

Lesson 26 Create Loans with the Calculator

Prerequisites

Lesson 1

Lesson 6 or 7

The primary purpose of the loan calculator is to allow you to do some fairly complex loan calculations easily.

It has a secondary purpose - You can add a loan you have calculated directly into the database. There are several limitations on this ability and it does not enter as much setup data as you can enter manually. You can however go back to the View/Edit/Post dialog and fill in the additional information.

As you go through this lesson you will think of perhaps a dozen questions it does not answer. The purpose of this lesson is to teach you how to create a new loan directly from the calculator. It is not the intention of this lesson to teach you all the possibilities of how to actually use the calculator.

From the Utilities Menu, Select Loan Calculator.

Field	Value
Principal Advanced	0.00
Prior Balance Renewed	0.00
Quoted Interest Rate (%)	0.0000
Disclosed Rate (APR)	0.0000
Date of Note Contract	09/01/2005
Date First Payment	10/01/2005
Date Maturity	//
Number of Payments	0
No. Payments per Year	▼
Balloon at Payment No.	0
Balloon Amount Requested	0.00
Balloon Amount Required	0.00
Report Comment	
Loan Number	
Customer Number	
Official Fees Financed	0.00
Origination Fee (Points)	0.00
Total Amount Financed	0.00
Total Finance Charge	0.00
Total of Payments	0.00
Regular Payment Amount	0.00
Odd Days to First Payment	0
Odd Days Interest	0.00
Net Amount Financed	0.00

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The calculator screen is rather busy. It asks for fundamental data about a loan and displays a lot of

detail back.

As with the other LoanMaster dialogs, the white fields are required, the yellow fields are optional and they grey fields are display only.

You will be calculating a loan for Customer Number 20215, Gary Audet. This is a real estate loan for the purchase of a lot and we will be charging two points.

Field	Value
Principal Advanced	70,000.00
Prior Balance Renewed	0.00
Quoted Interest Rate (%)	6.7600
Disclosed Rate (APR)	7.6093
Date of Note Contract	09/01/2005
Date First Payment	10/01/2005
Date Maturity	09/01/2010
Number of Payments	60
No. Payments per Year	12
Balloon at Payment No.	0
Balloon Amount Requested	0.00
Balloon Amount Required	0.00
Report Comment	Audet, Garry Garry Audet North Port National Bank 8200 OFFENHAUSER DR #136-D RENO, NV 89511
Loan Number	11495
Customer Number	20215
Official Fees Financed	0.00
Origination Fee (Points)	1,400.00
Total Amount Financed	70,000.00
Total Finance Charge	14,090.20
Total of Payments	82,690.20
Regular Payment Amount	1,378.17
Odd Days to First Payment	0
Odd Days Interest	0.00
Net Amount Financed	68,600.00

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At this point, you will NOT see the customer name and address data. It will come later.

Enter the Principal Advanced \$70,000.00

Tab twice

Enter the rate 6.76

Tab to the Note Date.

This date will default to the system date. You can change it if you need to.

Tab - Date First Payment.

This date will default to one month after the default date of the note. Again, you may change it.

Tab to Number of Payments - Enter 60

tab to No Pmts per Year Select 12

Tab to or click on Official Fees Financed and enter 1,400.00

Click on the Calculate button

Note the results

Modify anything you like and re-click the Calculate button. Notice how the results change. This is an excellent tool for the negotiation stage where you and the borrower are attempting to arrive at suitable initial terms to produce a payment the borrower can live with.

Click on the Loan Number field and enter 11495

Click on the Customer Number field and enter 20215

Note that when you enter the customer number, that the customer name and address information is retrieved and displayed. In the text box at the bottom of the calculator.

Next print the Report button. The following report will be printed.

Loan Calculator Details Report
Bottom Line Software, Inc.

09/27/2005

Principal Advanced	70,000.00	Official Fees Financed	0.00
Prior Balance Renewed	0.00	Origination Fees (Points)	1400.00
Quoted Interest Rate	6.7600	Credit Life Insurance	0.00
Disclosure Rate (APR)	7.6093	Accident and Health Insurance	0.00
Date of Note	09/01/2005	Total Amount Financed	70,000.00
Date of First Payment	10/01/2005	Total Finance Charge	14,090.20
Date Final Maturity	09/01/2010	Total of Payments	82,690.20
Number of Payments	60	Regular Payment Amount	1,378.17
No. Pmts Per Year	12	Odd Days to First Payment	0
Balloon At Pmt No	0	Odd Days Interest	0.00
Balloon Pmt Requested	0.00	Net Amount Financed	68,600.00
Balloon Amount Required	0.00		
Loan Number	11495	Customer Number	20215

Audet, Garry
Garry Audet
North Port National Bank
8200 OFFENHAUSER DR #136-D
RENO, NV 89511

Principal Advanced 70000.00

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You can modify or add to the text in the comment field before printing the report if you like. There is however a practical limit of two lines of text. If you enter more than that it will overprint the Principal advanced line at the bottom of the report.

Now click on the Save Loan button. The loan will be saved and added to the database as a new loan.

Return to the Loan Menu, Select the View/Edit/Post dialog and look up your new loan. Loan number 11495.

