

CBA Community Webinar Series

Transcript

July 2022 Webinar: Navigating the Credit Reporting Software Landscape (7/21/2022)

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Welcome to CBA's Monthly Community Webinar. My name is Claire Mildrum. I'm a training curriculum senior specialist at CBA and will serve as your host today. Thank you for taking the time to join us. Today we turn our attention to a CBA reporter topic, navigating the credit reporting software landscape. Loan servicing software is an important tool for nonprofit lenders and can often do many things, including Metro2 file generation which allows you to report credit or products to the consumer credit reporting agencies.

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During this webinar we'll discuss considerations if you're in the market for credit reporting software, are in the process of changing your current software, or think you might want to look at other options down the road. We want you to walk away with some good questions to ask when investigating Metro2-capable software and steps to take before going through a software changeover to ensure your credit reporting can stay on track. Before turning to today's content,

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we have a few housekeeping notes to share. First, this webinar is being recorded. Within a week of the webinar completion, we will send out a copy of the slides and a link to the recording. Attendees will remain in Listen Only mode throughout the webinar. We invite you to engage with us and your peers by setting the chat option to chat with everyone.



CBA Community Webinar Series

Transcript

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Closed captions are available for today's session. You can enable them by selecting the CC Live Transcript option on your toolbar. If you have questions for our presenter, please share those in the Q&A and not in the chat box. We will pause for questions at the end. Entering your questions into the Q&A box helps us best track what questions are coming in. The recording and slides for today's session will be available within a week on our training institute.

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We will share the link in the chat. The Training Institute is the hub for credit building training and educational materials, including past webinars, courses, tip sheets, toolkits, and more. All CBA members have access to the Training Institute as part of your membership. In order to access the members-only content, please use a log in if you have not done so already.

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Again, the recording for this webinar, along with the slides, will also be made available here within a week. CBA will also be hosting our signature Credit as an Asset training again virtually in August. This year's training is set up a little differently than in the past. We've changed the format to three 3-hour sessions on Wednesday, August 17th, Monday, August

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22nd, and Wednesday, August 24th. This means fewer dates to block off on your calendar, a faster route to completion, and less struggle to recall information from one session to the next. We've also built in more activities to increase retention, break up long stretches of material, and allow time to connect with your peers. We're additionally thrilled to announce our brand



CBA Community Webinar Series

Transcript

new Credit as an Asset: Small Business course, a three-hour supplemental training on August 29th for practitioners who support entrepreneurs in their credit building journeys.

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This training covers the intersection of personal and business credit, understanding business credit products and credit reports, and credit building strategies for entrepreneurs. You can take Credit as an Asset: Small Business training as a standalone course, but we do strongly recommend taking Credit as an Asset first since many of the concepts and strategies in the small business training overlap and relate. Even better,

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we're running a 60% off discount through August 1st using the code SummerSizzle2020 to check out. There are limited seats available for each course, so make sure to secure yours today.

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Today's training will focus on Metro2 capable software and its importance in credit reporting. We will discuss what it is, where to find it, and how it's used, look at various considerations a loan fund should make when looking at Metro2-capable software, and investigate how a software change can impact credit reporting and areas that may need your attention if you're looking to switch software.

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However, we won't get into specifics of an individual loan funds' situation. If you have more specific questions about your software or a possible software change, contact the CBA Bureaus Services team at



CBA Community Webinar Series

Transcript

help@creditbuildersalliance.org to set up a more in-depth conversation. We hope that you leave today's webinar with a better understanding of Metro2 format and what it's used for, an idea of good questions to ask software vendors and to discuss internally when looking at purchasing or changing Metro2 capable software, an understanding of how credit reporting can be impacted by software changeover, and key considerations to ensure you have as smooth a transition as possible with credit reporting if you're in the market

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for a new software. As we turn to the content of today's sessions, I'd like to introduce our speaker, Elisabeth Johnson Crawford as CBA's longest standing staff member with over ten years leading and working with CBA's reporter members around credit reporting, dispute management, and best reporting practices. Today, Elisabeth serves as CBA's chief technical officer.

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In this role, Elisabeth directs the bureau services team with specialized technical assistance and managing bureau relationships. She also assists in research pertaining to program expansion and development. Elisabeth, take it away.

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Thank you so much, Claire. All right. It is a pleasure to join you all today. This is a general disclaimer. As usual, this is not going to be legal advice or accounting advice or anything specific like that. I'll be sharing from CBA's practical experience working with members through this transition process from one system to another or exploring new options for themselves.

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CBA Community Webinar Series

Transcript

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If you do have questions about your specific situation or possible changes, as Claire mentioned, please direct those questions to our team at heko@creditbuildersalliance.org. We'll be happy to sit down with you and go over the specifics. I am also not going to be discussing any specific software names. We're going to be talking about general questions and considerations for you throughout this process leading up to, during, and after.

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I know that some folks may have some complaints about their particular system that they are using currently. I'm going to confirm here that every system has its frustrations and pain points, but what we're going to do today is to try and give you questions to ask to help you identify what pain points you can work with and what ones you can't.

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There is unfortunately no silver bullet out there, but we want to help you find what's going to make the most sense and work the best for you.

