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*For more information contact:  
Leo Vaulin, President/CEO  
251-650-2640  
leo@cusouth.com*

## **CU\*SOUTH offers Collections Management Services**

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CU\*SOUTH, a CUSO providing core data processing services, announced that it now offers collections management services for credit unions.

CEO Leo Vaulin describes the new service:

“Collections management is a hybrid between doing everything in-house, and outsourcing to a collections agency. If you do it alone, you may not have the in-house experience to fully analyze and manage your delinquencies – plus, it takes valuable resources away from the business of running your credit union. If you outsource, you give up some degree of control to an outside collection agency. Our offering gives you the best of both worlds – you maintain day-to-day control and oversight of the process, while using the resources of an experienced team of collection specialists.”

CU\*SOUTH's collections management gives the credit union access to experienced collection specialists with skills in developing account segmentation, member-contact strategies, and specialized tools. “We partnered with the experts at Lender\*VP on developing rules of engagement and account segmentation, and Lexis-Nexis for skip-tracing and bankruptcy monitoring.”

The new service is managed by Rebecca Weemes, who applies her 29 years of retail lending and collection experience to the managed services model. “Good collections management is an organic process. We have a set of tools and processes, but it’s very important for us to understand the unique character of each credit union.”

“First, we start with the ‘rules of engagement’ – we work with the credit union to develop a document that spells out what we can and can’t do on behalf of the credit union. What delinquency ranges do we work on your behalf? Are we allowed to automatically offset, or post transfers at the member’s request, or even set up automatic payroll transfers? It’s important for us to develop a good fit with your organization, so that your MSR’s and lending team understands our role and how they can work with us. For example, we will notate a member’s account to ask any MSR that has contact with a member to refer that member to us, or get an updated phone number or address. We work together as part of your team.”

Once the rules of engagement are defined, and the team goes to work. “We prepare a daily analysis each morning,” says Ms.



Weemes. “We need to understand how the delinquencies move each day – some run on a weekly or bi-weekly cycle, others move monthly. You can’t look at a month-end report and understand what’s really going on. We look at the boundaries. When a loan goes from the 30-day to the 60-day column, we want to know exactly what the story is.”

“There is always a story,” continues Ms. Weemes. “Our objective is to touch each delinquent account at least once a week. By the time they hit 30 or 60 days, we have a pretty good idea about their situation, and what we can expect.”

Understanding the details is critical to adjusting a credit union’s credit risk management strategies, says Leo Vaulin. “It’s an early warning sign. Let’s say the credit union has just added a new indirect lending partner; but we find that the phone numbers provided on the applications turn out to be bogus. We feed this information back to the credit union, and the CU makes a procedural change to verify each phone number on the application before underwriting the loan.”

This type of constant feedback is an example of the advantage of working with a Collections Management partner, instead of outsourcing to an agency. “The agency says, ‘thank you very much, we’ll take it from here’”, says Mr. Vaulin. “You get periodic reports, but not the direct, daily feedback that’s so important to fine-tuning your lending strategies and risk management policies.”

“One of our clients has asked us to provide a daily review of each loan application,” says Ms. Weemes. “We’ll spot potential problems that the average underwriter might miss. Policies and procedures are very important, but after you’ve been collecting for 30 years, you get a ‘gut’ feeling – this member is maxed out – they’re at the brink – and how we manage this loan request may either send them over the edge, or it may help to save them. That’s what I love about credit unions – we’re in a position to make that difference.”

### **About CU\*SOUTH**

CU\*South is a CU-owned cooperative focused on building a network of successful credit unions. CU\*South offers a wide variety of services for credit unions including its flagship CU\*BASE processing system in both an online (ASP) and in-house environment, and Internet development services featuring the **It’s Me 247** online banking product. As a partner of the cuasterisk.com network, CU\*South provides the most comprehensive offering of information technology tools and services through a collaborative, shared ownership model. “Over 500 credit unions build their success on the tools and technologies we offer. We give our client-owners the same great value they offer their own members, giving them the opportunity to invest in the success and security of their credit union,” says CEO Leo Vaulin.

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