

Payment Processing with LOAN SERVICING SOFT

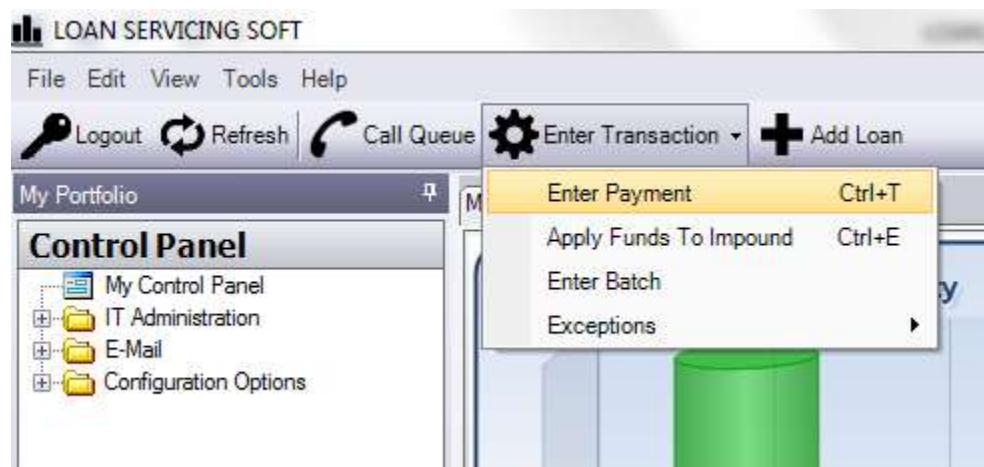
This document will guide you through the different ways to process payments into the LOAN SERVICING SOFT system.

For additional information and/or questions please feel free to contact our support group at support@loanservicingsoft.com or 1-800-993-1839 x2.

If your loan is funded on 1/7/2010 for example, but the first payment isn't due until 3/1/2010, this technique of adding days between the funding date and the first payment date is called Odd Days Interest and is employed when you want all of your loan payments to be due on the same day, on the 1st of the month for example, instead of spread all across the month.

When a loan is entered into our system with Odd Days Interest the system automatically expects this extra interest payment or Odd Days Interest payment to be made and it will allow the user to enter it in two different ways. The first method is used if you want to enter or process the Odd Days Interest separately from the rest of the first payment.

To enter a payment in this way first select Enter Transaction and then Enter Payment.



Select the loan you want to process a payment for.

And then on the Transaction Details screen select the Irregular option. You will notice that the Payment Number changes from 1.0 to 0.1 when you do this.

Payment Processing

Transaction Details

Loan Information		Payment Information		Payment Distribution	
Loan Number	LOAN_00000025	Payment Type	<input checked="" type="radio"/> Scheduled <input type="radio"/> Irregular	Current Impound Due	0.00
Loan Amount	100,000.00	Payment Number	0.1	Current Interest Due	833.25
Regular Payment	1,028.61	Payment Due	3/1/2010	Current Principal Due	0.00
Borrower	John Q Smith	Effective Date	1/15/2010	Current Late Fee	0.00
Principal Balance	100,000.00	Deposit Date	1/15/2010	<u>Current Fees</u>	0.00
Impound Balance	0.00	Hold To Date	1/25/2010	Past Due Impound	0.00
Unpaid Interest	0.00	Interest Paid To	1/31/2010	Past Due Interest	0.00
Unpaid Late Fee	0.00	Payment Method	Check	Past Due Late Fee	0.00
Unpaid Impound	0.00	Reference #		Past Due Principal	0.00
Unpaid Fees	0.00	Notes		<u>Past Due Fees</u>	0.00
Past Interest Paid To:	1/7/2010	Amount Due	833.25	Unbilled Principal	0.00
		Total Due	833.25	<u>Unbilled Fees</u>	0.00
		Amount Received	833.25	Return To Borrower	0.00
<input type="checkbox"/> Waive Current Late Fee		Unapplied Funds		0.00	
				View / Add Loan Fees	
Loan Data				Post Next	Post
				Cancel	

From here just tab, tab, tab down through the screen and set your dates appropriately if the defaults aren't correct.

Effective Date = This is the date the system is going to use for the interest calculation and whether there is a late fee charged.

Deposit Date = This is just the date you are going to deposit the check and has no effect on calculations. Will be used for reconciliation and reporting.

Interest Paid To date = This is the date to which interest will be paid to for the current transaction. Notice to the left and down, Past Interest Paid To. This is for the previous transaction.