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So at the very basics, what is the Metro2 format? So Metro2 is a specific format that is accepted by all of the consumer credit bureaus or the consumer credit bureaus in the U.S. It's also used in Canada as well. It's a text-based format. It is very ugly for human eyes to read. It is very easy for computers to read, and it contains a lot of information specific to the creditor that is reporting the information, information about the borrower and their identifying details, information about the account to identify it, as well as the details of the account's performance, specifically. Okay.

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CBA Community Webinar Series

Transcript

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Why is Metro2 format needed? Metro2 was created to ensure both the accurate transmission of information and to make sure that the data is complete, that it has integrity per the FCRA requirements. It has become this standardized format across the credit bureaus. There used to be a Metro1. There used to be more individualized formats. But this is the current standard for across the industry.

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It helps provide specific language and vocabulary as well as the grammar for us to communicate about what's happening with particular accounts. Who creates Metro2? So the format itself is determined by the Metro2 task force based in the consumer data industry. Association, which is a national network and alliance for our credit bureaus around the country, as well as international. They, the American bureaus, get together and actually collaborate to write what Metro2 codes are.

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And we'll talk a little bit in a moment about the credit reporting resource guide that helps us understand all of those definitions. The specific systems that actually create the Metro2 file: there's a number of them out there. Many of them are built into management systems as well as there are third party conversion software systems out there. It is not something that just any software program is going to be able to create.

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It is really, really specific. Within the text document, everything is based on really specific characters and the characters' position within a line. Again, very ugly for human eyes to be very easy for computers. And so it is not something that Excel or QuickBooks is going to be able to generate itself.



CBA Community Webinar Series

Transcript

It's not something that we as human beings can actually write out ourselves in like a Notepad document.

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It really does need to be generated from a specific system that can get all of these details right. So how do data furnishers get Metro2 format? As I mentioned, there is the loan servicing software that includes Metro2 capabilities either baked into the entire system or as an added-on feature. Additionally, there are systems out there that people really love that don't happen to do credit reporting.

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And so there are certainly options to be able to generate information from that system that you've committed to that you really enjoy and that works in so many other ways in order to translate that into Metro2 so that we can do our reporting. As a reminder, CDA, the Consumer Data Industry Association, the credit bureaus, and CBA, we do not offer Metro2 software.

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We do not endorse specific softwares. All we can do is share practical experience. We can connect you with other members who have used a particular system who may have some of the same kind of needs and concerns that you do. We can help you think through questions, like in today's session, but we're not going to be naming any specific names for that.

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I would require a significant bribe, preferably in the form of dark chocolate
There are lots of different systems out there that can create Metro2

CBA Community Webinar Series

Transcript

formatted reports for us. There are a lot of long-time servicing and accounting software systems that have built it into either their their core system or as an add-on module. As I mentioned, there are also over the last five to five or so years, there's been a number of different software companies who have been in the process of or looking to build out Metro2 reporting as an additional offering to their users.

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We've seen a lot of very, very energetic, very bright software developers who've been really excited about it with varying levels of success. And we can talk a little bit more about some of the things to look for there. But basically, if you want to report to the consumer bureaus, you are going to need Metro2 formatted data. There really is no other option at this point.

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So we want to make sure that you have something that's going to work for you and is going to meet your needs. The caveat here is that the commercial bureaus are not limited to Metro2 format. They can, depending on how it's formatted, they can process specifically generated common separated value files generated out of something like Excel. But that is going to be strictly for the commercial bureaus only, What are some of the qualities of good credit reporting software?

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The things that we see that are common for our members across different vendors are really a few important characteristics. One is the flexibility to handle different situations. There are a lot of needs that nonprofit lenders have that mainstream lenders don't have. And so we want to make sure that the system you are using has the flexibility to meet what you need to do to support and assist your borrowers.

CBA Community Webinar Series

Transcript

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Additionally, we want to make sure that it's responsive to the specific type of lending you're involved in. We'll go through a couple specific questions to think about later. But are there particular accounting things that need to be included for the way that you do loans? Are there specific reporting requirements? Are there specific security and collateral requirements that you need to be able to process within your system to accurately manage your your loans and your credit reporting long term?

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Additionally, an important thing to consider is how reliable and accessible is the customer support and technical assistance. Additionally, what kind of training do they offer in terms of using their system A big one also is what is the flexibility to correct inaccurate information. Unfortunately, we are all humans putting the information in at the end of the day and things happen.

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We find errors have occurred. We need to be able to go back and fix this. So how easily is the system that you're looking at going to be able to incorporate that and make sure that your your information is accurate going forward? Additionally, we also want to make sure that anybody who is helping you generate your Metro2 data has the most updated guidance around what those definitions are, what the codes mean, how the different codes interact with each other.

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And we'll talk about that more in just a moment. But also, as we mentioned before, we want to make sure that not only can manage your credit



CBA Community Webinar Series

Transcript

reporting needs, but also we want to make sure that you're looking at something that is going to be able to cover everything else that you need. It's not going to help you to invest in something that does credit reporting really well, but only works for your credit reporting needs and doesn't take into account all of the other functions and parts of your business.

