

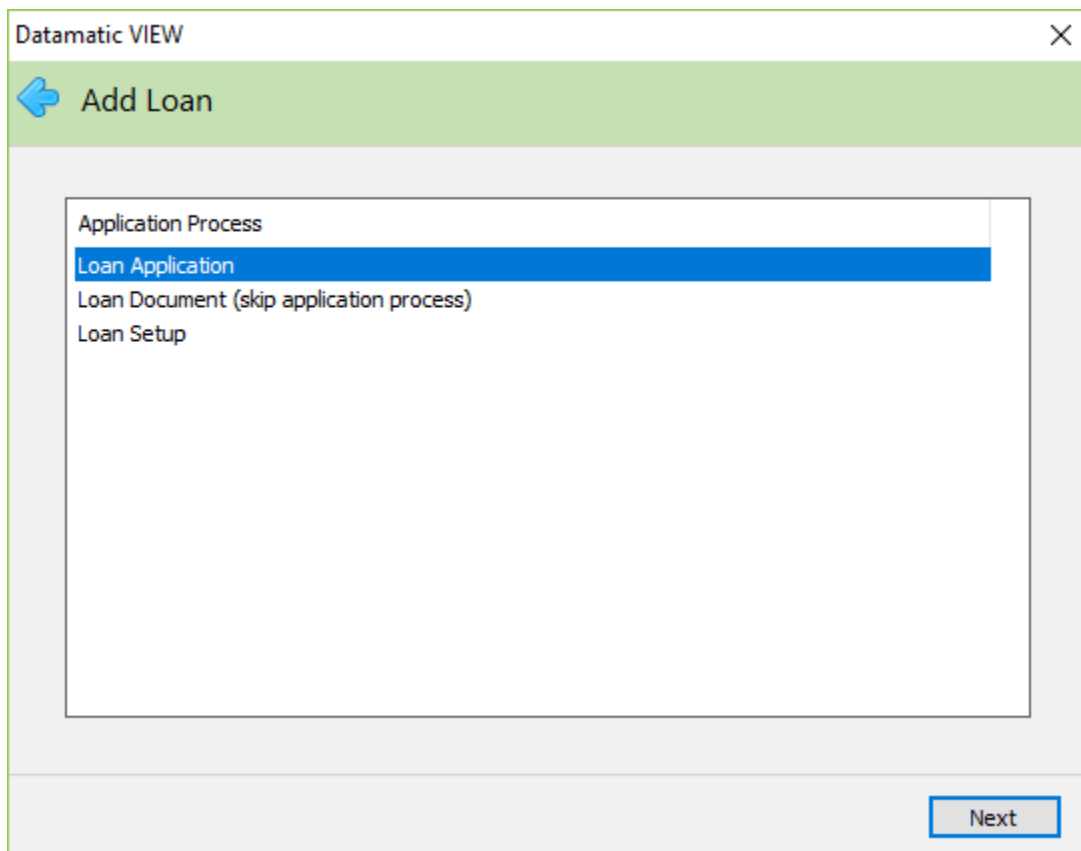
Add Loan - Loan Setup (non-loan document users)

Credit unions that use the Optional Loan Paper software will also use this wizard (Add Loan Wizard) to enter information for a loan. The windows in the wizard are different for credit unions that do not use the Optional Loan Paper software.

****Note:** Prior to selecting the Add Loan Wizard, select Loan Calculator to calculate either the loan payment amount or the number of payments. (See the Loan Calculator chapter in this manual for more information on using Loan Calculator.)

Select [\[Main Ribbon or Member Ribbon > Lending > Add Loan\]](#).

