

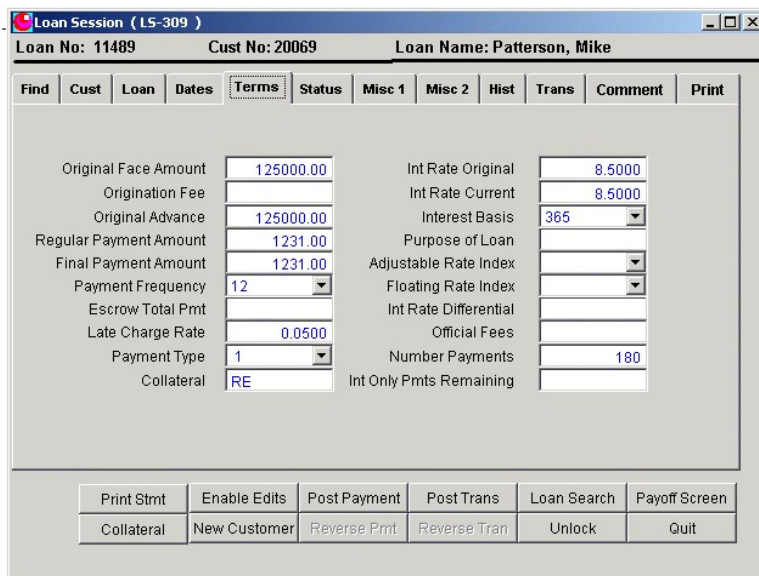
Lesson 07 Viewing Loans

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

Prerequisite
Lesson 01

IRS Installment Sale with Deferred Gain and Delinquent Status

Select the Mike Patterson Loan 11489



Find	Cust	Loan	Dates	Terms	Status	Misc 1	Misc 2	Hist	Trans	Comment	Print
Original Face Amount		125000.00		Int Rate Original		8.5000					
Origination Fee				Int Rate Current		8.5000					
Original Advance		125000.00		Interest Basis		365					
Regular Payment Amount		1231.00		Purpose of Loan							
Final Payment Amount		1231.00		Adjustable Rate Index							
Payment Frequency		12		Floating Rate Index							
Escrow Total Pmt				Int Rate Differential							
Late Charge Rate		0.0500		Official Fees							
Payment Type		1		Number Payments		180					
Collateral		RE		Int Only Pmts Remaining							

Print Stmt Enable Edits Post Payment Post Trans Loan Search Payoff Screen
Collateral New Customer Reverse Pmt Reverse Tran Unlock Quit

view_11489_1_terms.png

This is a loan to finance the purchase of a piece of real estate. This particular situation only occurs when the lender or investors sell the asset to the borrower and finance the purchase by accepting an installment loan.

For details of the tax treatment, contact your CPA.

This loan was funded on January first with payments due on the first of each month thereafter. The interest due on 08/01 was 887.76 (31 days at 8.5%)
That interest was not paid. Since that day, another 31 days has past and since the balance did not decrease on 08/01 like it should have, another 887.76 in interest has accrued. The interest due

Loan Session (LS-309)

Loan No: 11489 Cust No: 20069 Loan Name: Patterson, Mike

Find	Cust	Loan	Dates	Terms	Status	Misc 1	Misc 2	Hist	Trans	Comment	Print
Balance		122,972.24			Date Update		09/01/2005				
Interest Accrued		1,775.60			Scheduled Balance		122,165.81				
Interest Due		1,775.61			Payment Due For		08/01/2005				
Principal Due		809.49			Date Last Tran		08/03/2005				
Interest YTD		5,235.14			Current Interest Rate		8.5000				
Interest paid		5,235.14			Servicing Officer						
Interest Deferred					Unapplied Credits		0.00				
Late Charge Due		61.55			Penalty Due, Unpaid						
Late Charges Paid		123.10			Penalty Paid						
Late Charges YTD		123.10			Penalty Paid YTD						
Escrow Due, Unpaid		0.00			Partial Payment Due		123.10				
Escrow Balance		0.00			Days Past Due		31				

Status Report

Print Stmt	Enable Edits	Post Payment	Post Trans	Loan Search	Payoff Screen
Collateral	New Customer	Reverse Pmt	Reverse Tran	Unlock	Quit

view_11489_2_status.png

Today is September first. A payment has matured and is due today but has not yet been paid. Notice the field called "Payment Due For" - 08/01. This means that the August payment has not been paid either.

The actual interest accrued is 1775.6083. You can verify that by viewing the "Statue Report" (Lesson 2). Since you can't bill fractions of a cent, the Interest Due is rounded to 1775.61.

Mike has paid two late charges totaling 123.10. Since late charges are not counted as part of the payment paid, the screen shows a partial payment due of 123.10.

Since the loan is 30 or more days past due, the background of the Days Past Due field is highlighted to catch your attention.

