

## 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](mailto: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).

The screenshot shows the 'Loan Payment' window with the following details:

- Loan Information:** Loan Number: BALANCE FORWARD, Funded Amount: 10,000.00, Current Payment: 322.67, Borrower: Balance Forward, Trust Account: 287960967091.
- Past Due Data:** Principal Balance: 10,000.00, Unpaid Principal: 0.00, Unpaid Interest: 0.00, Unpaid Impound: 0.00, Unpaid Late Fee: 0.00, Unpaid Fees: 0.00, Unpaid Collection: 0.00, Old Interest Paid To: 1/1/2016.
- Payment Information:** Payment Type: Irregular (selected), Payment Number: 0, 1, Status: Entered, Payment Due: 2/1/2016, Effective Date: 2/1/2016, Deposit Date: 2/1/2016, Hold To Date: 2/15/2016, Interest Paid To: 1/1/2016, Payment Method: Check, Reference #: , Notes: .
- Payment Distribution:**

	Due Amount	Pay Amount
Past Due Impound	0.00	0.00
Past Due Interest	0.00	0.00
Past Due Late Fee	0.00	0.00
Past Due Fees	0.00	0.00
Past Due Principal	0.00	0.00
Current Impound Due	0.00	0.00
Current Interest Due	0.00	0.00
Current Late Fee	0.00	0.00
Current Fees	0.00	0.00
Current Principal Due	0.00	0.00
Unbilled Principal	10,000.00	0.00
Unbilled Fees	0.00	0.00
Return to Borrower	0.00	0.00
Other Income	0.00	0.00
Collection	0.00	0.00
Past Due Collection	0.00	0.00
- Summary:** Amount Due: 0.00, Total Due: 0.00, Amount Received: 0.00.
- Buttons:** Waive Current Late Fee, Is Payoff, Use Default Rate, Unapplied Funds (0.00), Reserve Funds (0.00), Post Next, Post (highlighted), Cancel.

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.)

# Balance Forward Technique

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  Principal  Interest   
 Other   Show Posted Payments

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.

Pmt	Due Date	Eff Date	Amount
0.1	2/1/2016	3/1/2016	0.00

**Loan Information**

Loan Number: BALANCE FORWARD

Borrower: Balance Forward

**Payment Information**

Payment Type: Irregular Payment

Payment Number: 0.1 Posted

Payment Due: 2/1/2016

Effective Date: 3/1/2016

Deposit Date: 3/1/2016

Hold To Date: 3/15/2016

Interest Paid To: 1/1/2016

Payment Method: Check

Reference #:

Notes:

Amount Received: 0.00

**Payment Distribution**

	Paid Amount
Past Due Impound	0.00
Past Due Interest	0.00
Past Due Late Fee	0.00
Past Due Fees	0.00
Past Due Principal	0.00
Current Impound Due	0.00
Current Interest Due	0.00
Current Late Fee	0.00
Current Fees	0.00
Current Principal Due	0.00
Unbilled Principal	0.00
Unbilled Fees	0.00
Return to Borrower	0.00
Other Income	0.00
Collection	0.00
Past Due Collection	0.00

View Splits

**Past Due Data**

Old Principal Balance: 10,000.00

New Principal Balance: 10,000.00

Unpaid Principal: 0.00

Unpaid Interest: 0.00

Unpaid Late Fee: 0.00

Unpaid Impound: 0.00

Unpaid Fees: 0.00

Unpaid Collection: 0.00

Old Interest Paid To: 1/1/2016

Late Fee Waived 24

To Unapplied: 0.00

To Reserve: 0.00

Reversals:  Hide All  Show Client Visible  Show All

Irregular Payment  Show on Reports Print Receipt

Edit OK Cancel

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.

