

Lesson 03 Posting Payments

Loan Master Loan Servicing Software
(www.loansoftware.com)

Prerequisites

Lesson 01 Finding Loans

Lesson 02 Updating

This lesson uses the same loan as lesson 2 and picks up where lesson 2 quit. If you are not following lesson 2, in order to see the same data in the screens, you must:

Import new test data

Do the daily update described in lesson 2

Start the LoanMaster Program. Locate loan number 11042 and click on the status tab. You will see the following screen:

The screenshot shows the 'Status' tab of the LoanMaster software interface. At the top, the loan details are: Loan No: 11042, Cust No: 20080, and Loan Name: Bell, Craig. Below this is a navigation bar with tabs: Find, Cust, Loan, Dates, Terms, Status (selected), Misc 1, Misc 2, Hist, Trans, Comment, and Print. The main area displays two columns of financial data:

Balance	6,242.87	Date Update	09/03/2005
Interest Accrued	158.37	Scheduled Balance	5,916.51
Interest Due	103.81	Payment Due For	08/23/2005
Principal Due	245.69	Date Last Tran	08/18/2005
Interest YTD	1,070.17	Current Interest Rate	29.0000
Interest paid	1,070.17	Servicing Officer	EM
Interest Deferred		Unapplied Credits	0.00
Late Charge Due	15.00	Penalty Due, Unpaid	
Late Charges Paid	75.00	Penalty Paid	
Late Charges YTD	75.00	Penalty Paid YTD	
Escrow Due, Unpaid	0.00	Partial Payment Due	59.93
Escrow Balance	0.00	Days Past Due	11

A 'Status Report' button is located at the bottom right of the data area.

post_11042_01.png

Note:

Days Past Due: 11 days

Date Update: 09/03

This is the last date the loan system was updated. This is “today” for the system. In “real life”, if this date is in the past, you should not be posting payments until you update the system to the current date.

Payment due for: 08/23

The payment due on 08/23 has not been paid. Today (09/03) minus (08/23) is 11 days. The loan is 11 days past due. For future reference remember:

Days past due = Date Update minus Date Payment Due For

Late Charge Due: \$15.00

Servicing Officer: EM - Edward Martinez If you have any questions about this loan, This is the person to ask.

Interest Due: 103.81

Interest Accrued: 158.37

It is crucial that you understand the difference in these two amounts. It is described in detail in lesson 2.

Principal Due: 245.69

This was calculated on the most recent payment date, 08/23. It calculated just like an amortization schedule. Total Payment Amount minus Interest accrued..

On 08/23 the interest accrued was 103.81. The principal due would be: 289.57 - 103.81, or 185.76. But - the screen says 245.69? What’s up?

Notice the Partial Payment Due - \$ 59.93. This amount represents partial payment amounts unpaid from all the partial payments in the past. Since it is part of past payments it is already due.

The sum of the principal due from the 08/23 payment and the partial payments due is the total principal due. $\$185.76 + 59.93 = \245.69

Click on the “Post Payment” button. There is also a “Post Trans” button. That is another lesson. The Post Payment Button will display the Post Regular Payment screen.

Post Regular Payment (PP-309)

Post Regular Payment

Customer No: 20080 Loan Name: Bell, Craig
Loan No: 11042 Telephone: Port: AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	116.20
LC Amount Due	15.00	Interest Payment	158.37
Escrow Due, Unpaid	0.00	Late Charge Payment	15.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment:	

Apply Unapplied Cr Add Customer Comment

Temporary Allocation Code: 0 LC, Int, Esc, Prin

Cash Payment Print Receipt Post Exit Cancel

post_11042_02.png

This screen displays a lot of information. Everything at the top and the left hand column is there for computers with small monitors. In some cases, this screen covers up the underlying status tab so you can't see the information about the loan. Everything you would normally need to see to post a payment is repeated here.

The text boxes with grey backgrounds cannot be changed. The five at the top and the left column will always be grey. The others will change from grey to white depending on the allocation code selected for the loan.