Payment Method = Allows you to define the payment method – Check, Cash, ACH, Credit Card, etc... Additional methods can be added to this drop down from the Configuration Options section in the Control Panel area.

Reference # = Is for a check number or any other tracking number you would like to use.

Notes = For any notes you would like to add to the transaction detail. Will flow through to reporting.

Amount Due = Current amount due only.

Total Due = Current amount due plus any unpaids.

Amount received = Total amount received, including both funds to be posted through and funds being left unapplied.

Unapplied Funds = Allows you to take full payments or portions of payments and leave them "Unapplied", as opposed to posting the funds though the system. For example, let's say you have a borrower that sends in multiple partial payments, and you have a policy to hold funds until 100% of the scheduled payment is sent in. You could process the payment in and get the check off your desk but hold the funds. Please experiment with this feature a bit and familiarize yourself with it. Positive figures can be entered to leave funds unapplied and negative numbers (-100 for example) can be entered to pay funds out of the unapplied ledger. Another example of how to use the Unapplied Funds is as follows. Let's say your borrower sends in three months payments with one check and there is a note in the envelope that says they are going on vacation and to please apply the funds to this month's scheduled payment and then also the next two months.

The Payment Distribution column on the right side of the screen can be adjusted on a loan by loan basis by clicking the Override/Configure Distribution button.

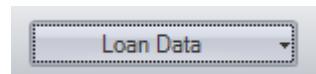
View Splits shows you where the money is going to go after posting. For example: Investors, Vendors, Impound, etc..

The second way to process an Odd Day Interest payment is along with the first scheduled payment. Simply click on the Enter Transaction button and then Enter Payment the same way you did in the first example. From this point on you should be able to just tab, tab, tab through the screen. Enter a check or reference number. All other field values should default to the appropriate settings. If you would like to make adjustments for whatever reason you may. Examples: You actually received the payment yesterday or a few days ago perhaps, the amount received is different than the scheduled amount due.

Transaction Details

Loan Information		Payment Information		Payment Distribution	
Loan Number	LOAN_00000025	Payment Type	<input checked="" type="radio"/> Scheduled <input type="radio"/> Irregular	Current Impound Due	0.00
Loan Amount	100,000.00	Payment Number	1.0	Current Interest Due	1,833.25
Regular Payment	1,028.61	Payment Due	3/1/2010	Current Principal Due	28.61
Borrower	John Q Smith	Effective Date	3/1/2010	Current Late Fee	0.00
Principal Balance	100,000.00	Deposit Date	3/1/2010	<u>Current Fees</u>	0.00
Impound Balance	0.00	Hold To Date	3/10/2010	Past Due Impound	0.00
Unpaid Interest	0.00	Interest Paid To	3/1/2010	Past Due Interest	0.00
Unpaid Late Fee	0.00	Payment Method	Check	Past Due Late Fee	0.00
Unpaid Impound	0.00	Reference #	777	Past Due Principal	0.00
Unpaid Fees	0.00	Notes			
Past Interest Paid To:	1/7/2010	Amount Due	1,861.86	<u>Past Due Fees</u>	0.00
		Total Due	1,861.86	Unbilled Principal	0.00
		Amount Received	1,861.86	<u>Unbilled Fees</u>	0.00
<input type="checkbox"/> Waive Current Late Fee		Unapplied Funds 0.00		View / Add Loan Fees	
Loan Data				Post Next	Post
				Cancel	

If you would like to see the distribution between the Odd Days Interest amount and the rest of the payment you may reference the Amortization Schedule by clicking on the Loan Data button in the bottom left corner of the screen.



And then if you click on Amortization Schedule you will get the following screen.

