

Variable Rates

The Variable Rates selection allows the Variable Rate loans to be tied to a specific **Index** as opposed to a specific rate. This is used by credit unions using the indexed variable rate loan features. A maximum of 99 different variable rate codes can be setup.

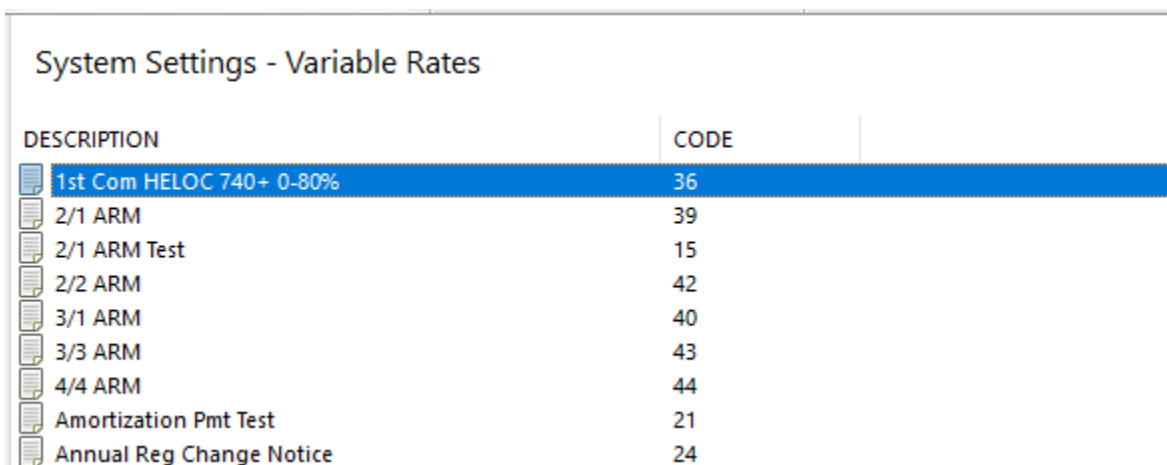
For credit unions doing risk based lending, the “**Risk Based Lending**” feature is activated under [\[Main Ribbon > System Settings > Credit Union Setup > Name and Address tab > Risk Based Lending\]](#). This allows the process to be automated with fewer Variable Rate windows needing to be setup. The risk based lending feature will be explained later in this document.

Rate Change Notices are generated at credit union defined intervals (Notice Days) ahead of the **Repricing Date**. The information needed to recalculate the interest rate and payment (if applicable) is calculated at that time, and is printed on the notice. This information is stored with the individual loan record so if the balance changes between the **Notice Date** and the **Repricing Date**, it does not cause the notice to conflict with the information placed on the loan.

The interest rates are changed based on the “Frequency + Frequency Offset” and “Change Date” options and not just at monthend. If the “Change Date” option is blank, the interest rate change takes place based on the First Payment Date - Original minus one month. Monthly change frequencies are based on either the First Payment Date - Original or the change date.

****IMPORTANT:** In order to use the Indexed Variable Rate option, the “Payment Frequency” on the loans must be Monthly. The First Payment Date must be at least **1 Month** beyond the Issue Date (Date Open) of the loan.

The actual Variable Loan Rate is computed by adding (or subtracting) the **Index Offset** to the specified rate in the **Index Rate Code** setup. As the index changes, the index rate can be changed in one place and each subsequent variable rate code option will adjust by its particular offset.



DESCRIPTION	CODE
1st Com HELOC 740+ 0-80%	36
2/1 ARM	39
2/1 ARM Test	15
2/2 ARM	42
3/1 ARM	40
3/3 ARM	43
4/4 ARM	44
Amortization Pmt Test	21
Annual Reg Change Notice	24

Figure 1

This window can be used to edit options on an existing indexed variable rate, to set up a new indexed variable rate or to remove an indexed variable rate from the system.

Add Variable Rate

To add a new variable rate, click on the Add icon on the ribbon.