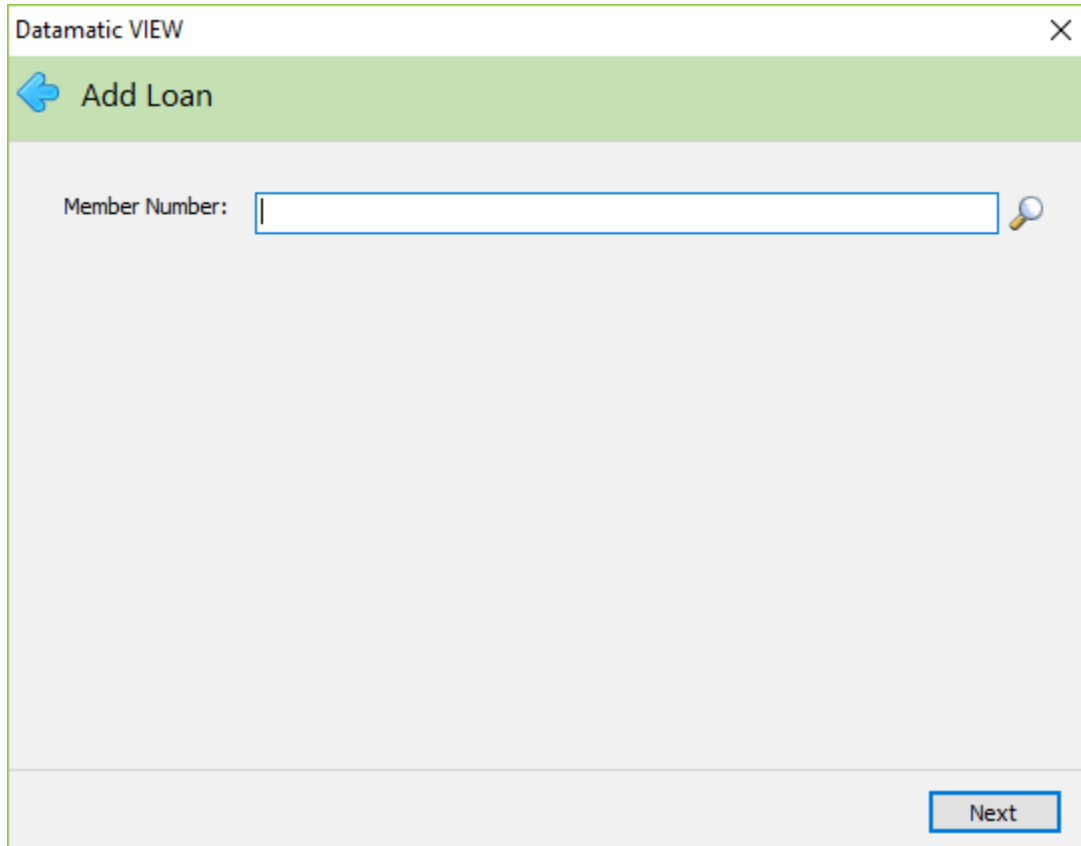
The Add Loan Wizard is used to set up a loan (new, refinanced or add-on). The loan documents are either manually completed or another program used. The system displays.



Select Loan Setup.

Continue to the next window.

The system displays.



The screenshot shows a software window titled "Datamatic VIEW" with a close button (X) in the top right corner. Below the title bar is a green header area containing a blue back arrow icon and the text "Add Loan". The main content area is light gray and contains the label "Member Number:" followed by a text input field. A magnifying glass icon is positioned to the right of the input field. At the bottom right of the window, there is a button labeled "Next".

Enter the account number for the member applying for the loan. If the member number is not known, click on the magnifying glass to search for the member number.

If the member is displayed, this window will not be displayed.

Continue to the next window.

The system displays.