In the right hand column, you will see the amount the system thinks you want to post. This is a “guess” based on the regular payment amount, the current status of the loan, and the payment allocation code you set for this individual loan. There are several options that influence what the program expects here. Review the Payment Allocation Option, page ?.

If the payment amounts are not allocated correctly, you can change them in any way that makes sense and remains in balance. The total of all the payment components must equal the “total Amount Received”

Payment Allocation Code

This option may be set for each individual loan.

This option allows the user to specify how a normal payment is to be allocated to interest and principal.

LOANMASTER knows the normal payment amount. It assumes the payment will be a normal payment and allocates that payment amount to interest, principal, and late charge according to your choice of several preset rules. If the loan has matured, it assumes the total amount due is received.

Payment allocation option definitions can be viewed on the screen by opening the pick list that contains the payment allocation code on any screen where it is visible. They can be viewed in more detail from the Utilities menu.

Code 0, "Late Charge, Int Accrued, Escrow, Principal ", means apply the amount received in this order, as far as it will go.

Take late charge first (If any is due). If there is not enough payment, apply it all to late charge.

Take Interest accrued next. If there is not enough payment, apply the remaining amount to interest.

Take escrow payment next. If there is not enough payment, apply the remaining amount to escrow.

If any amount is remaining, apply it to principal.

Code 2, "Interest through pmt due date, Escrow, Prin, (Ignore LC)" means apply the amount received in this order, as far as it will go.

First take interest to the nearest payment date. (If the payment is three days early, compute interest to the payment date three days later. If the payment is n days late, take the interest as of the payment date n days ago, but never past the most recent payment date. If the payment is three months late, it will use the most recent due date.

If there is not enough payment, apply the remaining amount to interest.

Take escrow payment next. If there is not enough payment, apply the remaining amount to escrow.

If any amount is remaining, apply it to principal.

Payment allocation codes apply the payment amount in the order the amounts are listed in the code description.

The payment allocation options are:

Option	Description:
0	Late Charge, Int Accrued, Escrow, Principal
1	Interest Accrued, Escrow, Principal, (Ignore LC)
2	Interest through pmt due date, Escrow, Prin, (Ignore LC)
3	Interest through pmt due date, Escrow, Prin.
8	Late Charge, Interest for one month (Period), Escrow, Prin
9	Interest for one month (Period), Escrow, Prin (Ignore LC)
12	Take escrow, then late charge, then interest accrued, then principal.
11	Chapter 11 loan. Allocate manually according to instructions from trustee.
13	Chapter 13 loan. Allocate manually according to instructions from trustee.
21	Calculate interest to nearest payment date. Take interest only.
22	Principal Only.
23	Interest only, interest accrued
31	This is a rental property. Apply the entire payment amount to the principal.
98	Allocate nothing. Wait for operator entry. Adjust principal as operator changes the other components
99	Allocate nothing. Wait for operator entry. Reject if not balanced.

In the field to the right of the “Temporary Allocation Code” label you will find a brief message describing the manner in which the current payment allocation option allocates the payment amount to interest, principal, late charge, etc. This allocation can be changed by clicking on the down pointing triangle to the right of the “Temporary Allocation Code”. Changing the allocation code here, changes it ONLY for this payment. It can be permanently changed for each loan in the loan session dialog on the “Misc 1” tab.

Changing the Payment Allocation Code - Temporarily

In the above screen image, note:

Allocation code:	0
Payment Amount Received	289.50
Principal Payment	116.20
Interest Payment	158.37
Late Charge Payment	15.00

Note that the interest, principal and late charge equals the Payment Amount Received.