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So Credit Reporting Resource Guide, which I just mentioned, this is our Metro2 to English Dictionary. CDIA, with their Metro2 task force, that task force is actually determining what all these codes are. The idea provides resources and instructions for furnishers and bureau representatives to be able to understand what the Metro2 is, how to interpret it, and how to accurately reflect the reality of a particular borrower or a particular account within that language.

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There is a lot of confusing terminology. There is a lot of codes that mean one thing in one place, and then something different in another. So it's really important to make sure that you as a data furnisher have an updated copy of the Credit Reporting Resource Guide. It does come out annually and there are every year little, little tweaks and changes.

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Some codes are added and codes get retired, some definitions are clarified. There's updates to the way certain situations are reported. Last year we had a really big process of updating how bankruptcies are reported. And you can see on the Training Institute, we do have resources on that. If that's something you need to update on your end as well.

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CBA Community Webinar Series

Transcript

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The Credit Reporting Resource Guide provides a lot of really clear definitions on formatting reporting guidelines for furnishers, as well as specifications for the programming for developers so that they can make sure that the data that they're generating is in the correct specific coding, that there's no hidden surprises. There's a lot of specific meaning behind the codes and how they can be interacting and what code can follow it and other what things mean in relationship to one another.

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And so there's a lot of resources within this, particularly within the FAQ is where I usually suggest people start looking through it to better understand how Metro2 can convey the particular story of what's happening to your loan. So why do people look at purchasing Metro2 capable software? Basically, when are people looking at this? Most people are looking for software when they are just starting their credit reporting journey.

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Others will decide at some point later that they need to look at alternate options that may meet their needs better. So it's hopefully a decision you only need to make once and can continue on. But the reality is sometimes your needs change and your software needs to change with you.

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So now getting into some of the really important specific questions you should be considering as you look at what kind of software you need. So lots of different questions are going to come up. Some of them may apply to you, some of them may not. But some things to consider is what are your servicing accounting needs? How much do you need to automate for your own sanity?



CBA Community Webinar Series

Transcript

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Can you manage something that requires you to touch a loan every month? Do you need something that will allow you to do larger batch edits as necessary? Thinking about how you work with your borrowers, can the system handle temporary or longer term workouts? If your borrowers run into difficulties, can you program in complicated payment schedules for different phases of a loan's life?

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Can you easily refinance the loan into a new loan if that's what you need? There's lots of things that you want to make sure the system can do to reflect how you actually interact with your borrowers. How customizable is the system? Will you need to program in some generally standard processes? Or are you just going to need to make a special set of requirements for your specific...for

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those things that you do differently than everybody else? Are you going to need to make sure that your staff are all trained on all of the different ways that this has been customized? How do you help them make sure that they can interact with the system to reduce the chance of errors? How do you make sure that you can actually make sure that this is going to be a productive system

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for you? Are you able to generate the kinds of reports you need internally, externally, gathering data for grant reporting and gathering data for regulatory reporting? All of those things you want to make sure that that's



CBA Community Webinar Series

Transcript

as as built in as possible. You need to make your life easier. How are you integrating with other systems? Do you need something that's going to connect to QuickBooks?

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Do you need something that's going to connect to outcome tracking systems? A CRM database? Or do you need something that can generate your invoices for you? Do you need something that can just send data to something else to generate invoices? Thinking about what...what all of those other connections are can really help you think through what do you need specifically within this system or what do you need to bring into the system?

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Additionally, an important thing to consider is how is this going to scale with you over the next five, maybe ten years? We want to ideally think about this as an investment opportunity. How are you investing and making your life easier today so that it can be easier tomorrow as well? Do you need to make a greater investment now to avoid spending more down the road?

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Is there something that hits all of these sweet spots but doesn't happen to cover Metro2 reporting? Again, that's okay because we do have these third party conversion systems out there that can help you bridge that gap so that you can get your day-to-day work done and also get your credit reporting done as well.

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Okay. And this is where I promise I am not here to gossip, but there definitely are things that we've seen among our members where we do have



CBA Community Webinar Series

Transcript

to keep an eye out for misrepresentations, confusion, overconfidence, that we see from some of the software vendors out there. Are there some things that do seem to be too good to be true, or have they actually been able to create Metro2 formatted data, or are they saying that they could build it out?

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Building out programming to generate Metro2 formatted data is very complicated. The credit reporting resource, guys, is hundreds of pages long and it doesn't always match up easily with how accounting thinks about a loan status. So there's a lot of complex pieces in there that a lot of developers haven't really thought through. They don't understand it and they don't appreciate how much time and energy it's going to take to actually develop that and get that out to their users.

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Who can actually generate accurate, consistent and reliable data? So one question is always going to be how long have they been around? How long have they been doing reporting? Two different questions that are really important to ask. Will they be around long enough to provide you with the support that you need? Are they going to be able to sell you the system and then just kind of disappear?

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Are they going to be able to provide you ongoing technical assistance and support for years to come? Do they have the familiarity and experience with credit reporting as an ongoing evolutionary process? Again, the CRRG changes every year. It's not necessarily big changes, but they're still important changes, especially when they impact your borrowers. Additionally, how well do they know this industry?