Datamatic VIEW

← Add Loan

Type

- New
- Refinance
- Add-On

Next

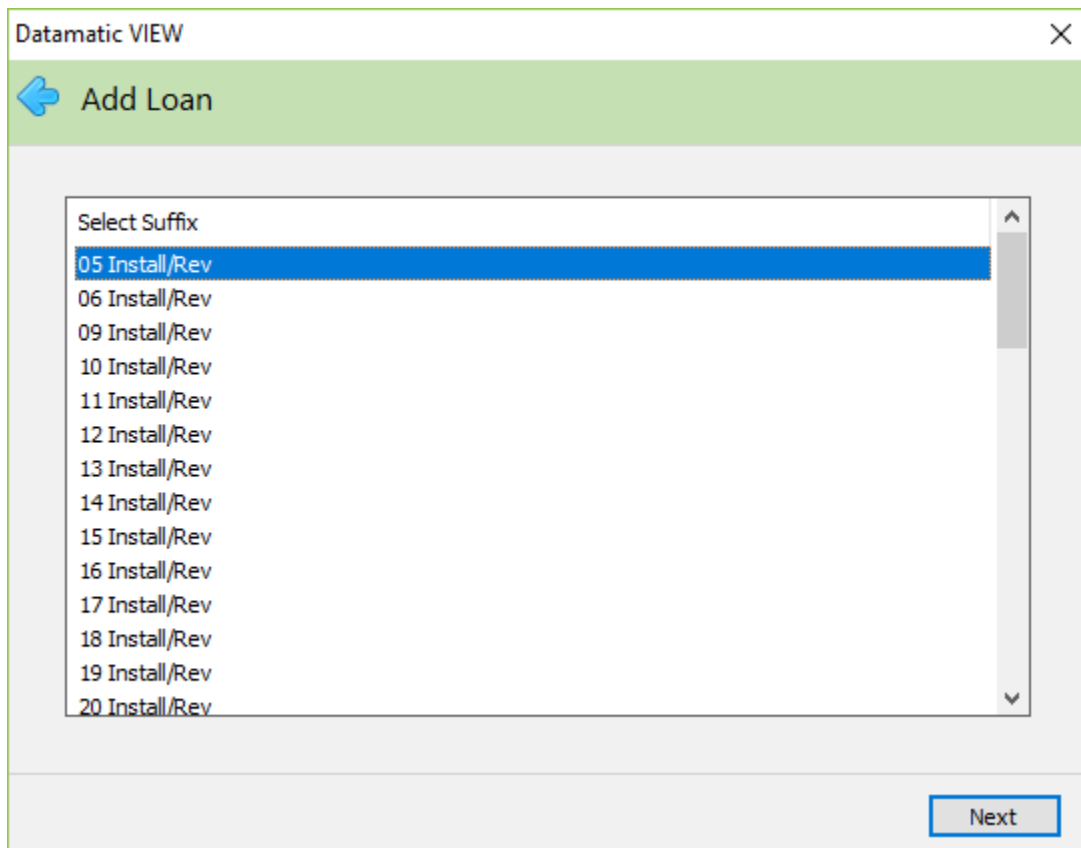
Select the type of loan to be processed.

- **New Loan** – For new loans which the loan suffix does not exist on the system.
- **Refinance Loan** – To change the terms for an existing loan suffix on the system. New money may or may not be added to the loan balance. The Payoff Interest will be added to the balance of the refinanced loan.
- **Add-On Loan** – For Line of Credit loans to add to the balance of an existing loan suffix.

****Note:** To process a Loan Extension, file maintain the appropriate fields on the Loan Suffix Inquiry for the loan being extended.

Continue to the next window.

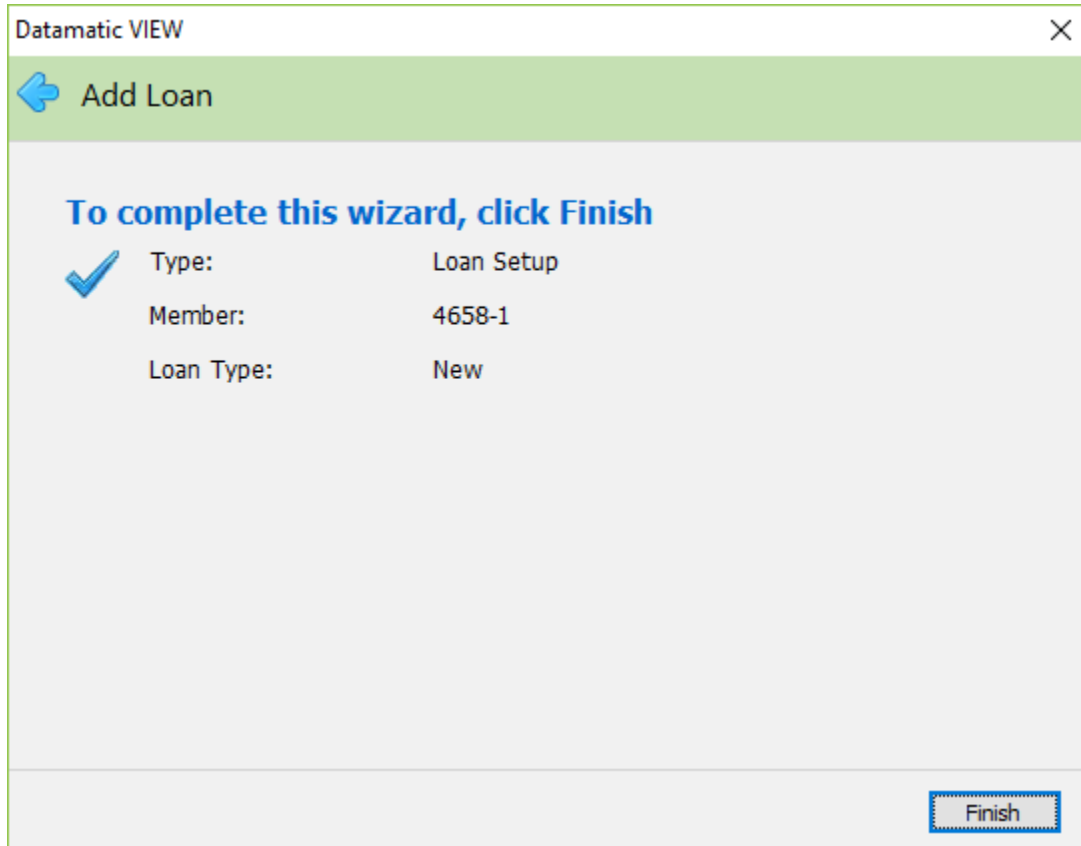
The system displays.