Now change the Temporary Allocation Code to 1

Post Regular Payment (PP-309)

Post Regular Payment

Customer No: 20080 Loan Name: Bell, Craig
Loan No: 11042 Telephone: Port: AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	131.20
LC Amount Due	15.00	Interest Payment	158.37
Escrow Due, Unpaid	0.00	Late Charge Payment	0.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment :	

Apply Unapplied Cr Add Customer Comment

Temporary Allocation Code: 1 Int, Esc, Prin

In the above screen image, note:

Allocation code:	1
Payment Amount Received	289.57
Principal Payment	131.20
Interest Payment	158.37
Late Charge Payment	0.00

Note that the interest, principal and late charge (0) equals the Payment Amount Received.

Post Regular Payment (PP-309)

Post Regular Payment

Customer No: 20080 Loan Name: Bell, Craig
 Loan No: 11042 Telephone: Port: AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	185.76
LC Amount Due	15.00	Interest Payment	103.81
Escrow Due, Unpaid	0.00	Late Charge Payment	0.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment :	

Buttons: Apply Unapplied Cr, Add Customer Comment

Temporary Allocation Code: 2 Int to Pmt Date, Esc, Prin

post_11042_04.png

Now change the allocation code to 2.

The numbers change again.
 In the above screen image, note:

Allocation code:	2
Payment Amount Received	289.57
Principal Payment	185.76
Interest Payment	103.81
Late Charge Payment	0.00

Notice that interest payment allocation! How can the accrued interest change on the same payment on the same loan on the same day?

The simple answer is it can't, but the amount of interest you require the borrower to pay can change depending on your company's lending policies. Compare the descriptions of the payment allocation codes.

Allocation Codes 0 and 1 allocate the amount of interest accrued. This number will change every day. In the current example that amount is 158.37. It will increase by 4.960088 (Lesson 2) every day.

Allocation Code 2 allocates "Interest to Pmt Date". This is the interest that was accrued through 08/23. See lesson 2 for a detailed description of interest accrued and interest due.

Change the allocation code again. This time select 22 Principal Only

The screenshot shows a software window titled "Post Regular Payment (PP-309)". The main title is "Post Regular Payment". The window contains several input fields and a table of financial data.

Customer No: 20080
Loan No: 11042
Loan Name: Bell, Craig
Telephone: [empty]
Port: AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	[empty]
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	289.57
LC Amount Due	15.00	Interest Payment	0.00
Escrow Due, Unpaid	0.00	Late Charge Payment	0.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment:	[empty]

Buttons: Apply Unapplied Cr, Add Customer Comment

Temporary Allocation Code: 22 Principal only

post_11042_05.png

This time the entire payment allocation is allocated to principal.

The screenshot shows the same software window "Post Regular Payment (PP-309)". The main title is "Post Regular Payment". The window contains several input fields and a table of financial data.

Customer No: 20080
Loan No: 11042
Loan Name: Bell, Craig
Telephone: [empty]
Port: AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	[empty]
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	0.00
LC Amount Due	15.00	Interest Payment	274.57
Escrow Due, Unpaid	0.00	Late Charge Payment	15.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment:	[empty]

Buttons: Apply Unapplied Cr, Add Customer Comment

Temporary Allocation Code: 23 Int Accd Only

Once again, change it to 23, Interest Accrued Only
Change the allocation code back to 0.

Posting Comments

Notice that at the bottom of the right hand column, there is a space for a short comment about this payment. This comment is stored with the payment transaction(s) and will be displayed anywhere the transactions are printed or displayed.

Note below this payment comment there is a button labeled Add Customer Comment. Click it, You will see the “Add Customer Comment” dialog. You can type a lengthy comment here. This comment will be appended to the bottom of the customer comment. This is the same comment that appears on the comment tab in lesson 4, Viewing Loans.

Loan No: 11042 Cust No: 20080 Loan Name: Bell, Craig

Find

Add Customer Comment

Comment

OK

Customer Name: Bell, Craig
Telephone: Port: AUTO

Backdate To: Transaction Date: 09/03/2005
Unapplied Credits: 0.00
Total Amount Received: 289.57
Principal Payment: 116.20
Interest Payment: 158.37
Late Charge Payment: 15.00
Escrow Payment: 0.00
Comment:

Apply Unapplied Cr Add Customer Comment

Print Stmt Temporary Allocation Code: 0 LC, Int, Esc, Prin

post_11042_07.png

If it not already selected, set the payment allocation code to 0.