Amortization Schedule									
	Payment #	Due Date	Interest Rate	Beginning Balance	Payment	Principal	Interest	Fees	Ending Balance
0	2/1/2010	12.000	100,000.00	833.25	0.00	833.25	0.00	100,000.00	
1	3/1/2010	12.000	100,000.00	1,028.61	28.61	1,000.00	0.00	99,971.39	
2	4/1/2010	12.000	99,971.39	1,028.61	28.90	999.71	0.00	99,942.49	
3	5/1/2010	12.000	99,942.49	1,028.61	29.19	999.42	0.00	99,913.30	
4	6/1/2010	12.000	99,913.30	1,028.61	29.48	999.13	0.00	99,883.82	
5	7/1/2010	12.000	99,883.82	1,028.61	29.77	998.84	0.00	99,854.05	
6	8/1/2010	12.000	99,854.05	1,028.61	30.07	998.54	0.00	99,823.98	
7	9/1/2010	12.000	99,823.98	1,028.61	30.37	998.24	0.00	99,793.61	
8	10/1/2010	12.000	99,793.61	1,028.61	30.67	997.94	0.00	99,762.94	
9	11/1/2010	12.000	99,762.94	1,028.61	30.98	997.63	0.00	99,731.96	
10	12/1/2010	12.000	99,731.96	1,028.61	31.29	997.32	0.00	99,700.67	
11	1/1/2011	12.000	99,700.67	1,028.61	31.60	997.01	0.00	99,669.07	
12	2/1/2011	12.000	99,669.07	1,028.61	31.92	996.69	0.00	99,637.15	
13	3/1/2011	12.000	99,637.15	1,028.61	32.24	996.37	0.00	99,604.91	
14	4/1/2011	12.000	99,604.91	1,028.61	32.56	996.05	0.00	99,572.35	
15	5/1/2011	12.000	99,572.35	1,028.61	32.89	995.72	0.00	99,539.46	
16	6/1/2011	12.000	99,539.46	1,028.61	33.22	995.39	0.00	99,506.24	
17	7/1/2011	12.000	99,506.24	1,028.61	33.55	995.06	0.00	99,472.69	
18	8/1/2011	12.000	99,472.69	1,028.61	33.88	994.73	0.00	99,438.81	

Totals Payments: 371,141.02 Principal 100,000.00 Interest 271,141.02 Fees 0.00 Print OK Cancel

From this point on all regularly scheduled payments should work the same way. Just tab, tab, tab down through the screen. Enter the check number and you should be able to tab down through everything else. If the payment is short it will follow the distribution waterfall order on the right column until it runs out of money. If on the other hand the payment is over or more than the scheduled amount due it will run down the distribution waterfall filling fields, or buckets, until it runs out of money.

If the payment is late the system will automatically add on a late fee if the loan is set up for this. If you would like to waive a late fee you may do so by clicking on the check box in the bottom left corner of the screen.

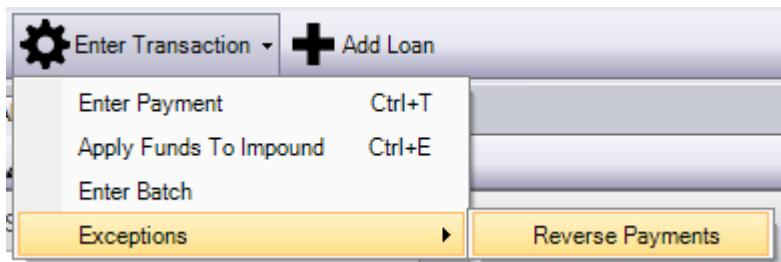
Regularly scheduled payments will be numbered 1.0, 2.0, 3.0, etc... and irregular/extr payments (described in more detail below..), will be numbered 1.1, 1.2, 1.3, etc... For example: principal pay downs, reversals, etc...

The LOAN SERVICING SOFT system also allows you to process payments in but either leave part of the payment, or the entire payment, "Unapplied".

Unapplied Funds	0.00
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Using the Unapplied feature is as simple as placing a positive or negative number in the Unapplied Funds field. This feature will allow you to bring in multiple payments or checks and use them for one complete posted transaction and also one payment or check toward multiple posted transactions or scheduled payments.

Payment reversals may be entered by selecting Exceptions and then Reverse Payments.



Once you have selected the loan and then the payment number you will be presented with the follow screen where you will be able to enter a reference #, notes and then also a fee or penalty along with a description. For example: NSF Fee or Bounced Check Fee.

The screenshot shows a 'Payment Reversal' dialog box with the following fields:

- Loan Number:** LOAN_00000002
- Reversed Payment:** 5.0
- Effective Date:** 6/1/2012
- Reversed Amount:** 0.00
- Reference #:** (empty)
- Notes:** Reverse payment: 5.0
- Account to debit if funds have been sent:** LENDER_00000001
- Additional Fee:** (button)
- Apply Fee:** Default Loan Fee
- Fee Date:** 6/1/2012
- Fee Amount:** 0.00
- Status:** Bill
- Description:** (empty)

At the bottom right are **OK** and **Cancel** buttons.

Irregular/extra payments, as stated above, will be number 1.1, 1.2, 1.3 for example. To enter an irregular or extra payment select the Irregular option and the system will automatically change the numbering to whatever the last scheduled payment was plus .1 for you. If you are entering multiple irregular or extra payments between scheduled payments the numbering will be .1, .2, .3, etc...

Irregular/extra payments do not get applied to the normal payment distribution schedule. Instead funds are applied to unbilled principal by default. Funds can also be assigned manually to other buckets.