CBA Community Webinar Series

Transcript

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Do they come to conferences and actually talk to nonprofit lenders? Do they work with nonprofits at all? Do they understand how you are trying to support your borrowers, which is going to be different from how for-profit, mainstream lenders may think about things. Do they build that flexibility into their system? Do they understand the importance of working out arrangements with borrowers and have that flexibility that you need to support them?

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Software vendors can oversell what their systems can do, especially newer systems that haven't maybe tested everything out in the real world and may have only just done mockups. We've definitely seen within the last year. We've seen multiple CBA members who have tried moving to a new system that they thought would meet their needs. And it turns out this fancy new shiny thing really didn't have the infrastructure in place to manage the loans

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the way they needed to. And so they've actually ended up going back to the system that they were using previously and finding ways to make that work for them. Because at least it's familiar, even though there are still those pain points, they're familiar pain points. And keep in mind that you can always check in with CBA. I've spoken with many software developers over the years to educate them about Metro 2 format and to help them support CBA members better

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CBA Community Webinar Series

Transcript

and have found that some of them really just don't realize how complex this is. They don't realize what's going to be required to for this to be feasible. They may look at setting up alternative solutions for you. They may want to figure out ways to support you even if they can't build it out themselves.

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There are definitely Metro 2 generating systems out there that really can't generate it compliantly. To be entirely honest, even if it's even beyond just the having a system that doesn't have the flexibility to accurately report your loans, there's some out there that just don't do proper Metro2 reporting. They're not using the codes correctly. It causes errors, and it causes a lot of headaches and frustration all around.

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And it could cause significant delays for you and your borrowers as you may be switching to a new system with all of the pieces of that process being delayed because we're running into these issues in the data. There are also definitely vendors out there who don't take it seriously, who kind of throw up their hands when lenders request fixes on a program to ensure that it's actually reporting accurately.

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Unfortunately, we've seen this a few times, and it's really frustrating because it means the CBA member can't meet their FCRA requirements. And so they end up having to stop reporting, go through a whole new process to change to a new system. And it's... it's really something we want to make sure that people can avoid if at all possible. So again, reach out to CBA if you're considering changing.

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CBA Community Webinar Series

Transcript

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Again, we're hearing from members who are using new systems. We hear the good, the bad and the ugly. And we can talk to you about some of your concerns as well.

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If you're not yet reporting, it's a slightly different set of questions you get to ask yourself. So if you are currently managing your loans in, say something like Excel or Access or QuickBooks and maybe even something else that doesn't happen to do Metro 2 reporting, that's a good place to evaluate. First, what are your pain points with the current system and your ways of managing loans, even if you're using Excel, QuickBooks, things like that?

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There are going to be opportunities really to make this a lot better for you. And there may also be places where it could get worse. And so we want to try to identify those and avoid them. Will reporting through a new system only make these pain points worse? Do they have things built in to make that easier? Additionally, one of the baseline things is we need to make sure that your calculations are accurate.

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Can it properly assess interest? Fees? Are there specific ways that it needs to be calculating numbers number of days past? Do you know even even some very simple things like that sometimes come up as being an issue for different systems. Is it easy to update the transaction history or delinquency records if you do find an error? Again, it's humans putting the information into the system.

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CBA Community Webinar Series

Transcript

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And so we need to be able to have backups and ways to correct it when or if something happens. Keeping in mind that if you're having issues with the accuracy of the calculations in your system, now, when we start looking at adding credit reporting into this process, that really does increase the potential liability for any of these inaccuracies.

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It's one thing to sort of have it in-house and maybe need to work it out with your borrower. But it really is another thing when you start talking about FCRA compliance and getting the bureaus involved. So we want to make sure if we're going down that road that you have a baseline of accuracy internally. Also thinking about what kinds of things might need to be added to your policies and procedures to cover how you use your software.

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Who's using your software, how are they using it?

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And everybody's favorite question. I know we got some questions about it in our registration form: price. Price is always the big question. That's one of the things that's really important for us to keep in mind as nonprofits when it's really tempting to try and find the cheapest, simplest way through a process. We want to make sure that you are not paying half now just to have to turn around and pay three times and four times to change back to something else later.

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CBA Community Webinar Series

Transcript

You know how making sure that you're not discounting yourself only to have to deal with so much more headache in terms of a cost of potentially transferring to a new system, the cost of your your time and energy, the cost of delays for your borrowers. It's definitely important to make sure that you're not dismissing things too quickly based on the priceline and making sure that you're you can really treat this as an investment. When we're looking at cost,

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We also want to make sure that we're looking beyond the base price. So is there a specific core system that you'll need to add modules on additionally to make sure that it can do everything you need it to do? Are there one-off costs versus subscriptions? Are there licensing fees? Are there additional user fees? Make sure that you can ask all of those questions to make sure you know exactly how much it's going to cost to use it the way you need to use it.

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Are there going to be extra fees around things like extra technical support, assistance, training, things like that to make sure you can interact with it? Well, with the pricing buckets we've listed here, sort of the low end would be things that are going to require a lot more manual input, a lot more management and time for your staff to make sure that it runs smoothly.

