

Variable Rate Setup (Legacy)

The Variable Rate Setup (Legacy) establishes the interest rates for variable rate loans. The Legacy Variable Rate program is run during Monthend processing. The system looks at the Variable Rate Setup (Legacy) screen and checks against each loan by looking at the Variable Rate Type code found on the Loan Suffix Inquiry.

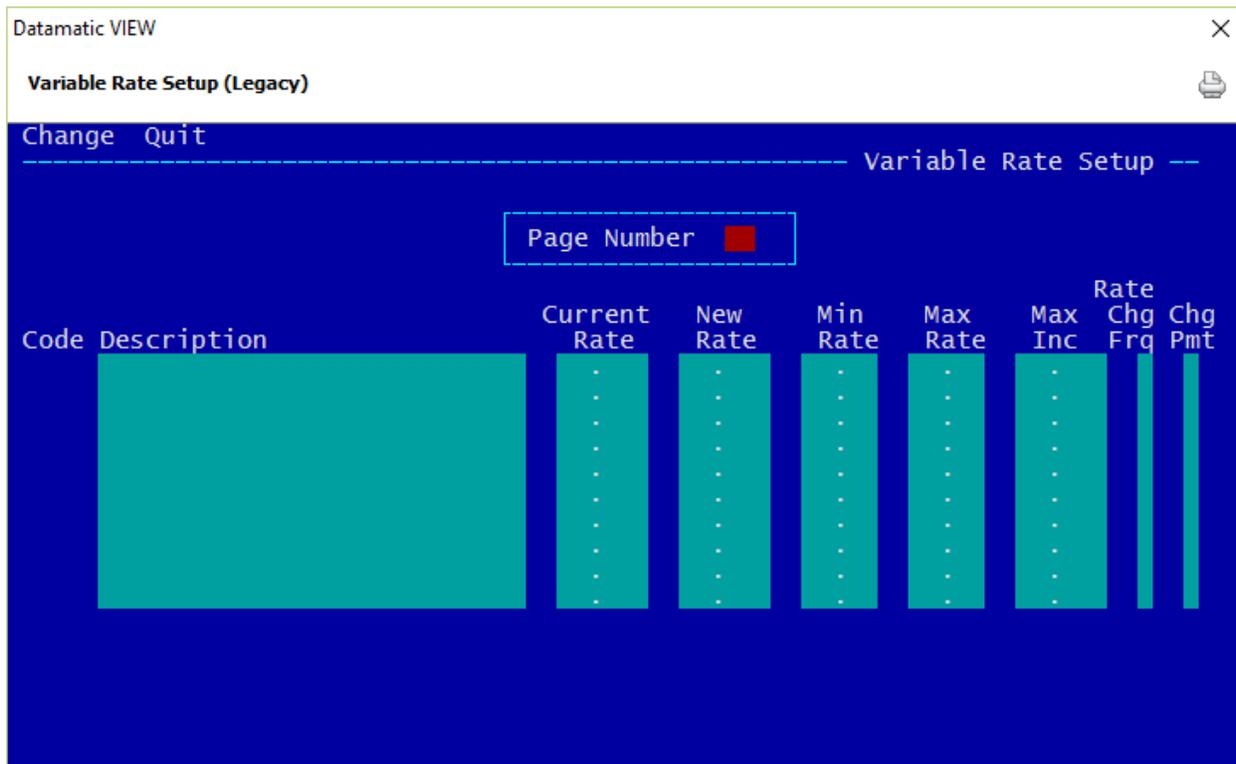


Figure 1

After making changes on this screen, press enter. Select “yes” to process the screen and press enter. Press Esc then select **Quit** to close the screen after making changes.

Page Number

Definition: Each page number contains places for ten (10) Variable Rate Codes. There are a total of twenty (20) pages for a total of 198 Codes.

Values:	1 = 1-10	8 = 71-80	15 = 141-150
	2 = 11-20	9 = 81-90	16 = 151-160
	3 = 21-30	10 = 91-100	17 = 161-170
	4 = 31-40	11 = 101-110	18 = 171-180
	5 = 41-50	12 = 111-120	19 = 181-190
	6 = 51-60	13 = 121-130	20 = 191-198
	7 = 61-70	14 = 131-140	

Example: Code number 47 would be on page number 5.

Code

Definition: The Variable Rate Code represents the specific type of variable rate loan. The descriptions will display in the Add Loan Wizard in the “Variable Rate” field on the General tab for a selection to be made. The Variable Rate Code may also be entered on the Loan Profile window so that the correct Variable Rate Code is automatically filled in for new loans.

Values: 1-198

Enter the corresponding Variable Rate Code in the Variable Rate field on any of these screens used by the credit union.

Description

Definition: The text, up to thirty (30) characters, describing the type of variable rate. The description will be used on the Variable Rate Loan Reports.

Values: Credit Union defined.

Example: Home Eq - Prime-1 Suffix 62

Current Rate

Definition: The current interest rate of the variable rate code selected.

Values: Credit Union defined.

Example: The value of 9.25 in the Current Rate field would indicate an interest rate of 9.25%.