Loan Session (LS-309)

Loan No: 11489 Cust No: 20069 Loan Name: Patterson, Mike

Find	Cust	Loan	Dates	Terms	Status	Misc 1	Misc 2	Hist	Trans	Comment	Print
Purchase Discount									Sale Price	175000.00	
Unearned Purchase Discount									Down Payment	50000.00	
Discount Net Remaining Value									Original Face Amount	125000.00	
Discount Yield to Maturity									Cost Basis	120000.00	
Discount YTD									Deferred Gain	38,648.40	
Discount Book Value							122972.24		Percent Gain	31.4286	
Price Paid (%)									Totalgain	55000.00	
Send Form 1098?						N			Partial Pmt Calculation		
									User Field 1		
									User Field 2		

Print Stmt	Enable Edits	Post Payment	Post Trans	Loan Search	Payoff Screen
Collateral	New Customer	Reverse Pmt	Reverse Tran	Unlock	Quit

view_11489_3_misc2.png

This loan was created as part of a sale of real estate to Mike. He paid 175,000 for the property and made a down payment of 50,000 leaving a not amount of 50,000.

The lenders cost basis in the property was 120,000. That means there was a profit of 55,000.00. The gain was $55,000/175,000 = 31.4286\%$ of the sale price. This means that 31.4286% of the principal payments is taxable income. The deferred taxable income is 31.4286% of the remaining balance or 39,285.75. The screen shows 38,648.40. This is the remaining deferred gain and it declines (amortizes) every month. Note that unlike most amortizations, this one will not necessarily be neat and smoothly declining because it occurs only on payment dates and is calculated only on the actual amount of the principal payment. Since this loan has had irregular payments the amortization amounts (Tran Code 1131) will be irregular.

Loan Session (LS-309)

Loan No: 11489 Cust No: 20069 Loan Name: Patterson, Mike

Find	Cust	Loan	Dates	Terms	Status	Misc 1	Misc 2	Hist	Trans	Comment	Print
Servicing Officer									Past Due 10 Days		3
Principal Due		809.49							Past Due 30 Days		1
Interest Due		1,775.61							Past Due 60 Days		
Capital Expenses									Past Due 90 Days		
Collection Expenses									Past Due 120 Days		
Legal Expense									Late Charge At Day	10.00	
Scheduled Bal		122,165.81							Late Charge Due	61.55	
Pmt Due For		08/01/2005							Late Charge Paid	123.10	
Date Default		08/02/2005							Late Charge YTD	123.10	
Date Statute Expires		11							Late Chg No Assd		3
No Pmts Matured		8							Collection priority		1
No Pmts Paid		5.90							Delinquent Rate Index		

Print Stmt	Enable Edits	Post Payment	Post Trans	Loan Search	Payoff Screen
Collateral	New Customer	Reverse Pmt.	Reverse Tran.	Unlock	Quit

view_11489_4_hist.png

The history tab is where the performance history is gathered.

Mike has been ten days past due three times. He has been 30 days past due once. The scheduled balance is 122,165.81, The actual balance however is 122,972.24. This means that Mike is 122,974.24 minus 122,165.81 behind the amortization schedule. That includes principal only, no interest or late charges.

The number of payments that have matured is 8 but only 5.9 payments have been made. Actually he has made 6 payments but we deducted a 5% late charge from each one of them. That means 0.10 payment was not applied to the loan so the et number of payments actually applied to the loan is 5.9.

TranDate	TCode	Tran Amt	Comment	PostDate
01/01/2005	11	125,000.00	Initial setup balance.	09/21/2005 01:28:37 PM
01/01/2005	1131	15,714.30	Initial gain realized	09/21/2005 01:28:37 PM
02/01/2005	1131	103.27		09/21/2005 01:31:03 PM
02/01/2005	1	328.60		09/21/2005 01:31:03 PM
02/01/2005	21	902.40		09/21/2005 01:31:03 PM
03/02/2005	1131	131.40		09/21/2005 01:32:09 PM
03/02/2005	1	418.08		09/21/2005 01:32:09 PM
03/02/2005	21	812.92		09/21/2005 01:32:09 PM
04/11/2005	51	61.55	System Assessed LC	09/21/2005 01:33:30 PM
04/13/2005	1131	85.59		09/21/2005 01:34:38 PM
04/13/2005	1	272.34		09/21/2005 01:34:38 PM

view_11489_5_trans.png

This is similar to the transaction tabs you have seen before but it includes tran code 1131 for the deferred gain realized. The thing to notice here is that unlike most accruals which occur on the payment due dates, This entry occurs post the actual payment dates. If a payment is missed, this accrual does not happen at all.

Collateral Button

Important Message.

This loan has no collateral record.
Do you want to create one?

view_11489_6_collateral.png

Click on the “Collateral” Button. Notice the message. This loan has no collateral record. Do you want to create one. Answer NO.

Since this is a real estate loan, it should have a collateral record. We will create one later in lesson 27.