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The higher end can just about wash your dishes and walk the dog for you, but it's also important to make sure that you know what all is involved there. Are those pieces going to work for you? And making sure that as you're considering this investment, that it is the right investment for you. And obviously, there's going to be everything in between as well.

CBA Community Webinar Series

Transcript

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Considering as well. If you need to integrate this with other programs and software, what do those look like? Are they systems you already have in-house? Are they something you're going to need to purchase? And does that need to be included in your cost? Right. If you are looking at a loan management system, that matches - it checks all of your other boxes, but it doesn't do credit reporting, then let's make sure we can accommodate the credit reporting conversion software as part of the price for this entire switch.

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From getting into that cost question as a little further from some of these additional questions, beyond that sticker price, what level of technical support do you need? And I say this with love and respect for all of our members but we need to be honest about the level of technical ability that your team has. Do they, are they going to need basic technical support to get things up and running and then occasional check-ins because they're tech savvy computer whizzes?

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Are they going to need some ongoing training to make sure that they can interact with it well? Are they going to need a lot of hand-holding? Are they folks who are not used to computers? They're not necessarily fluent. They know their lending. They just don't necessarily know the technology. Is that going to be something you need to consider as you're looking at what the software support pricing is from this vendor?

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CBA Community Webinar Series

Transcript

Do you need, do you need to have unlimited support ongoing or do you need to have unlimited support during a particular window and then after that, be able to to have a reduced demand? If it's something that's going to need a lot of customization as well. Thinking about the training costs associated with that to make sure that your your team all know exactly how to put things in so that it calculates correctly.

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Speaking of routine, how many users do you need? Some software systems will allow you to have multiple users. Some of them are going to need to pay per additional user beyond, say, the initial user or a certain number? What licenses are included? Is it a one-time cost or is it an ongoing subscription? Making sure that you have all of these clearly planned out is really going to help you understand what the real cost is going to be.

00;35;19;11 - 00;35;44;00

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Additionally, considering is this a desktop-based software or cloud-based software? What is the risk of your computer breaking down and needing to have a backup that's going to still allow you access to manage your loads? Is this information stored internally on a local computer? Is it stored on a cloud server? Is it stored on an offsite server?

00;35;45;05 - 00;36;17;08

Unknown

Making sure that we know where the information is so that if we need to change users, if someone leaves and a new team member takes on this duty, that they have access to that information and all of that information is secure, that that information is protected from things like theft, floods, hurricanes, tornadoes, etc.. What are what do you need to make sure is incorporated into the data security side as well?

CBA Community Webinar Series

Transcript

00;36;17;28 - 00;36;28;16

Unknown

I'm not an expert on that, but I definitely want to flag that as something to consider depending on what your needs are in terms of where that data lives.

00;36;33;12 - 00;36;57;15

Unknown

What are some of the pieces of information you need to be able to report properly or that you need to manage properly? You'll need to make sure that whatever system you're using can handle them and avoid that temptation to try and manage things manually. When to make up for something that the software can't manage. Will you be able to report commercial borrowers to the business bureaus?

00;36;57;25 - 00;37;26;26

Unknown

Can the credit reporting functional handle the business code? Can it actually handle properly the business borrower ID information? Does it know how to properly list the business name and not jumble the words up together? Do you have the ability to report commercial and consumer data and what flexibility do you have to report? One, but not the other? Depending on the loan and the particular needs of of your program,

00;37;27;18 - 00;38;03;25

Unknown

some systems will only allow you to report things to the consumer bureaus. Some will allow you to report it just to the commercial bureaus. Some will allow you to pick which one goes where and which ones go to them. What what are your needs? Do you need to just report everything to everywhere? These are questions that you'll need to make sure you understand what your needs are as you look at what the options are out there. For our housing

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Transcript

lenders, of course, it may not really need to be said, but making sure that the software can handle things like escrow, foreclosures and alternatives.

00;38;04;17 - 00;38;33;11

Unknown

Any federally required reporting - can it do it internally, or is it going to need to be something that gets connected to an external system as well? What can users edit? How flexible is it going to be on workouts, as I've mentioned before? What kinds of custom options can you build in? What are your options to being able to create new opportunities for... for your borrowers as needs arise?

00;38;34;15 - 00;39;11;07

Unknown

Additionally, what connections between software, between the software do you need to other software for records, for external reporting, for reporting out of vendors, things like that ? And how easy is it as well to correct prior information? Are you able to report information in the Metro2 file going back up to two years? The Metro2 format can include that, but not every every system that produces Metro2 data will be able to.

00;39;11;16 - 00;39;36;29

Unknown

So knowing what your options are, some of them may just require additional elbow grease to get all of that information in there. But some lenders also may want to give their borrowers an opportunity to start with a clean slate. So it doesn't need to be a deal-breaker, but at least knowing what your options are and what your limitations are. So some more general questions to consider.

00;39;38;11 - 00;40;01;22

Unknown

CBA Community Webinar Series

Transcript

How ready is your organization to navigate a software change? If you're already really strapped for time and energy, do you have the time that it takes to really invest in this process to make sure it works well? What training do your staff require to be able to use a particular system or to be able to use the connections for that system?

