Pro database to create delinquency and other required reports to your institution’s needs, automatically produced from CARM-Pro (eliminating manually creating or editing reports).
- Review what other past due, charged-off or special asset account reports your institution uses, that do not come from CARM-Pro. Determine why, correct the obstacle, and fully automate these needed reports.

### Benefits

- Improve efficiency, do more with less.
- Improve accuracy, fully automatically generated is always more accurate than manually created or edited.
- Speed report access, get information to needed staff sooner.
- Institution wide use of all past due, delinquent, charged-off and special asset tracking within CARM-Pro thus leveraging natural CARM-Pro reports that are “reader ready” upon production (no human editing is needed) are probably the single largest time saver, and accuracy improvement option, when getting more done with less involving CARM-Pro.

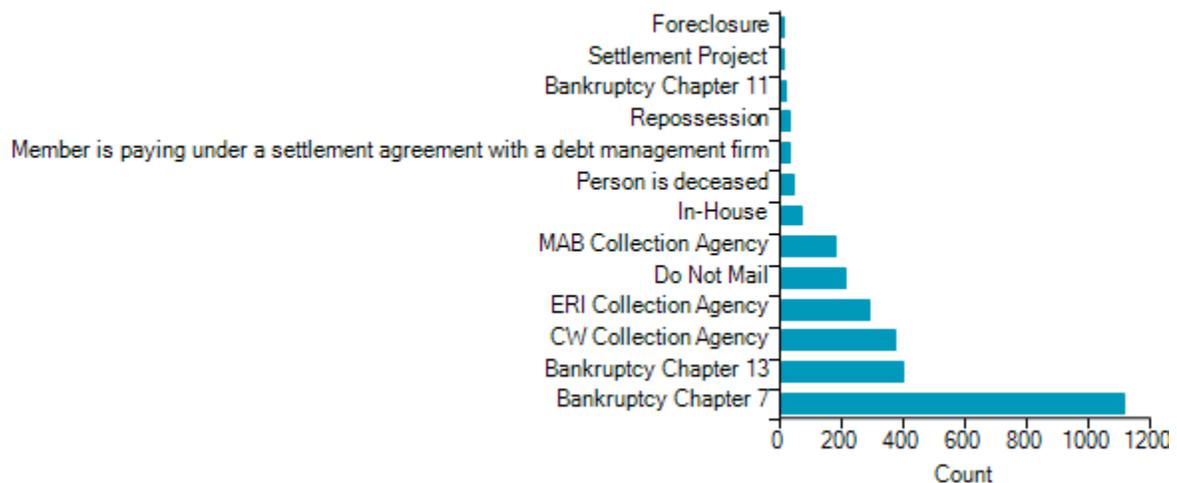


## Special status accounts

Those accounts which are in foreclosure, repossession, bankruptcy etc. are deemed as being 'Special status accounts'.

### Summary

#### Special status accounts



### Review

- There are 13 special status account types containing a total of 2786 accounts.
- If the number of CARM-Pro special status accounts (BK, foreclosure, repossession, litigation, other) matches your "real" special asset counts, congratulations – keep up the good work.
- If the number of CARM-Pro special status accounts is below your institution's real count:
  - o Review the related CARM-Pro screen (BK, repo, foreclosure, litigation) – does it meet your needs (add, change fields as needed)?
  - o Do you have other "special" accounts to track, that may need a new/special screen (data form, work list, modified standard or custom report, etcetera)?
  - o Review the related data forms – do they meet your needs (add, change fields as needed)?

### Benefits

- Leveraging a full portfolio download from all core servicing systems allows CARM-Pro to automate special status tracking, being accurate and well documented; compliant.
- Activating optional interfaces like LexisNexis provides a fee-based interface that saves money over "free" research, by immediately feeding needed related data (and staff not using salary time, which is far more expensive than fee services to manually gather this same data).



- o BK tracking is virtually immediate, complete.
- o Deceased monitoring is fast and accurate (when compared to periodically reviewing local obituaries).
- o Judgements and Liens can automatically feed into CARM-Pro.
- Do more with less effort; yield better results.
- Save time, thus money. Improve accuracy.



## Pay-by-phone/Debtor self-pay (APN)

A CARM-Pro integrated button delivering same day ACH debit and credit can be far cheaper than a non-integrated standalone pay-by-phone alternative. Allow a collector to, while on the phone, press a CARM-Pro button to accept a foreign checking or savings account, or debit card payment.

That same feature allows debtors to self-pay 24x7.

It also allows non-collector staff to log into that payment portal to accept phone payments for non-delinquent customers.

### Summary

- o Interface not enabled, contact IBS.