A list of the available loan suffixes is displayed. Select a loan suffix to be used for the loan.

- Loan Account – suffixes 05-39 (Installment Loans or Revolving Credit Loans)
- Overdraft Line of Credit Loan – suffix 75
- Line of Credit Loan – suffixes 76-79
- Real Estate Loan – suffixes 60-69
- Visa (optional software) – suffixes 40-44

The system displays a window to preview the information entered in the wizard.



Select the back arrow in the upper left corner of the window to return to any of the previous windows and make changes.

Select Finish completing the first step in processing the loan.

The system displays.

General tab

The screenshot shows a window titled "Datamatic VIEW" with a close button (X) in the top right corner. Below the title bar is a green header area with the text "Loan Setup (4658-1-09) - New". Underneath the header is a tabbed interface with three tabs: "General", "Payment", and "Security". The "General" tab is selected and contains the following fields:

Original Amount:	<input type="text"/>	New Money:	<input type="text"/>
Interest Rate:	<input type="text"/>	Line of Credit:	<input type="text"/>
Loan Officer:	<input type="text" value="104"/>	Interviewer:	<input type="text" value="104"/>
Purpose:	<input type="text" value="(none)"/> ▼	MLA Status:	<input type="text"/> ▼
Loan Class:	<input type="text"/> ▼	Loan Status:	<input type="text"/> ▼
Credit Score:	<input type="text"/>	Credit Grade:	<input type="text"/>
Variable Rate:	<input type="text" value="(none)"/> ▼		
Late Charge Type:	<input type="text" value="Type 3 Pct of Int Due"/> ▼	Ownership:	<input type="text" value="Individual"/> ▼
Business Type:	<input type="text" value="(none)"/> ▼		
Mortgage Type:	<input type="text" value="(none)"/> ▼		

At the bottom right of the form is a blue "Build" button.

Go through each tab and enter or change the information required for the loan. A down arrow to the right of the option indicates the pre-defined options that can be selected for that field.

Description of fields:

Original Amount – Enter the original amount of the new loan. (This is the amount being given to the member.)

New Money – Enter the amount of new money. For Closed End loans, this is the same as the Original Amount on a new loan. For Open End loans, it could be zero or an amount.

Interest Rate – Enter the interest rate for the new loan.

Line of Credit – For Line of Credit loans, enter the approved LOC amount which the member can access at a later date.

Loan Officer – Enter a number to indicate the Loan Officer that approved the loan. This numeric code is defined by the credit union. It is usually the Loan Officer’s employee number.

When a new loan is built, the system will carry forward the number in the Loan Officer field to **both** the Loan Officer and the Loan Officer - Original fields on the Loan Suffix Inquiry. The Loan Officer field can be file maintained, if the Loan Officer changes during the term of the loan. The Loan Officer - Original number will remain on the loan for tracking purposes.

Interviewer – Enter the number to indicate the Interviewer assigned to the loan. This code is defined by the credit union. It is usually the Loan Interviewer’s employee number.

Purpose – Select the purpose from the drop down list that best defines what the member will do with the proceeds of the loan. Required field.