Datamatic VIEW

Add Variable Rate

Description:

Frequency: Frequency Offset:

Grace Months: Notice Days:

Print Notice: Pre-Payment Disclosure:

Index:

Index Offset: Percent:

Change Date: Max. Change per Period:

Max. Change per Year: Max. Change per Lifetime:

Min. Lifetime Rate: Max. Lifetime Rate:

Allow Rate to be Overridden Save

Figure 2

Description

Definition: A description of the individual Rate Code. This should be as detailed as possible. Maximum spaces allowed are 25.

Value: Credit Union defined.

Frequency

Definition: Indicates how often the interest rate may change for the individual loans. The **“Frequency”** + **“Frequency Offset”** and **“Change Date”** fields work together to determine when the rate will be changed on the loans.

Values:	Monthly	The rates will be changed monthly based on the Change Date option. (also see Frequency Offset on next page.)
	Quarterly	The rates will be changed quarterly based on the Change Date option. (also see Frequency Offset on next page.)
	Semi-Annual	The rates will be changed semi-annually based on the Change Date option. (also see Frequency Offset on next page.)
	Annual	The rates will be changed annually based on the Change Date option. (also see Frequency Offset on next page.)
	Two Year	The rates will be changed every two years based on the Change Date option. (also see Frequency Offset on next page.)
	Three Year	The rates will be changed every three years based on the Change Date option. (also see Frequency Offset on next page.)
	Four Year	The rates will be changed every four years based on the Change Date option. (also see Frequency Offset on next page.)
	Five Year	The rates will be changed every five years based on the Change Date option. (also see Frequency Offset on next page.)
	Ten Year	The rates will be changed every ten years based on the Change Date option. (also see Frequency Offset on next page.)

The **“Frequency”** starting point is based on the First Payment Date - Original of the loan minus one month or the number entered in the **“Change Date”** and the **“Frequency”** + **“Frequency Offset”** fields (and monthly, quarterly, semi-annual, annual or two years, etc. thereafter).

Frequency Offset

Definition: This field may be used in conjunction with the “**Change Date**” field, if filled in. This does not apply if the Change Date field is blank. This allows a rate change to be setup 1-9 months AFTER the standard calendar end of period times.

Standard Quarters = March, June, September and December
 Standard Semi-Annual = June and December
 Standard Annual = December

Values: 1 - 9

Entering 1 will cause the rate to change on the specified day ONE MONTH after the end of the calendar period. Entering 2 will cause the rate to change on the specified day TWO MONTH’S after the end of the calendar period. Leaving this column blank will cause the rates to change on the specified day at the standard end of period cycles.

****Note:** Change frequencies of annual, 2 years, 3 years, 4 years, 5 years and 10 years are not available for the months of October and November.

Examples: Issue Date = 2-10-2002
 First Payment Date - Original = 3-15-2002

Change Frequency	Offset	Change Date Blank	Then	Change Date 1 st	Then
Monthly	Blank	3-15-02	4-15-02	3-1-02	4-1-02
Quarterly	Blank	5-15-02	8-15-02	6-1-02	9-1-02
Quarterly	1	5-15-02	8-15-02	4-1-02	7-1-02
Semi-Annual	Blank	8-15-02	2-15-03	6-1-02	12-1-02
Semi-Annual	3	8-15-02	2-15-03	9-1-02	3-1-03
Annual	Blank	2-15-03	2-15-04	12-1-02	12-1-03
Annual	5	2-15-03	2-15-04	5-1-02	5-1-03
2 Years	Blank	2-15-04	2-15-06	12-1-04	12-1-06
2 Years	1	2-15-04	2-15-06	1-1-04	1-1-06

This example just shows the first and second repricing dates. The Frequency will determine future repricing dates.

****Note:** The system will allow Indexed Variable Rate changes to take effect BEFORE the Original First Payment Date on the loan.

Example: Loan was issued on 1/5 and the First Payment Date - Original wasn’t until 3/1. If the rate change frequency is monthly on the first of the month, the loan interest rate will be changed with End of Day processing on 2/1 so the interest is accrued properly. This could mean that Variable Rate change notices will be generated before the first payment was due, but that is how this should work.