### Recommendations

- Activate APN, allowing CARM-Pro users to take phone payments.
- Allowing debtors to self-pay 24x7.
- Allow non-CARM-Pro users to log into your payment portal to accept phone payments.

### Benefits

- Improve telephone payment efficiency.
- Enjoy ACH same day payment.
- Improve efficiency: Not toggling (or walking) to other systems (to accept payments) – manually duplicating information on the CARM-Pro screen;
- Post payments, typically for non-US, deposit account sooner than other institutions, increasing the likelihood money is still in that account.



## LexisNexis interface

The interface to LexisNexis offers institutions access to a very powerful information tracking system, giving CARM-Pro users the opportunity to monitor and react to changes to client information. Individual data requests can be made to LexisNexis regarding Contact information. When received by LexisNexis, appropriate data is gathered and sent back to CARM-Pro.

### Summary

- o The interface is not installed.

### Recommendations

- Review the library of LexisNexis transactions, to learn the speed, accuracy of powerful cost-effective integration.
- Leverage monitoring your entire client or member base for:
  - o Bankruptcy – standard or full.
  - o Deceased – standard or full.
  - o Incarceration - standard or full.
  - o Contact Risk flag or full; Flag – FDCPA filing possibility.
  - o Phone Line type only – know if the phone is POTS, cell, or VoIP.
  - o Payment / Contact Score.
  - o Judgment and Liens.
  - o Debtor locator options: Contact Plus, Phone, Address, Relatives, Associates, Nearby, People at Work, NCOA, Directory Assistance, Reverse DA, Phones Plus, WPL Work Place Locator, Phone Status Search.
  - o Miscellaneous: Property, MVR, DOB, Best SSN.

### Benefits

- “Free” may be more costly than minimal transaction fees. Activate the world’s most comprehensive and accurate data to the benefit of your collections team. “Free” information is often far more expensive in salary time to gather and may be as accurate as its price. Monthly minimums can range from \$40 to \$250; offering fast, accurate integrated data for powerful collection performance boosts.

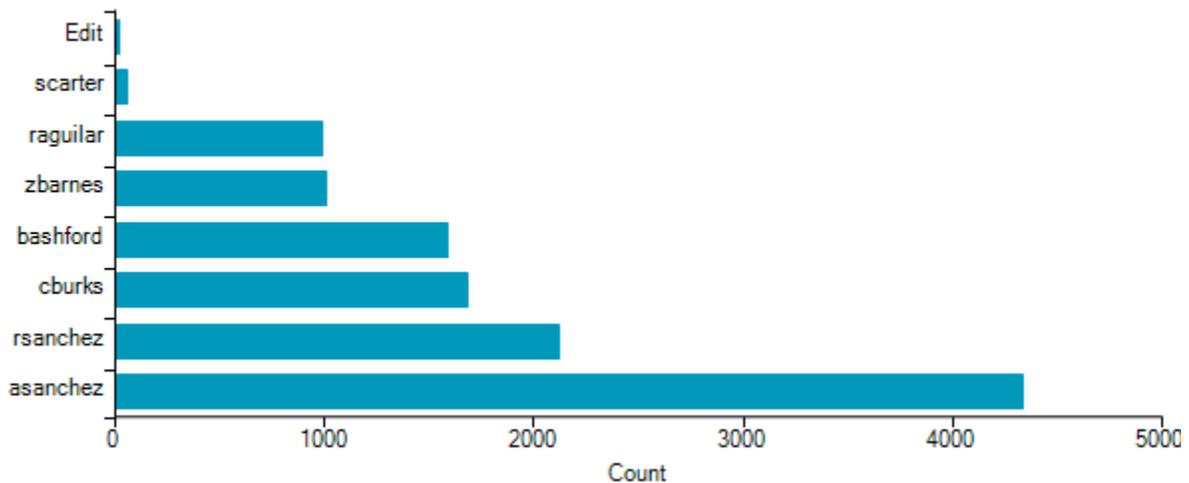


## System users

An institution will assign their designated CARM-Pro users to have access to the client data which is managed by the application, with the appropriate level of access which is afforded by their role.

### Summary

#### System user activity



The following users have been inactive:

- racevedo
- bmccrary

### Recommendations

- If the # of actively configured users far exceeds the number of users who logged activity (in recent history); determine why they have CARM-Pro user profiles (and do not use CARM-Pro).
- Is there a lot of different users logging activity for relatively short periods of time, suggesting a lot of turn over...?

### Benefits

- Long periods of active use by same users suggests employment stability; while lots of turnover carries the hire-train-release-repeat administrative costs.