MLA Status (Military Lending Act): This indicates whether or not the applicant is an active duty military member or a dependent of an active duty military member. After the loan suffix is built, the MLA field information will be displayed in the Loan Suffix Inquiry.

It is the credit union’s responsibility to validate who is a covered borrower. This could be an active duty military member or a dependent of an active duty military member. This can be accomplished by either going to the Department of Defense’s online Military Lending Act database or using a consumer report on the applicant obtained from a nationwide consumer reporting agency or reseller. The credit union will need record of the information that is obtained.

No = Member is not on active duty as of the search date and is not a dependent of a service member on active duty as of the search date. (default)

Yes = Member is on active duty as of the search date or is a dependent of a service member on active duty as of the search date.

Loan Class – Select the loan class from the drop down list that best describes the class of the loan.

Loan Status – Select the status from the drop down list that describes the status of the loan.

Credit Score – If applicable, enter the credit score for the member at the time of the loan.

Credit Grade – If applicable, enter the credit grade for the member at the time of the loan.

Variable Rate – For Variable Rate loans, select the Variable Rate Type. Blank indicates that this is not a variable rate loan. A list of the variable rate options set up by the credit union will display in the drop down list.

Late Charge Type – Select the late fee option from the drop down list, if a late fee is to be assessed for payments made to past due loans. Select Exempt, if there are no late fees charged for a specific loan. (The default Late Charge Type is set by the credit union under [\[Main Ribbon > System Settings > Late Fee Setup\]](#).)

Ownership – Select the type from the drop down list that describes the ownership of the loan.

Business Type – Select the appropriate business type for the loan from the drop down list, if applicable. This information will be used for the NCUA Call Report.

Mortgage Type – Select the appropriate mortgage type from the drop down list, if applicable. This information might be used for the NCUA Call Report depending on how the credit union identifies these loans.

Payment tab

Datamatic VIEW

Loan Setup (4658-1-09) - New

General **Payment** Security

Payment Frequency: [dropdown] First Payment: [calendar icon]

Payment Amount: [text box] Number of Payments: [text box]

Payment Type: [dropdown]

Variable Payment: (none) [dropdown]

Transfer From: (none) [dropdown]

Transfer Amount: [text box]

Skip Payment Start: Not Active [dropdown] Skip Pmt Count: [text box]

Balloon Date: [calendar icon]

Allow to Pay Ahead

Build

Description of fields:

Payment Frequency – Select the payment frequency for the loan from the drop down list. This field indicates the contractual frequency in which payments must be made on the loan. This field is used in the Delinquency Calculation.

- **Weekly:** Payments are required in seven day increments after the First Payment Date. **Example:** If the First Payment Date is a Thursday, then a payment is required every Thursday.
- **Bi-Weekly:** Payments are required in fourteen day increments after the First Payment Date. **Example:** If the First Payment Date is a Wednesday, then a payment is required every other Wednesday.
- **Monthly:** Payments are required once each month after the First Payment Date. The day of the month specified in the First Payment Date is the day of the month the payment must be paid by every month. If the day specified in the First Payment Date field is the last day of the month, and if the month has less than the number of days indicated in the day portion of the First Payment Date, then a payment is required on the last day of every month. **Example:** If the first payment is due on the 31st, months with less days will have a payment due date on the last day of the month. If the first payment is due on the 30th, February's payment would be due on the 28th then 3-30-XX for March, etc. The first day of delinquency would be the first of the month, if a payment was not made.

- **Semi-Monthly:** Payments are required twice each month after the First Payment Date. The day of the month specified in the First Payment Date field determines the days of the month that payments are required.

If the day of the month specified in the First Payment Date field is 1 through 15, then payments will be required on this date and 15 days later. **Example:** If the First Payment Date is 3/10/02, then payments will be required the 10th and 25th of each month; 3/25/02, 4/10/02, 4/25/02, etc.

If the day of the month specified in the First Payment Date field is 16 through 31, payments will be required on the day of the month and 15 days less than the First Payment Day. **Example:** If the First Payment Date is 3/20/02, then a payment will be required the 5th and the 20th of each month; 4/5/02, 4/20/02, 5/5/02, etc.

If the day of the month specified in the First Payment Date field is the last day of the month, the payments are required on the 15th and the last day of each month. **Example:** If the First Payment Date is 2/28/02, the next payments will be due on 3/15/02, 3/31/02, 4/15/02, 4/30/02, etc.

