LOAN SERVICING SOFT Balance Forward Technique

This document will guide you through the process of recreating a loan and doing the Balance Forward Technique in LOAN SERVICING SOFT.

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

Note: The instructions below are for the general balance forward process. However, there may be additional steps needed based on your reporting needs. For example, when it comes to the 1098 and 1099 reports, would you want the numbers entered from this balance forward process to be reflected on your reporting for this year? If not, you may wish to enter these transactions in as of December the previous year. For additional information, please feel free to contact our support group.

"Balance Forward" is a simple alternative to recreating the full payment history of a loan.

1. After setting up and saving the loan, right click on the loan and enter a new payment. This transaction will be entered as an irregular payment. Next you should double click on the 'Payment Due' field, this will revert the other dates to the same date as the 'Payment Due' date. Set the amount received to $0, then click the "Post" button (Note: Do not be concerned about the transaction and date details for the moment. The goal for now is to simply enter a zero-dollar transaction. All the accurate details will be corrected in the steps below).

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2. After posting the payment, open the loan and go to: Data & Docs → Amortization Schedule. Check the amortization schedule for the loan. If you wish to generate 1099s you will need to balance forward to December of the previous year, otherwise you can balance forward to your current payment.

3. Locate the "Pay#" that is one payment before the next payment that is actually due. This will be the number we will be using to adjust the zero-dollar irregular payment that was just posted (For example, if the next payment due that will be posted in this system is #12, the zero-dollar irregular payment will be modified with pay# 11. Please make a note of this payment # for later reference.)

Amortization Schedule ✕

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Pay #	Due Date	Eff. Date	Rate %	Beginning Balance	Payment	To Principal	To Interest	To Other	Ending Balance
1	2/1/2016		10.000	10,000.00	322.67	239.34	83.33	0.00	9,760.66
2	3/1/2016		10.000	9,760.66	322.67	241.33	81.34	0.00	9,519.33
3	4/1/2016		10.000	9,519.33	322.67	243.34	79.33	0.00	9,275.99
4	5/1/2016		10.000	9,275.99	322.67	245.37	77.30	0.00	9,030.62
5	6/1/2016		10.000	9,030.62	322.67	247.40	75.27	0.00	8,783.22
6	7/1/2016		10.000	8,783.22	322.67	249.48	73.19	0.00	8,533.74
7	8/1/2016		10.000	8,533.74	322.67	251.56	71.11	0.00	8,282.18
8	9/1/2016		10.000	8,282.18	322.67	253.65	69.02	0.00	8,028.53
9	10/1/2016		10.000	8,028.53	322.67	255.76	66.91	0.00	7,772.77
10	11/1/2016		10.000	7,772.77	322.67	257.90	64.77	0.00	7,514.87
11	12/1/2016		10.000	7,514.87	322.67	260.05	62.62	0.00	7,254.82
12	1/1/2017		10.000	7,254.82	322.67	262.21	60.46	0.00	6,992.61
13	2/1/2017		10.000	6,992.61	322.67	264.40	58.27	0.00	6,728.21
14	3/1/2017		10.000	6,728.21	322.67	266.60	56.07	0.00	6,461.61
15	4/1/2017		10.000	6,461.61	322.67	268.82	53.85	0.00	6,192.79
16	5/1/2017		10.000	6,192.79	322.67	271.06	51.61	0.00	5,921.73
17	6/1/2017		10.000	5,921.73	322.67	273.32	49.35	0.00	5,648.41
18	7/1/2017		10.000	5,648.41	322.67	275.60	47.07	0.00	5,372.81
19	8/1/2017		10.000	5,372.81	322.67	277.90	44.77	0.00	5,094.91
20	9/1/2017		10.000	5,094.91	322.67	280.21	42.46	0.00	4,814.70
21	10/1/2017		10.000	4,814.70	322.67	282.55	40.12	0.00	4,532.15
22	11/1/2017		10.000	4,532.15	322.67	284.89	37.78	0.00	4,247.26
23	12/1/2017		10.000	4,247.26	322.67	287.28	35.39	0.00	3,959.98
24	1/1/2018		10.000	3,959.98	322.67	289.67	33.00	0.00	3,670.31
25	2/1/2018		10.000	3,670.31	322.67	292.08	30.59	0.00	3,378.23

Totals Payments 11,616.24 Principal 10,000.00 Interest 1,616.24

Other 0.00

☑ Show Posted Payments   Print   OK   Cancel

4. Right-click on the loan, then open the loan's transaction history. Click on the the zero-dollar irregular payment that was posted, then click the "Edit" button. The payment screen will then come up.

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5. Please complete the following as shown on the image below:
- In the "Payment Number" field, enter the pay number from step 3 above (the pay# that is before the actual payment that is due).
- Click the 'calculate' button. This will advance the payment due date based on the payment # you entered.
- Change the 'Interest Paid To' date to the same date as the 'Payment Due Date'.
- Enter any unpaid data such as Unpaid Principal, Unpaid Interest, Unpaid Late Fees, etc. into the 'Next Due Data' section on the left (if any of these amounts were calculated in your old loan software/spreadsheet and should be reflected for the next payment due).
- Change the 'Old interest paid to' Date (also under 'Next Due Data' field) to the same date as the Current 'Interest Paid To' Date.
- Enter the actual remaining balance of the loan into the "Principal Balance" box (under 'Next Due Data' field, then click on the Post" button to save the changes.

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- After posting the payment it will ask you to confirm the updated principal balance amount, select yes if the number is accurate (image below).
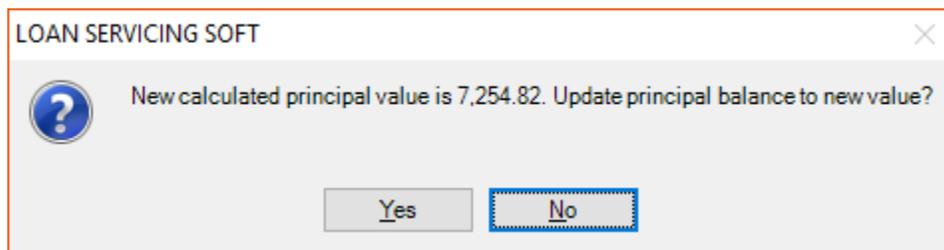
Once the balance forward irregular payment has been corrected and posted according to the instructions above, double click on the loan and adjust the "Principal" balance to the same balance as done on the irregular payment (image below).

After posting this balance forward payment you will be able to move forward with the next regular payments of the loan. You will then see the updated principal balance on the loan screen.

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