00;40;02;20 - 00;40;24;03

Unknown

How much is going to need to be customized that'll need to be planned out and implemented as well, which all takes time? How much money are you willing to invest? The good news is we've seen some opportunities out there from funders and grants to be able to cover upgrades like this to make things easier for you and for your team.

00;40;25;07 - 00;40;50;15

Unknown

What are the opportunities out there to get somebody else to pay for this? And speaking of funders and grants, do you have a funder that needs to have your reporting up and running by a particular time? What or how hard or soft are any of your deadlines? If there's a hard deadline, that's definitely going to be something you want to talk to our team about,

00;40;50;22 - 00;41;04;06

Unknown

just to make sure that we can be realistic and that we can maybe start sooner rather than later, get things planned out because surprises do happen and we want to make sure that we can avoid this as much as possible.

00;41;06;29 - 00;41;33;07

Unknown

So again, I feel like I'm going on and on about this. But again, we want to make sure that you're approaching this as an investment. This it is going to

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Transcript

be expensive in many cases, and it's probably going to be something you want to have a one time, one time change or a one time implementation and not have to do it again, because it is it is a process.

00;41;33;07 - 00;42;07;14

Unknown

We want to encourage you to avoid impulse decisions and make sure you can do your research before purchasing a system. Again, you don't want to try to save today just to pay a lot more down the road when something goes wrong. And again, making sure if you're looking at the price that you're looking at that full price and not just the initial sticker price. So all of that said, all of these questions to ask as you're looking at different software systems out there, why would you change?

00;42;08;08 - 00;42;31;12

Unknown

One of the big things we see is that the current software maybe previously met the needs that the lender had and doesn't meet it anymore. Either their needs changed or maybe the software changed. Does it have a flaw that you've discovered in a particular area that's really making everything really much more difficult for your team and reducing your ability to actually serve your clients?

00;42;33;02 - 00;43;12;01

Unknown

Are there major significant flaws in the credit reporting or other important reporting pieces that you need to be able to function when we're looking at things like organizational change, making changes in the loan program? Does the system still have all of the pieces you need it to, not just maybe just do installment loans, but also manage lines of credit, ie making sure that you have what you need to manage your program as that program changes and evolves? Additionally, there may be new requirements for...for grants or other programs.

CBA Community Webinar Series

Transcript

00;43;12;21 - 00;43;58;02

Unknown

Maybe changes for...for what your accounting team needs and how everything needs to be integrated? Do you need to be looking at a change from a desktop software to a cloud based software? A lot of these are really important changes that definitely merit a lot of investing and thinking and planning. So if you are currently reporting compared to someone who's just starting out, there are some other important questions to ask. One thing, as I mentioned, we've had members who have tried to move to a new system and ended up actually having to go back to their old system when the new one just didn't pan out.

00;43;58;22 - 00;44;23;15

Unknown

So during this process of the transition, are you going to be able to manage both old and new systems during the transition? Are you going to be able to post payments in both so that you have a backup throughout this process? Or are we going to need to really go through a lot of adjustments immediately so that you can kind of quit the old one cold turkey to start the new one?

00;44;24;27 - 00;44;58;04

Unknown

What kind of software...what kind of assistance do you have from your soon to be former software provider? There are pieces that can really help us if you can get that support to transition off of the previous system. Things like account numbers when account numbers change from the old system to the new system, that can cause duplications because the bureaus may not necessarily recognize, you know, we're all talking about the same loan if that number has changed at all.

00;44;58;15 - 00;45;16;06

CBA Community Webinar Series

Transcript

Unknown

So sometimes we can get assistance from the outgoing software to change the account number there and prepare the way for the new system to take over. And that can save a lot of time and make things a lot easier. But we need to make sure we know that in advance.

00;45;18;20 - 00;45;34;06

Unknown

Is this an opportunity to improve your general reporting and improve your internal processes? Definitely. Whatever changes are going to be happening, we want to make sure that those are also included in your policies and procedures.

00;45;36;15 - 00;46;08;01

Unknown

A couple of things to consider as well in thinking about timelines again. If someone tells you a particular timeline, it's good to assume that they're being optimistic and that it's probably going to take longer. Add time for developers, add time for implementation, add time for data migration, add time for surprises to your timeline. I have worked with plenty of groups that, you know, they had an estimate for how they thought things were going to go, and it went a little bit differently.

00;46;08;01 - 00;46;13;23

Unknown

And so it took longer and it can cause frustration as that process draws out.

00;46;16;04 - 00;46;38;10

Unknown

But if we can plan well ahead of time, avoid surprises, and make sure that we have everything lined up just as we need it, that can really make that a lot easier. Also, we want to make sure that you're building in plenty of training time and documentation during this implementation process.

CBA Community Webinar Series

Transcript

00;46;41;00 - 00;47;04;22

Unknown

If you are paying tens of thousands of dollars for a new system and you're getting all of the bells and all of the whistles, what are you getting out of it? And making sure that you have all of that planned out, all of that documented, along with all of these steps that we're anticipating and looking at also, what is your existing data looking like?