Grace Months

Definition: For credit unions who would like to offer a loan product(s) that has a specific number of months before the rate will be changed on the loans. This option will defer the Rate Change until after the grace period has expired. The grace period ends based on the open date anniversary.

The system takes out the “Grace Period” wording on the Index Variable Report one change frequency ahead of the end of the grace period. This allows the system to get ready for a possible rate change at the end of the grace period. The system can then compute a new rate, if applicable, and generate a rate change notice for loans that meet the criteria for a rate change when the grace period is expired.

****Note:** The “Grace Months” must be in multiples of the “Change Frequency”.

Examples: Grace Months = 12 and Change Frequency = Annually
(Grace Months of 12, 24, 36, etc.)

Grace Months = 24 and Change Frequency = 2 Years
(Grace Months of 24, 48, etc.)

Grace Months = 3 (6, 9, 12) and Change Frequency = Monthly or Quarterly.

IMPORTANT: The new rate **must** be entered on the Variable Rate Index screen “**xx**” number of days before the repricing date (ie: change date), if a notice is required and the notice days are entered on the Variable Rate window. Do not count the day that the rate is to be changed, when there are notice days, in figuring how many days ahead of time that the new rate needs to be entered.

xx = Notice Days

Example: If the credit union sends a notice to the members 15 days before the rate will be changed on the loans, the new rate (Index) must be entered on the Variable Rate Index window at least 15 days prior to the repricing date (ie: change date). Otherwise, the rate(s) will not change on the repricing date.

Notice Days

Definition: Indicates how many days in advance of the **Repricing Date** the credit union wishes to notify the member. The information needed to recalculate the interest rate and payment is calculated at that time and is printed on the notice. The “Change Date” is blank in these examples. ****Note:** The notice days can be blank, if a notice is not required.

Example: **Change Frequency = Monthly** Issue Date = **4-10-2002**
 First Payment Date - Original = 5-**20**-2002
 Repricing Date = 5-**20**-2002 and the 20th each month thereafter.
 If the Notice Days are 10 - Notice Date = 5-10-2002.

Example: **Change Frequency = Quarterly** Issue Date = **4-10-2002**
 First Payment Date - Original = 5-**20**-2002
 In this scenario, **7-20**-2002 is the Repricing Date and quarterly thereafter.
 If the Notice Days are 10 - Notice Date = 7-10-2002.

Example: **Change Frequency = Semi-Annual** Issue Date = **4-25-2002**
 First Payment Date - Original = 5-**28**-2002
 In this scenario, **10-28**-2002 is the Repricing Date and semi-annual thereafter.
 If the Notice Days are 10 - Notice Date = 10-18-2002

Example: **Change Frequency = Annual** Issue Date = **2-15-2002**
 First Payment Date - Original = 3-**15**-2002
 In this scenario, **2-15**-2003 is the Repricing Date and annual thereafter.
 If the Notice Days are 10 - Notice Date = 2-5-2003.

Example: **Change Frequency = 2 Years** Issue Date = **5-8-2002**
 First Payment Date - Original = 6-**15**-2002
 In this scenario, **5-15**-2004 is the Repricing Date and every two years thereafter.
 If the Notice Days are 10 - Notice Date = 5-5-2004.

****IMPORTANT:** For Interest Rate changes (Repricing), the system uses the interest rate in the system on the notice date. If the “Change Date” is filled in, the notice days will be based on that date and not the First Payment Date - Original minus one month.

If the “Notice Days” are blank, rate change notices will be generated by the system on the Repricing Date and can be mailed to the member, if needed.

****Note:** The “Notice Days” cannot be longer than the rate change frequency. **Example:** The rate change frequency is “Monthly” then the Notice Days cannot be more than 28 days.

Print Notice

Definition: Indicates if notices will be generated by the system for a rate change.

Values: Yes
 No

Pre-Payment Disclosure

Definition: Indicates if the following disclosure **“You may prepay this loan at any time, in whole or in part, without penalty.”** will be printed at the bottom of the Variable Rate Change & Billing Notices. (**Note: This option only applies if the “Print Notice” option is set to Yes.)