- **Quarterly:** Payments are required in three month increments after the First Payment Date. **Example:** If the First Payment Date is 2/10/02, the next payments will be due 5/10/02, 8/10/02, 11/10/02, etc.
- **Semi-Annually:** Payments are required in six month increments after the First Payment Date. **Example:** If the First Payment Date is 4/20/02, then the next payments will be due 10/20/02, 4/20/03, 10/20/03, etc.
- **Annually:** Payments are required in twelve month increments after the First Payment Date. **Example:** If the First Payment Date is 2/10/02, the next payment will be due 2/10/03, 2/10/04, 2/10/05, etc.
- **One Payment:** The entire loan is required to be paid off on the date specified in the First Payment Date field.

First Payment – Enter the first payment date for the new loan. This indicates the date on which the first payment is scheduled to be made on the loan. This field is used in the Delinquency Calculation.

Payment Amount – Enter the payment amount as agreed to under the loan contract for the new loan. This information is obtained by using the Loan Calculator window.

Number of Payments – Enter the number of payments to pay off the loan, as agreed to under the loan contract. Example: Enter 48 to indicate that 48 payments are required to pay the complete amount of the new loan.

Payment Type – Select the method by which the payment is to be applied on the loan from the drop down list. If the credit union has any Indexed Variable Payments setup on the system, the descriptions entered on the window will display as options under Payment Type. The default for this field is Principal and Interest, however, the payment type can be changed, as needed. The options are:

- **Principal and Interest** – This is a normal simple interest method loan that uses 365 days for calculating the interest. All loan payments applied will automatically apply the payment in the following order:
 - Pay Loan Late Fee (if applicable)
 - Pay Outstanding Interest
 - Apply the rest of the payment to principal
- **360 Day Interest** – Payment reflects interest being calculated 360 days a year. The monthly interest is calculated by the system, and placed in the Payoff Interest field, if the current processing date is equal to the current payment month. In other words, the interest will be calculated and displayed in the Payoff Interest field when the loan suffix inquiry is displayed on or after the 1st. (The calculation used by the system is **Balance * Rate * Number of Months / 12.**) Number of months is, if delinquent, the number of payments to bring loan current.

****Note:** Interest is not calculated by the system from the open date through the end of the month or to the date ONE MONTH before the first payment date. This interest must be manually calculated and paid at closing. (****This can be calculated using **Balance * Rate * Number of Days / 360.**) Also, no payoff interest is calculated by the system for these loans after the maturity date. (See **** above for calculation.) For more information, see the Mortgage Processing chapter in the Lending manual.
- **360 Day Daily Interest** – Payment reflects interest being calculated based on the credit union date 360 days a year. (**Balance * Rate / 360 * Days in Payment Period**)

Even if an Indexed Variable Payment - Payment Type is selected in Loan Setup, the Payment Type field on the Loan Suffix Inquiry will display Principal and Interest. The system looks at the Variable Payment Index field to determine when the Payment Amount is changed.

Variable Payment – If applicable, select the appropriate Variable Payment from the drop down list. The Variable Payment types displayed here are setup under [[Main Ribbon > System Settings > Variable Payments](#)].

The legacy variable payment options are included in the drop down list for Variable Payments.

- **Legacy Variable Payment** – Each time a transaction is posted to the loan, the system will automatically recalculate the payment amount. It will multiply the new balance of the loan by the rate defined under [[Main Ribbon > System Settings > Variable Payment Setup \(Legacy\)](#)].
- **Legacy Alternate Variable Payment** – Each time a transaction is posted to the loan, the system will automatically recalculate the payment amount. It will multiply the new balance of the loan by the rate defined under [[Main Ribbon > System Settings > Variable Payment Setup \(Legacy\)](#)].

Transfer From – Select the suffix from the drop down list to indicate the suffix from which the funds will be transferred. This must be a share suffix from within the member number.

Transfer Amount – Enter a Transfer Amount, if the member would like the funds transferred from a share suffix and applied to the loan payment automatically. The transfer amount can be more than the regular payment amount of the loan. To utilize this option, the share suffix must be within the same

member number. The transfer from field is used to indicate the suffix from which the funds will be transferred.