00;47;05;01 - 00;47;25;00

Unknown

Have, has your team been good about data hygiene? Do you have legacy records that are going to need to be updated before the migration? Are you going to have assistance with that migration and getting that data prepared? Do you have people internally? Do you have folks at any of the software vendors that are able to assist with that process?

00;47;26;27 - 00;47;51;18

Unknown

Do you have lots of older records that maybe need, haven't been updated or refreshed in a while and may need to have additional information like some of the updated ID, borrower ID requirements? Do we need to budget time to have those added in to the new system? So basically the bottom line here is really, please talk to CBA.

00;47;51;26 - 00;48;10;20

Unknown

Let us know what your plans are, what your concerns are as you're going through all of these different questions. What do we learn from that as to how much we're going to need to build in in terms of your time frame? What do we need to plan and prepare ahead of time to make that as smooth as possible?

CBA Community Webinar Series

Transcript

00;48;12;14 - 00;48;38;04

Unknown

So how hard is it to switch software? There's often surprises. What is a realistic timeline is going to depend on a lot of things. The required training is going to depend on who your team is, what the new software system is, and what their requirements are, what their training needs are. And the data transfer process is sometimes messy.

00;48;38;20 - 00;49;05;11

Unknown

So definitely one of those things that we want to make sure that we can plan and prepare as much as possible to make that as smooth as possible. So that when we're looking at our timeline, we can actually have a clearer picture of it from the get-go. So I mentioned account numbers earlier. Some of these fields in your Metro 2 really need to stay the same for credit reporting.

00;49;05;29 - 00;49;36;16

Unknown

If there are changes to these fields that can cause major issues, whether that's a question of if borrower ID information is not connected properly, it could be potentially have information going to the wrong person's credit profile. Is it possible that your identifiers as a lender could get mixed up with another lender's identifying information and cause confusion there? If we have account number changes, we could have duplications

00;49;36;16 - 00;50;00;02

Unknown

if we don't plan and prepare this properly. If, if this is a process that you're looking at, we definitely want to sit down and go over what we're seeing as necessary in terms of keeping things from your old system. What are our options? What is the flexibility with the new system and what might we need to coordinate with the bureaus to adjust ahead of time?

CBA Community Webinar Series

Transcript

00;50;05;14 - 00;50;33;20

Unknown

So some of these are definitely hinted at already. And again, another reminder, please talk to us as soon as possible just so that we can identify what some of these issues might be and how we can prepare for them and avoid them as possible. Some of the things that are pretty easy to fix, honestly. Changes to borrower personal ID information can be pretty simple, especially if we're talking about like updating addresses.

00;50;34;02 - 00;51;05;13

Unknown

That's almost anticipated. If your systems have different ways of handling special comment codes, that will be important to know, but that can also be added on and adjusted later if necessary. Date of first delinquency. Again, that's another field that can be adjusted in in a future file. We'll definitely want to go over those with you just to make sure that they're as accurate as possible, but they can be updated through a Metro 2 file.

00;51;06;03 - 00;51;31;28

Unknown

And so that's why it's on the easily fixed side. Some more serious things that may require assistance to fix would be changes to loan terms and duration. That's one of those things that the bureaus will often flag for us as a "Hey, can you check this out? This doesn't necessarily make sense to us." So that can be easy, but it's a certainly one for us to look into just to make sure.

00;51;33;03 - 00;52;00;28

Unknown

Borrowers missing specific loans or new borrowers appearing on loans they weren't previously listed on. This is something we've seen as an error in the data migration, where the wrong borrower gets attached to the wrong loan. And it does take some some legwork to fix. But it's definitely possible. The

CBA Community Webinar Series

Transcript

biggest issues that we see generally accounts missing from the new file that should be reporting.

00;52;00;28 - 00;52;27;20

Unknown

And so the existing record out there is just growing stale and no longer is getting updates that can be really hard for us to identify between the two systems to make sure that we're you know, we don't have any, you know, loose ends running off, getting forgotten. Changing... changes to account. Identifying information, including that account number. Also open dates, portfolio and account type changes.

00;52;27;28 - 00;52;51;04

Unknown

These are all used by the bureaus to identify an account from month to month. And so we want to make sure that we are keeping those as consistent as possible. And I am getting time warning. My apologies. There are definitely some more pieces there. History carrying over is definitely one of those things we'll need to plan as well.

00;52;52;21 - 00;53;20;15

Unknown

Some changes that can occur based on different software systems and how they process information. Participation lines have come up frequently lately. Are... is the system reporting... your existing system reporting those as a single loan or as multiple loans and vice versa? How do we, how can we make sure that those all line up? History? That's something that we need to plan with you if we are carrying things over.

00;53;21;08 - 00;53;52;08

Unknown

If we need to make some plans for adding things in, definitely talk to CBA about that. Some systems also are able to change that. You're ECOA codes

CBA Community Webinar Series

Transcript

for your borrowers to make sure that those are as accurate as possible. And sometimes that's a really great change. There is a handy checklist in the RRG again, very, very important reference to have. You'll be looking at pages 5-57 to 5-59 for a checklist on general changes for your software.