Values: Yes
 No

Index

Definition: Indicates what Variable Rate Index Code this Variable Rate will be using for its calculation. (Refer to Variable Rate Indexes chapter.)

Index Offset

Definition: Indicates if the “Offset” percentage is added or subtracted from the Index Rate on the Variable Rate Indexes window. ****Note:** The Risk Based Lending features, if being used by the credit union, are above and beyond the Index Offset and Percent filled in here.

Values: Plus
 Minus

Percent

Definition: The **Percentage** that will either be added to or subtracted from the Index Rate on the Variable Rate Indexes window. (Optional) See the **“Index Offset”** option above. This field can be left blank, if no additional percentage is to either be added to or subtracted from the Index Rate entered on the corresponding screen for the Index # entered.

Change Date

Definition: A specific calendar date for the rate change. Leaving this field blank will cause the rate to be changed based on the “First Payment Date - Original” of the loan minus one month then according to the “Frequency”. Entering a date will cause the rate to be changed based on the specified date of standard calendar frequency. (See **“Frequency”** and **“Frequency Offset”**.) Interest will begin accruing at the new rate as of the change date.

Max. Change per Period

Definition: This is the maximum rate change (plus or minus) that the loan can change from one period to the next. If the rate change is greater than this amount, the actual change will be capped at this amount.

For example, if the current rate is 5.0% and the new rate is 7.5% that would be a 2.5% increase. If the Max Change per period was set to 1.0%, then the system would only change the rate to 6% (6%-5% = 1%). Rate reductions would work the same way.

Max. Change per Year

Definition: This is the maximum rate change (plus or minus) that the loan can change within a one year period base on the Annual Anniversary of the Original First Payment Date of the loan. The Annual Anniversary Rate is stored in the system each anniversary of the Original First Payment Date on the Loan Suffix Inquiry.

If the change from this Annual Anniversary Rate exceeds the Max Change per Year, then the actual change will be capped at this amount.

****Note:** The system will NOT enforce this limit, if the Annual Anniversary rate is not filled in on the loan suffix inquiry. It is up to the credit union to enter this information for existing loans, if they want to enforce this limit. The system will enter the information on the NEXT anniversary of the loan.

For example, if the Annual Anniversary rate is 5.0% and the new rate is 7.5% that would be a 2.5% increase. If the Max Change per year was set to 1.0%, then the system would only change the rate to 6% (6%-5% = 1%). Rate reductions would work the same way.

Max. Change per Lifetime

Definition: This is the maximum rate change (plus or minus) that the loan can change over the life of the loan. The Original Rate is stored in the system when the loan was opened.

If the change from this Original Rate exceeds the Max Change per Lifetime, then the actual change will be capped at this amount.

****Note:** The system will NOT enforce this limit if the Original rate is not filled in on the loan suffix inquiry. It is up to the credit union to enter this information for existing loans, if they want to enforce this limit.

For example, if the Original rate is 5.0% and the new rate is 7.5% that would be a 2.5% increase. If the Max Change per Lifetime was set to 1.0%, then the system would only change the rate to 6% (6%-5% = 1%). Rate reductions would work the same way.

Min. Lifetime Rate

Definition: This is a minimum rate the loan can have over the lifetime of the loan. If the new rate is lower than this amount, the loan will change to this minimum amount.

For example, if the current rate was 5% and the new Rate was 3%, with a lifetime minimum of 4%, the system would change the rate to 4%, since that is the minimum.

Max. Lifetime Rate

Definition: This is a maximum rate the loan can have over the lifetime of the loan. If the new rate is higher than this amount, the loan will change to this maximum amount.

For example, if the current rate was 5% and the new Rate was 7%, with a lifetime maximum of 6%, the system would change the rate to 6%, since that is the maximum.

Allow Rate to be Overridden box

Definition: This is used to indicate that a discounted, promotional or special “initial” rate might be used during a grace period for a new Indexed Variable Rate loan using Loan Documents. By checking the box on the Variable Rate window, this will allow the interest rate to be changed in Loan Documents, if applicable. This was specifically designed for credit unions offering Variable Rate loans where the “initial” interest rate is less than the minimum rate that is entered on the Variable Rate window.