Skip Payment Start – If applicable, select the month from the drop down list that the skip payment feature starts on the loan each year. This option was designed for use by Educational Credit Unions who generally have a membership who are not employed during the summer months. This option must be utilized at the time the loan is issued.

Example: 5-year loan issued on February 20, 2002. The first monthly payment is due on March 20, 2002. The Skip Payment Start Month is July and the Skip Payment Count is 2. After the June payment is made, the Next Payment Due Date will be September 20th. This will happen each year after the June payment is made, until the loan is paid off. Interest will continue to accrue during the skip payment period.

This affects the way the delinquency is calculated by the system for the term of the loan. When the delinquency calculation adds up the number of payments that should have been paid to date, it makes allowance for the skipped months. It also affects the payment calculation. If the loan is for 48 months with two skip payment months each year, the payment amount will obviously be increased to cover the months that no payments are made.

The loan will need to be re-financed to add the skip payment option after the loan has already been setup to be re-calculated with the correct terms and new documents printed and signed.

The Skip Payment option works differently than the Deferred Payment option through file maintenance, although the end result is similar. These two options are not interchangeable.

Skip Pmt Count – If applicable, enter the number of payments to skip after the Skip Payment Start month. The options for this field are numbers 1-9. This option must be utilized at the time the loan is issued.

Balloon Date – Enter the balloon date to indicate when a balloon loan is due, if applicable. The End of Month Balloon Loan report will list Balloon Loans in 90, 60 and 30-day increments before the Balloon Date. Balloon Loans must have the Loan Status option for Balloon Loan.

Allow to Pay Ahead box – Select this box to allow the loan to be paid ahead. If a payment is required each month (billing cycle), do not select this box. Selecting the box will put a checkmark in the box. This is usually required with variable payment loans.

Security tab
Description of fields:

Security – Select the Security that best defines the collateral of the loan from the drop down list.

Description – Enter a Description that defines the security, if desired.

Pledge Type – If applicable, select the Pledge Type from the drop down list. The Pledge Type will define how a pledge will automatically reduce against the 00 share suffix. Also, the Pledge Amount must be in the Shares Pledged field on the loan for the pledge hold to take effect.

Decline with Balance - The Shares Pledged amount on the loan will not decline until the balance of the loan equals the Shares Pledged amount. The Shares Pledged amount will then decline as each principal payment is made.

Example: If shares pledged equals 1000 and the current balance of the loan is \$2,500.00, the Shares Pledged will not decrease until the current balance of the loan equals \$1,000.00. At that time, the Shares Pledged will decrease as each principal payment is made.

Decline with Payment - The Shares Pledged amount on the loan will decline as each principal payment is made.

Example: If Shares Pledged equals 1000 and the current balance of the loan is \$2,500.00, the Shares Pledged will decrease as each principal payment is made. When the current balance of the loan reaches \$1,500.00, the Share Pledged amount will be zero.

5% of Outstanding Bal - During Month End processing, the pledged amount will be computed to be 5% of the outstanding balance. The outstanding balance will be rounded down to the nearest \$100.00.

Pledge Amount – Enter the amount that is to be pledged against the member’s 00 suffix. This amount will automatically be reduced according to the Pledge Type field when a loan payment is made. Enter the pledge amount as whole dollars only. The available balance in the 00 suffix will be reduced by the amount of the pledge.

When a suffix other than the 00 is used for a pledge or a different account number is used, these are placed using File Maintenance. Display a suffix inquiry for the suffix being used for the pledge. Either highlight Pledge Amount and press enter or double click on the field. Enter the pledge amount as whole dollars only. Tab to Save and press enter or click on Save. On the Member Summary window, the available balance in the share suffix will be reduced by the amount of the pledge and the pledge column for the share suffix will display the pledge amount. Add a Warning Message on the share suffix to indicate the loan for which the shares are pledged, if desired.

Pledges to other suffixes (even 01) or different account numbers will not automatically reduce the pledged amount when a loan payment is made.

Insurance Method – Select the Insurance Method (Credit Life or Disability) the member has elected, if applicable. The options for insurance or debt protection coverage that the credit union has setup can be selected from the drop down list.

After all of the information has been entered for the loan, the loan suffix is ready to be setup on the system. This is done by selecting the **Build** button.

Next the loan can be disbursed using the Back Office selection.