**Loan Payment**

**Loan Information**

Loan Number: BALANCE FORWARD  
 Funded Amount: 10,000.00  
 Current Payment: 322.67  
 Borrower: Balance Forward  
 Trust Account: 287960967091

**Payment Information**

Payment Type:  Scheduled  Irregular  
 Payment Number: 11.0 Status: Posted  
 Payment Due: 12/1/2016 **Calculate**  
 Effective Date: 12/1/2016  
 Deposit Date: 12/1/2016  
 Hold To Date: 12/15/2016  
 Interest Paid To: 12/1/2016  
 Payment Method: Check  
 Reference #:   
 Notes:   
 Amount Due: 0.00  
 Total Due: 0.00  
 Amount Received: 0.00

**Next Due Data**

Principal Balance: 7,254.82  
 Unpaid Principal: 0.00  
 Unpaid Interest: 0.00  
 Unpaid Impound: 0.00  
 Unpaid Late Fee: 0.00  
 Unpaid Fees: 0.00  
 Unpaid Collection: 0.00  
 Old Interest Paid To: 1/1/2016  
 New Principal Balance: 7,254.82

**Payment Distribution**

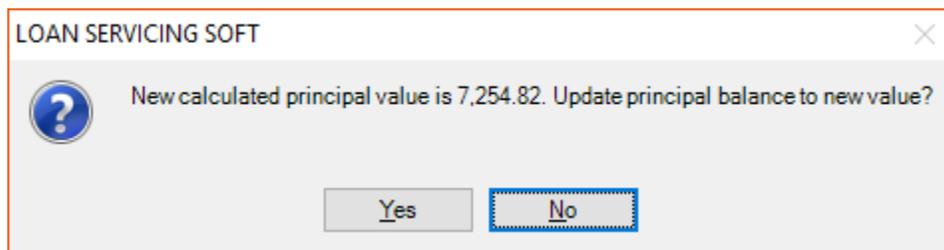
	Due Amount	Pay Amount
Past Due Impound	0.00	0.00
Past Due Interest	0.00	0.00
Past Due Late Fee	0.00	0.00
Past Due Fees	0.00	0.00
Past Due Principal	0.00	0.00
Current Impound Due	0.00	0.00
Current Interest Due	0.00	0.00
Current Late Fee	0.00	0.00
Current Fees	0.00	0.00
Current Principal Due	0.00	0.00
Unbilled Principal	0.00	0.00
Unbilled Fees	0.00	0.00
Return to Borrower	0.00	0.00
Other Income	0.00	0.00
Collection	0.00	0.00
Past Due Collection	0.00	0.00

Waive Current Late Fee  Is Payoff  
 Use Default Rate

Unapplied Funds: 0.00  
 Reserve Funds: 0.00

Loan Data | View / Add Fees | Settlement Accounts | Post Next | **Post** | Cancel

- 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).

Loan Type	Term / One Draw Loan		Signed Date	/ /	
Funded Amount	100,000.00		Origination Date	1/19/2018	
Principal Balance	7,254.82	Credit Limit	First Payment Date	2/19/2018	
Interest Method	Regular Periodic		Maturity Date	1/19/2020	Odd Days
<input type="radio"/> Interest Rate	0.000 % / year		<input type="checkbox"/> Use Deferred First Payment	None	
<input type="radio"/> Rate will be adjustable every	0	month(s) starting	/ /		
From that point on the interest rate will be determined by					
Margin Rate	0.000	Plus	CMT		
Floor	0.000	Ceiling	0.000		
<input checked="" type="radio"/> Use Rate Schedule	Custom Schedule		<input type="button" value="Configure"/>		
<input type="checkbox"/> Use Same as Cash	None				
Amortized	Interest Only				
<input type="checkbox"/> Charge Interest on Unpaid Interest	<input type="checkbox"/> Interest Charged in Advance				
Term Period	Monthly	Payment Period	Monthly		
Term	24	Term Due	24		
Payment (I)	833.33	* With Escrow and Fees		833.33	
Balloon Amount	100,833.33				
			<input type="checkbox"/> Negative Amortization	Add To Unpaid Interest	
			Calculate daily rate based on	360 days in year or 30 days in month	
			Calculate days in date range based on	Actual Days	
			<input type="checkbox"/> Use Late Fee	After	15 Days
			Late Fee Amount	150.00 Fixed Amount	
			<input type="checkbox"/> Pre Payment Penalty	If paid before	0 Term Periods
				0.00	Fixed Amount
			<input type="checkbox"/> Use Default Rate	Rate	0.000 % After 0 days
			Servicing Account	Servicing Account - 287960967091	
			Assigned To	User: Administrator <input type="button" value="Change"/>	
			<input type="button" value="Other Options"/>		<input type="button" value="Loan Modifications"/>

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.

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