****Note:** Do not enter a new rate in this field. Use the “New Rate” field. (See next page.)

New Rate

Definition: Enter a rate in this field to indicate a change in the current interest rate (effective only at the beginning of the month). The rates can only be changed once each month. The system resets the new rate during End of Month Processing. If the Interest Rate is scheduled to be changed during the Monthend processing, the system will calculate the amount of Interest Owing at the Current Rate and store this amount in the Interest Owing field. This will change the Current Rate field to the New Rate and the New Rate field will then be blank. ****Note:** If at the end of the month the New Rate is NOT different than the current rate, the rate will not change for the following month.

Most mistakes are made by putting the new interest rate in the Current Rate field. The Current Rate should be left as is and only the New Rate field should be filled in. The system will do the work and make the changes during Monthend processing.

Values: Credit Union defined.

Example: The value of 8.25 in the New Rate field would indicate a new interest rate of 8.25% in the Current Rate field during Monthend processing.

Min Rate

Definition: The Minimum Rate field indicates the minimum interest rate allowed over the life of the loan. The Variable Rate Exception Report notifies the credit union of loans that have a New Rate that is below the Minimum Rate. This allows the Credit Union to keep track of a loan's lowest possible interest rate described in the loans contract. **Caution:** The system will allow a rate to be entered that is lower than the minimum rate. It will change the rate on the loan and it will also list the loan on the Variable Rate Exception Report.

Values: Credit Union defined.

Max Rate

Definition: The Maximum Rate field indicates the maximum interest rate allowed over the life of the loan. The Variable Rate Exception Report notifies the credit union of loans that the New Rate exceeded the Maximum Increase. This allows the Credit Union to keep track of loan ceilings put on loan contracts. **Caution:** The system will allow a rate to be entered that is higher than the maximum rate but it will **not** change the interest rate beyond the allowable maximum and will list the loan on the Variable Rate Exception Report.

Values: Credit Union defined.

Max Inc

Definition: The Maximum Rate Increase field indicates the maximum rate increase allowed per year. This field is for information only. This allows the Credit Union to keep track of the maximum loan rate increase. ****Note:** The system does not use this field in determining the amount of an increase per year to be applied to the loans. **Caution:** The system will allow a rate to be entered that exceeds the maximum rate increase. This is a credit union information field only.

Values: Credit Union defined.

Rate Chg Frq

Definition: The Rate Change Frequency allows the Credit Union to select how often the change in interest rate will go into effect on member's variable rate loans.

Values: The following values effect IF and WHEN a member's interest rate is changed.

Blank	= Credit Union defined**	The interest rate will <u>not</u> change unless a new rate is entered <u>and</u> the current rate on the screen matches the current rate on the loan.
M	= Monthly	The interest rate will be changed on the last day of each month.
Q	= Quarterly	The interest rate will be changed on the last day of the quarter period. **Note: The quarters are based on the open date of the loan <u>not</u> on calendar quarters. The quarters are as follows: 1, 4, 7, 10 2, 5, 8, 11 3, 6, 9, 12
S	= Semi-annually	The interest rate will be changed on the last day of the month of the semi-annual period. **Note: The semi-annual period is based on the open date of the loan. The periods are as follows: 1 and 7 (January and July) 2 and 8 (February and August) 3 and 9 (March and September) 4 and 10 (April and October) 5 and 11 (May and November) 6 and 12 (June and December)
A	= Annually	The interest rate will be changed on the last day of the month of the annual period. The annual period is based on the open date of the loan. Only loans opened that month will be changed.
R	= New Rate Entered**	The interest rate will be changed <u>ONLY</u> when a new rate is entered in the New Rate field on the Variable Rate Setup screen. (Including open month)

The difference between **Blank and **R** is that blank will only change rates when a new rate is entered and the current rate on the screen matches the current rate on the loan. If the frequency is R, then all rates with that Variable Rate Code will be changed when a new rate is entered regardless whether the current rate matches or not.

Chg Pmt

Definition: The Change Payment field will recalculate the loan payment when the interest rate changes. The payment amount is recalculated using the remaining balance and the remaining number of payments. ****Note:** For this calculation to work properly, the number of payments must contain the total number of payments for this loan.

Values: Y = Yes
 N = No

Example: A member who has a loan for \$1000.00 at a 9% APR for 12 months would have a monthly payment of \$86.80. If the Change Payment field was set to Y and the APR changed to 9.75, the member's payments would be changed to \$87.09. The payment change would not occur until the month after the rate had been changed.

Printing Variable Rate Notices

It is possible to print these notices ahead of time before the rates actually change. This job looks at the New Rate field on the Legacy Variable Rate Setup screen. After filling in the new rate on this screen, the notices can be printed under [\[Main Ribbon > Operations > Notices > Print Variable Rate Legacy\]](#). This selection will create the notices and allow the credit union to print the notices all in one step. Regardless of when these notices are printed, the actual changing of the interest rates will not happen until monthend processing is completed.

After the notices have been printed satisfactorily, the notices can be removed. The notices cannot be printed again, after they have been removed from the system.