00;53;52;17 - 00;54;21;10

Unknown

Again, we'll be happy to go over those points with you on your specifics. So just a reminder, we have limited working knowledge of the different individual software systems, but we have seen how other CBA members have used them. The good, the bad, the ugly. We've seen, we've heard the frustrations. We've been on those phone calls with members. So we're happy to share our practical experience and help help you make sure that your concerns are able to be addressed.

00;54;23;12 - 00;54;52;26

Unknown

We can review your existing reporting information to identify what might be important issues for us to watch for during the transition process. We also are happy to talk to developers, ask questions, and be an advocate for you with those developers to make sure that they're taking this reporting process seriously. And they'll be able to report your data accurately. Again, our focus is always going to be on what's in the Metro 2 file and how that format is built.

00;54;53;03 - 00;54;58;27

Unknown

Less so on sort of how everything gets to it, but we can be there to help you with that end product.

00;55;00;29 - 00;55;26;19

Unknown

CBA Community Webinar Series

Transcript

Some basic checklists for you to consider as well when we're talking to software providers. Follow up as deadlines approach make sure we're keeping some of your IDs consistent from file to file as much as possible. Talk to CBA about it so we can look at what's in the system and what might be missing, what's critical, what's... what can be changed later.

00;55;27;15 - 00;56;03;03

Unknown

And consider again if you may still need to have access to that old system temporarily or potentially as a backup. For talking to borrowers, make sure that they are prepared for possible delays because no matter how well you prepare, chaos happens. And make sure your staff who are interacting with borrowers are aware of the timelines and any possible delays, maybe even including a script for responding to questions from from borrowers just to make sure everyone is singing from the same songbook.

00;56;04;01 - 00;56;39;17

Unknown

And again, making sure that we're preparing for disputes and corrections, especially if data becomes stale during a delay...almost there. So some action items definitely talk to other lenders. What do they use? What do they think about it? They're the best position to give you the real day-to-day lowdown of how to use that system, to be realistic about your current needs, your future needs, what you're capacity is, what your limitations are, and what you need out of any new software system.

00;56;40;17 - 00;57;10;17

Unknown

Please, could you please talk to CBA? We want to be here to help you, to assist you, to advocate for you. As much as we possibly can review what you're going to need to be able to report and to make sure you have all of your other functionalities in place. And I am always a fan of making sure you

CBA Community Webinar Series

Transcript

have a Plan B, if not a plan B, C, D, and E - always good to have backups and we still have a couple of minutes so we can go take some questions.

00;57;10;17 - 00;57;34;18

Unknown

So thank you, Claire, for her for hosting me. Yeah. Thank you so much, Elisabeth. This was very enlightening. I know I learned a lot to be really helpful, especially on all the parts you mentioned about how to support staff as organizations change or adapt software. I'd love to highlight one question that came in: what would be a red flag in a call with a potential vendor?

00;57;36;10 - 00;57;57;25

Unknown

So one of the things that is my biggest concern is definitely making sure that the vendor understands Metro 2 reporting and that they are taking it seriously. If they don't already have a copy of the Credit Reporting Resource Guide or they don't know what it is, that means to me that they haven't even started looking into what credit reporting entails.

00;57;59;00 - 00;58;26;00

Unknown

If they don't have clear channels to request, for you to request assistance, at least during normal business hours. What options do they have for live assistance? So making sure they can take things seriously. They can get the data reporting accurately and also make sure that they are responsive to you and your needs whenever you have an issue because you're going to have issues.

00;58;26;29 - 00;58;51;15

Unknown

Our members are fantastic and they're doing such interesting things that often fall outside of the boxes of normal lending. And so we want to make sure that you guys are covered. Yeah. So one quick follow up with that as



CBA Community Webinar Series

Transcript

well. If you can. Can organizations share the CRRG with the software vendor if they ask for it, or is it enough of a red flag that you might not want to do that anyways?

00;58;51;28 - 00;59;18;13

Unknown

So the credit reporting resource guide is the intellectual property of CDIA. And so neither CBA nor technically any of our members is authorized to share it. However, software developers can reach out to CDIA to request a copy and they can get copies electronically that are nice and easy to make sure that they have on hand as well as can get updated on an annual basis.

00;59;19;14 - 00;59;37;00

Unknown

Awesome. And then I just want to quickly just cover a couple of questions that came in from before registration. One was: we're updating our software in the coming six months. What should we be considering? What should you be considering? I just wanted to flag that. We hope that you got some good information on the subject. And if you have any more follow up questions, let us know on this.

00;59;37;13 - 00;59;54;14

Unknown

And also kind of a cost breakdown of software solutions. I know that you talked about that, Elisabeth, as well. And we're also more than happy to go over that with any members that have any more questions. And if anybody during this call or during this webinar has had any questions that they want to spend more time with us,

00;59;54;23 - 01;00;14;04

Unknown

so they can do that by asking questions to the team, by emailing help@creditbuildersalliance.org. So this could include questions about



CBA Community Webinar Series

Transcript

membership, pricing, and process along with more technical questions or next steps that we currently are reporting. We'll also be putting up this webinar within a week on the Training Institute, so you'll be able to refer to it.

01;00;14;05 - 01;00;23;09

Unknown

So thank you so much everyone for coming. We'd love your feedback on this webinar and you can do that today as well. Thanks so much. Thank you.