Example: Minimum Interest Rate is 4.00%.
Interest Rate to change annually based on the issue date of the loan.
Promotional interest rate of 2.00% for the first year.

****Note:** The default is for this box not to be checked.

If a credit union is not offering this type of promotional interest rate, the box should not be checked and the interest rate field in Loan Documents will be grayed out and not able to be changed.

When finished, select Save to save the information and close the window.

The new variable rate option is now displayed on the Variable Rates window as the next available code number.

Additional information

- No rate change will happen for loans that have both a zero balance and a zero line of credit amount.
- Rate changes will occur for zero balance loans that are open and have a line of credit amount.
- No limit on rate changes based on the Original First Payment Date.
- Repricing Date (rate change date) is computed from the Original First Payment Date. The “Calendar Days” and “Frequency” from Indexed Variable Rate window (if applicable) override the Original First Payment Date.
- The Notice Date is computed from the Repricing Date.
- The notices are generated (to be printed) the number of days in the “Notice Days” field on the Indexed Variable Rate window ahead of the Repricing Date.
- No variable rate notice will be generated when the Introductory Rate period is over for a loan, if applicable. However, the loan will show on the Indexed Variable Report.

Indexed Variable Report

With End of Day processing, the system generates a report called “**Indexed Variable Report**” (CR282-01). The report will be located under [\[Main Ribbon > Reports > Archive\]](#). There is a folder for each business date. This shows all loan suffixes with an Indexed Variable Rate code, regardless of whether or not there was a rate change. For rate changes, both the old and new rates are displayed. A brief status is displayed next to each of the Indexed Variable Rate loans. A list of the statuses is as follows:

Can't Change Pmt (PTD) (Paid to Date) ******see note below**
 Compute New Rate (for notice)
 End of Intro Rate
 Grace Period
 Intro Period
 Invalid Remaining Payments
 No Pmt Chg: Balloon
 No Pmt Chg: FPD (First Payment Date)
 No Pmt Chg: Org FPD (Original First Payment Date)
 Rate Already Changed
 Rate Change
 Rate Change Not Due
 Rate Chg (Std Rate) (Standard Rate)
 Zero Balance/LOC

******Note:** If the payment change requires a negative Paid to Date figure in order to maintain delinquency, this status is displayed on the report.

The report also shows loan suffixes with an Indexed Variable Payment code that had a change in the payment amount. For payment changes, both the old and new payment amounts are displayed.

Example of Indexed Variable Report.

An "A" on the report indicates that the system thinks that the loan is an ARM.

10/14/2016
Support Credit Union (1)