Loan Tab:

The screenshot shows a software window titled "Loan Session (LS-309)". At the top, it displays "Loan No: 11495", "Cust No: 20215", and "Loan Name: Audet, Garry". Below this is a menu bar with options: Find, Cust, Loan (selected), Dates, Terms, Status, Misc 1, Misc 2, Hist, Trans, Comment, and Print. The main area contains two columns of data entry fields. The left column includes: CustomerNo (20215), Loan Number (11495), Portfolio (A), LoanName (Audet, Garry), Comment1, Comment2, Alpha1, Alpha2, and Collateral. The right column includes: Original Face Amount (70,000.00), Balance (70,000.00), Date Note (09/01/2005), Officer (dropdown menu), System Status (20), Lender Status (0), Date Last Statement (//), and Last Statement Balance. At the bottom, there is a grid of buttons: Print Stmt, Enable Edits, Post Payment, Post Trans, Loan Search, Payoff Screen, Collateral, New Customer, Reverse Prnt, Reverse Tran, Unlock, and Quit.

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Misc 1 Tab

Loan Session (LS-309)

Loan No: 11495 Cust No: 20215 Loan Name: Audet, Garry

Find	Cust	Loan	Dates	Terms	Status	Misc 1	Misc 2	Hist	Trans	Comment	Print
Origination Fee		1400.00				Mail Code		A			
FSB Yield to Maturity		7.609328				Payment Allocation Option		0			
Org Fees Unamortized		1400.00				Loan Grade		B			
Org Fees Earned YTD						Guaranteed By					
FSB Capitalized Costs						Late Charge at Day		10			
FSB Net Remaining Value		68600.00				Profit Share Pct Int		0.0000			
Org Fee Amortization Method		91				Profit Share Pct Prn		0.0000			
Rate Adjusts		//				Profit Share Pct LC		0.0000			
Disclosed APR		7.6093				Cost Recovery Percent					
Maximum Late Charge		0.00				Remaining Cost					
Minium Late Charge		5.00									

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

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FSB Yield to Maturity

This is the yield to maturity as specified by the FSB regulation that requires amortizing origination fees over the life of the loan. You can calculate this and enter it manually If you do not use the calculator to add the loan but it is much easier to use the calculator.

Org Fees Unamortized.

Since the loan is brand new. No fees have been earned and the entire 1,400.00 is still unamortized.

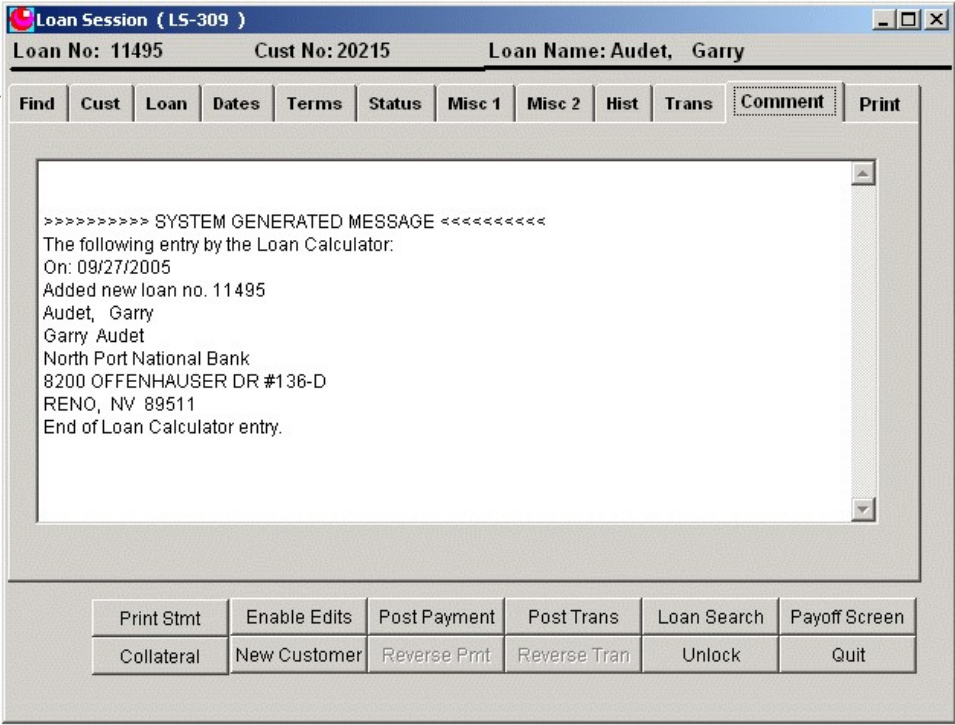
FSB Net Remaining Value.

This is the present value of the remaining payment stream. If you are familiar with financial calculators and the PV key on those calculators, this will make some sense. If you are not, don't worry about it. Right now it is simply the face amount less the 1,400.00. Once the loan begins to amortize this number will never again be computable without a TVM business calculator.

Disclosed APR.

This is the Reg Z disclosure statement APR. It will usually but not always be the same as the FSB yield to maturity. It is not the same calculation. This calculation takes into account odd days to first payment and computes a different way.

Comments Tab



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The calculator will add it's own comment along with any comment you add, to the customer comment field.

Transactions Tab

Loan Session (LS-309)

Loan No: 11495 Cust No: 20215 Loan Name: Audet, Garry

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

TranDate	TCode	Tran Amt	Comment	PostDate
09/01/2005	11	70,000.00	Calculator Setup	09/27/2005 07:38:45 PM

Print Stmt Enable Edits Post Payment Post Trans Loan Search Payoff Screen

Collateral New Customer Reverse Pmt Reverse Tran Unlock Quit

create_11495_8.png

The calculator will also add the setup transaction to the transaction file along with a comment that the loan was setup by the calculator.