Notice that the payment is allocated like before.

Click on the “Post” button. The payment will be posted and the “Print Receipt” button will be activated.

Post Regular Payment (PP-309)

Post Regular Payment

Customer No: 20080 Loan Name: Bell, Craig
Loan No: 11042 Telephone: Port: AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	116.20
LC Amount Due	15.00	Interest Payment	158.37
Escrow Due, Unpaid	0.00	Late Charge Payment	15.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment :	

Apply Unapplied Cr Add Customer Comment

Temporary Allocation Code: 0 LC, Int, Esc, Prin

Cash Payment **Print Receipt** Post Exit Cancel

post_11042_08.png

Click on the “Print Receipt“ button. The receipt will be previewed on the screen in the preview menu.

Select payment allocation code 3 observe the allocation again. It will look like this:

Posting and Printing the Receipt

Click on the “Post” button. The payment will be posted and the “Print Receipt” button will be activated.

Post Regular Payment			
Customer No	20080	Loan Name	Bell, Craig
Loan No	11042	Telephone	
		Port	AUTO
Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	170.76
LC Amount Due	15.00	Interest Payment	103.81
Escrow Due, Unpaid	0.00	Late Charge Payment	15.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment :	
	<input type="button" value="Apply Unapplied Cr"/>		<input type="button" value="Add Customer Comment"/>
Temporary Allocation Code:	3	LC, Int to Pmt Date, Esc, Prin	
<input checked="" type="checkbox"/> Cash Payment	<input type="button" value="Print Receipt"/>	<input type="button" value="Post"/>	<input type="button" value="Exit"/>
			<input type="button" value="Cancel"/>

post_11042_09.png

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Post Regular Payment

Customer No 20080

Loan Name Bell, Craig

Loan No 11042

Telephone

Port AUTO

Date Update	09/03/2005	<input type="checkbox"/> Backdate To:	
Prin Due Unpaid	245.69	Transaction Date	09/03/2005
Regular Pmt Amount	289.57	Unapplied Credits	0.00
Interest Accrued	158.3712	Total Amount Received	289.57
Int Due Unpaid	103.81	Principal Payment	170.76
LC Amount Due	15.00	Interest Payment	103.81
Escrow Due, Unpaid	0.00	Late Charge Payment	15.00
Payment Due For	08/23/2005	Escrow Payment	0.00
Unapplied Credits	0.00	Comment :	