Indexed Variable Report

PAGE 2
REPORT NO. CR282-01

Account	Name	Balance	Original First Pmt	VR id	Old Rate	New Rate	VP Rem id	Pmts	Old Payment	New Payment	
1001-7-67	John Jacob	13,062.89	10-19-2014	10				17			Rate Change not due
1234-4-67	JOHN L RISEN	4,487.40	02-19-2015	01				02			Rate Change not due
1244-3-66	SAMUEL MCKENZIE	4,280.53	10-18-2015	17				07			Rate Change not due
1333-4-60	Andi Mc Coy	87,815.60	02-28-2015	08A				12			Rate Change not due
1333-4-66	Andi Mc Coy	0.00	09-01-2015	09				13			Rate Change not due
1553-7-76	Keri Goober	1,422.27	08-25-2010	12				07			Rate Change not due
1612-1-66	Sandy Beach	27,587.89	03-28-2011	10				07			Rate Change not due
2233-5-76	Ghost Writer sociates	448.47	09-16-2010	12				07			Rate Change not due
2323-4-75	Weston Benzing	1,058.73	02-14-2009	00				04	43.81	42.35	Payment Change
3555-0-66	Frannie Tucker	1,134.97	12-23-2011	09				11			Rate Change not due
3555-0-67	Frannie Tucker	4,855.21	11-08-2012	10				00			Rate Change not due
3988-3-60	Alyson Center	17,522.65	08-29-2009	16				14			Rate Change not due
3988-3-75	Alyson Center	300.00	05-08-2009	07				11			Rate Change not due
4556-7-66	SARA M WALKER-SMITH	1,938.45	05-16-2014	14				07			Rate Change not due
4658-1-69	AMY MICHELLE SMITH-APPLE	7,361.81	11-01-2015	15				09			Rate Change not due
6119-2-66	DOLLY A PARTON	3,902.00	02-07-2009	10				03			Rate Change not due
6190-3-60	MARY P TELLER	52,050.89	02-27-2009	08A				12			Rate Change not due
6190-3-66	MARY P TELLER	9,213.49	10-14-2016	04				23			Grace Period
6584-7-66	Doug McKenzieBall	5,771.31	01-27-2013	14				11			Rate Change not due
6610-0-69	JOHN M JONES	7,346.39	07-16-2015	05				00			Rate Change not due
6666-2-60	BARBARA G BANES	33,943.96	03-17-2011	12				00			Rate Change not due
6666-2-66	BARBARA G BANES	5,974.03	02-18-2015	16				14			Rate Change not due
6672-0-60	Linda Reisland	83,078.46	12-01-2009	02				00			Rate Change not due
7171-2-60	Lolly Pop Lan	2,438.42	04-30-2010	06				17			Rate Change not due
7777-6-66	Harry Potter	6,200.30	05-31-2012	37				17			Rate Change not due
8888-0-66	MICHAEL S MURPHY	6,883.59	02-14-2015	20				11			Rate Change not due
8888-0-66	MICHAEL S MURPHY	6,883.59	02-14-2015	20				11	304.43	275.34	Payment Change
9854-1-66	Douglas L Ball	4,054.44	05-20-2009	14				02			Rate Change not due
9922-6-66	Peter Simons	2,313.99	03-03-2014	10				07			Rate Change not due
9965-5-67	RUBY MAY ROSE	8,285.51	02-14-2016	14				07			Rate Change not due
11111-2-61	Commercial Loan	12,975.52	03-22-2016	19				00			Rate Change not due
11152-6-60	Douglas Cove easure Hut	0.00	03-06-2007	04				07			Rate Change not due
11352-2-06	Alex Lakeside	9,461.67	11-27-2014	07				00			Rate Change not due
11352-2-75	Alex Lakeside	0.00	11-14-2009	18				04			Rate Change not due
11727-5-66	HUNTER R BROWNING	2,661.56	11-15-2009	04	6.150%	6.650%	11				Rate Change
11727-5-66	HUNTER R BROWNING	2,661.56	11-15-2009	04				11	174.71	150.00	Payment Change
12345-5-66	CONNIE A JOHNSON	1,788.96	03-05-2009	14				07			Rate Change not due
13131-8-05	Arianna Michels	2,456.43	05-18-2012	07				00			Rate Change not due
13400-7-05	Charles Gates	11,175.31	04-16-2016	07	6.110%	6.110%	00				Rate already changed
25144-7-67	MARTHA L CARUSS	5,952.78	05-20-2016	17				07			Rate Change not due
25547-1-62	GEORGE L MATSON	55,795.19	06-11-2010	02A				12			Rate Change not due
25547-1-67	GEORGE L MATSON	3,743.20	02-22-2014	22				00			Rate Change not due
26644-5-05	Sammy Banks	9,829.13	04-27-2013	07				00			Rate Change not due
26644-5-76	Sammy Banks	1,202.29	08-22-2013	12				07			Rate Change not due
29622-8-66	TRAN LE NGUYEN	6,305.89	06-20-2010	17				07			Rate Change not due
32333-7-69	JENNIFER K MORGAN	4,605.32	10-17-2015	11				02			Rate Change not due
32786-6-68	AMY M MEMBER	5,694.99	06-03-2009	11				02			Rate Change not due
33703-7-66	AIDEN S CARSON	8,046.64	09-20-2016	01				02			Rate Change not due
35247-6-69	CHELSEA J ORTIZ	6,815.84	02-25-2016	14				11			Rate Change not due
42373-1-66	TYLER W NORTON	4,572.01	10-17-2015	17				07			Rate Change not due
50606-3-76	Jack Cane	0.00	03-15-2010	07	7.160%	7.160%	07				Rate already changed
53317-4-67	NANCY L NORTON	2,582.35	11-15-2009	04				02			Rate Change not due
55123-4-60	Lorraine Largent	117,514.89	11-01-2013	24A				12			Rate Change not due
55123-4-76	Lorraine Largent	0.00	06-16-2011	12				07			Rate Change not due
58621-4-06	Rachel Gates	0.00	07-05-2010	07				00			Zero Balance/LOC

Figure 3

Edit Variable Rate

To edit a variable rate, double click on the variable rate.

Datamatic VIEW

Edit Variable Rate

Description: HELOC-Prime + 1.50%

Frequency: Monthly

Frequency Offset:

Grace Months:

Notice Days: 10

Print Notice: Yes

Pre-Payment Disclosure: Yes

Index: Prime

Index Offset: Plus

Percent: 1.5000%

Change Date: 1

Max. Change per Period: 2.0000%

Max. Change per Year: 6.0000%

Max. Change per Lifetime: 7.0000%

Min. Lifetime Rate: 1.0000%

Max. Lifetime Rate: 15.0000%

Allow Rate to be Overridden

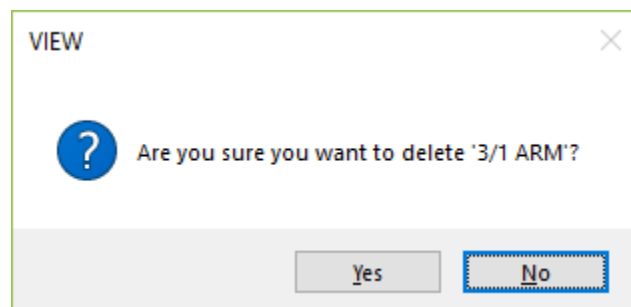
Save

Figure 4

After making any necessary changes, select Save.

Delete Variable Rate

To delete a variable rate, click on the delete icon on the ribbon.



To proceed with deleting the variable rate, select yes. Otherwise, select no.

Risk Based Lending feature

This section is for credit unions doing Risk Based Lending for variable rate loans and describes the features on the system concerning this. These features will allow the credit unions more flexibility and options for variable rate loans without needing as many setup windows. Less setup windows means fewer changes when rates need to be changed.

Overview

The Risk Based Lending features allow the credit union to offer numerous rate levels off of the same rate index. The computed offset is carried forward to the Loan Suffix Inquiry. The offset is used each time the rate changes on the loan to calculate the new interest rate.

By activating the “Risk Based Lending” option under [\[Main Ribbon > System Settings > Credit Union Setup > Name and Address tab\]](#), the loan officer will be able to specify an initial “risk based” interest rate for Variable Rate loans. The system will automatically compute a “risk based offset” by looking at the computed rate attached to the Variable Rate entered on the loan. If the Interest Rate entered in Loan Documents is greater than rate on the rate screen, the risk offset is +xx%. If the Interest Rate entered in Loan Documents is less than the rate on the rate screen, the risk offset is -xx%. The offset will automatically be displayed on the Loan Suffix Inquiry for the loan, and each time the loan rate is adjusted in the future, the system will include the “risk based offset” in the calculation of the new rate.

This allows the individual member risk rate to be maintained on the suffix.

Example: Index = 7.00%
 Variable Rate = 8.00% (7.00% + 1.00%)
 Interest Rate entered in Loan Documents = 9.25%
 Variable Rate Risk Offset (+) = 1.25%

If the Index is changed to 7.50%, the rate on the loan will be changed to 9.75% according to the frequency set on the Variable Rate.

When the “Risk Based Lending” option is set to “Not Allowed” and the loan officer chooses a Variable Rate option in Loan Documents, the Interest Rate will be automatically filled in from the Variable Rate window.

Also, see the **Loan Profiles** chapter for information on how they affect Risk Based Lending.