Apply Unapplied Cr

Add Customer Comment

Temporary

Allocation Code: 3 LC, Int to Pmt Date, Esc, Prin

Cash Payment

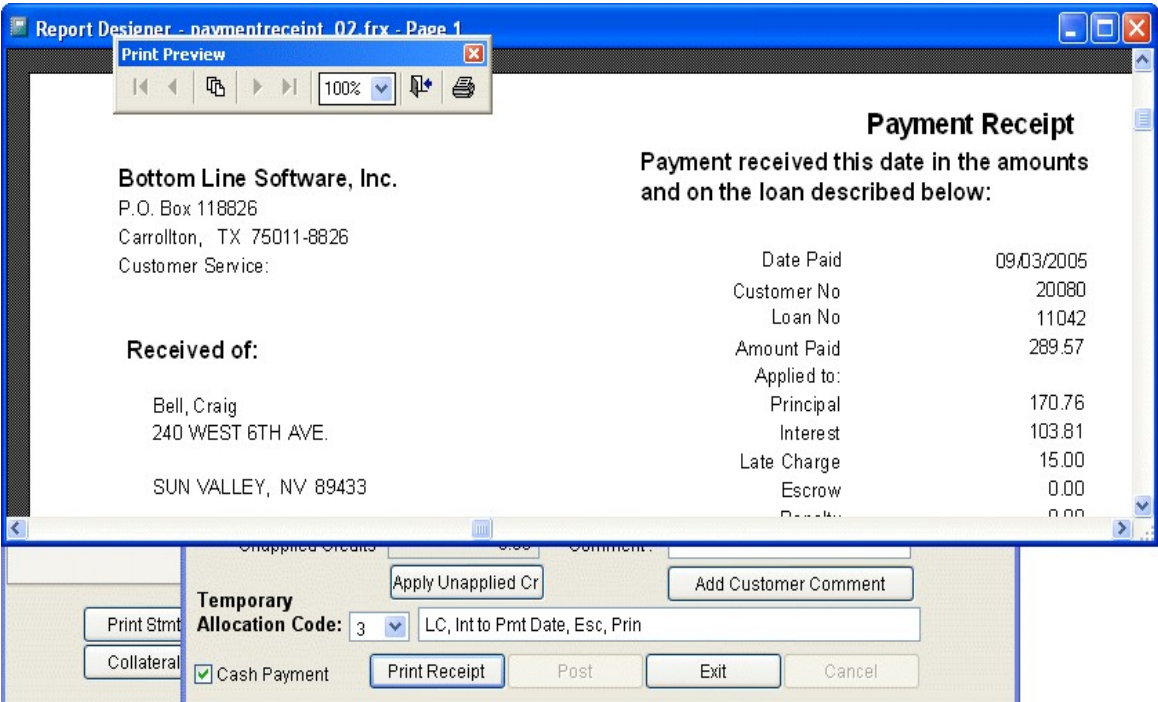
Print Receipt

Post

Exit

Cancel

Viewing the Receipt On Screen



post_11042_09b.png

Using the preview window will be covered in the lesson on printing reports. For now, clicking on the door icon will close it. You can maximize it or resize it like any other window. Click on the printer icon to print the receipt. You will have to expand the window down and to the right to see as much of the receipt as is showed above.

Close the Posting screen and click on the status tab.

Notice the interest due is zero, the principal due is back to 77.93, the amount of the partial payment due. Late charges paid has increased from 75.00 to 90.00

Loan Session (LS-309)

Loan No: 11042 Cust No: 20080 Loan Name: Bell, Craig

Find Cust Loan Dates Terms **Status** Misc 1 Misc 2 Hist Trans Comment Print

Balance	6.072.11	Date Update	09/03/2005
Interest Accrued	54.56	Scheduled Balance	5.916.51
Interest Due	0.00	Payment Due For	09/20/2005
Principal Due	74.93	Date Last Tran	09/03/2005
Interest YTD	1.173.98	Current Interest Rate	29.0000
Interest paid	1.173.98	Servicing Officer	EM
Interest Deferred		Unapplied Credits	0.00
Late Charge Due	0.00	Penalty Due, Unpaid	
Late Charges Paid	90.00	Penalty Paid	
Late Charges YTD	90.00	Penalty Paid YTD	
Escrow Due, Unpaid	0.00	Partial Payment Due	74.93
Escrow Balance	0.00	Days Past Due	0

Status Report

post_11042_11.png

Click on the Trans tab.

The last three transactions in the list are the transactions related to the payment you just posted. Note that the date may not be 09/03/2005 but it will be 09/03/YYYY.

TranDate	TCode	Tran Amt	Comment	PostDate
08/18/2005	21	293.00	MO# 79891469911	09/15/2004 09:34:04 AM
08/18/2005	52	15.00	MO# 79891469911	09/15/2004 09:34:04 AM
09/03/2005	51	15.00	System Assessed LC	09/19/2005 09:08:49 PM
09/03/2005	1	170.76		09/19/2005 09:18:29 PM
09/03/2005	21	103.81		09/19/2005 09:18:29 PM
09/03/2005	52	15.00		09/19/2005 09:18:29 PM

The left column, TranDate is the system date on which the payment was posted. The PostDate column on the right contains the actual calendar date and time the payment was posted.

