

Lesson 62 Servicing Loan Participations

Prerequisite

Lesson 1, 2, 3, 31, 61

Updating Participation Loans

What do you have to do different to update investor interest and principal on loan participations sold?

Nothing !

See lesson 2 for information about updating the entire system. This procedure updates the loan participation interest and principal accrued and due automatically.

See lesson 61 for information about viewing participation data.

Paying Participants / Investors

You will have some agreement with your investors about how and when they are to be paid. LoanMaster makes no assumptions about when to pay investors. You can pay one or all investors whenever you need to. This process is run by the operator whenever necessary. You can pay a single investor everything you owe or all investors all you owe.

You cannot make partial payments.

Start with fresh demo data. The loans are updated and payments are due on all the participation loans. Select loan number 11492 and click on the Post Payment Tab. Post the payment - lesson 3.

After the payment is posted and the payment dialog is closed, click on the Participants button.

Customer Name	Loan No	Cust No	Port
Alfieri, Jim	11214	20081	AUTO
Christie, L.J.	11494	20351	A
Epperson, Frank	11495	20145	A
Hurlst, Randal	11492	20247	A

Whit

Participations Sold

Loan No: 11492 Loan Name: Hurlst, Randal

Total Pct Sold: 91.912655 Participation Comment:

Total Pct Unsold: 8.087345 Investor Int Accrued: 0.0000

Total Amount Sold: 183,737.58 Investor Principal: 43,747.04

Investor: Samuel Smith
Smith's Investments
77734 Preston Lane
Plano, TX 75044

Investor ID Percent Owned

90001	21.883964
90002	32.825951
90003	10.941982
90004	26.260758

90001

Pay One Investor All Loans Add

Pay All Investors All Loans Print

Quit

Before the payment was posted, it looked like this:

Customer Name	Loan No	Cust No	Port
Hurlst, Randal	11492	20247	A
White, Mike			

Participations Sold

Loan No: 11492 Loan Name: Hurlst, Randal

Total Pct Sold: 91.912655 Participation Comment:

Total Pct Unsold: 8.087345 Investor Int Accrued: 286.9822

Total Amount Sold: 186,743.83 Investor Principal: 44,462.81

Investor: Samuel Smith
Smith's Investments
77734 Preston Lane
Plano, TX 75044

Investor ID Percent Owned

90001	21.883962
90002	32.825951
90003	10.941984
90004	26.260758

90001

Pay One Investor All Loans Add

Pay All Investors All Loans Print

Quit

Note the small changes in percentages owned. These occur due to the rounding of the payment amounts allocated to each participant. This insures that no participant will see rounding errors in his balance and his balance will always be 0.00 when the loan is paid off.

Next post the payment on the loan 11494, L. J. Christie. Investor 9001 also owns a participation in this loan.

Click on the Participants button to return to the participants dialog

Loan No:	11494	Loan Name:	Christie, L.J.
Total Pct Sold	52.080854	Participation Comment	
Total Pct Unsold	47.919146	Investor Int Accrued	0.0000
Total Amount Sold	81,265.74	Investor Principal	15,374.60

Investor:	Investor ID	Percent Owned
Samuel Smith	90001	9.853135
Smith's Investments	90002	28.151802
77734 Preston Lane	90003	14.075917
Plano, TX 75044		

90001

Pay One Investor All Loans Add Print Quit

Pay All Investors All Loans

This dialog displays the status of investor 90001's interest in the loan 11494.

You have now collected and posted two payments on 90001's loans and it is time to cut him (Mr Smith) a check.

You should be back to this screen. (same as before.)

Loan No:	11494	Loan Name:	Christie, L.J.
Total Pct Sold	52.080854	Participation Comment	
Total Pct Unsold	47.919146	Investor Int Accrued	0.0000
Total Amount Sold	81,265.74	Investor Principal	15,374.60

Investor:	Investor ID	Percent Owned
Samuel Smith	90001	9.853135
Smith's Investments	90002	28.151802
77734 Preston Lane	90003	14.075917
Plano, TX 75044		

90001

Pay One Investor All Loans Add Print Quit

Pay All Investors All Loans

Get your check book and find the check number of the check you will issue to this investor, in this case it is 12345.

Click on the “Pay One Investor All Loans” button.

You will be asked for the check number. Then transactions for the amounts due to the selected investor will be generated and added to the participations transaction records. **DO NOT FORGET THE CHECK NUMBER.** You will need it to get the remittance report.

an No: 11494 Cust No: 20351 Loan Name: Christie, L.J.

Enter Check Number of Reference.

Check No.
12345

OK

Comment Print

Christie, L.J.

0.0000
15,374.60

Investor: Investor ID Percent Owned

Samuel Smith	90001	9.853135
Smith's Investments	90002	28.151802
77734 Preston Lane	90003	14.075917
Plano, TX 75044		

90001

Pay One Investor All Loans Add Print Quit

Pay All Investors All Loans

Show 5 Items

Participations Sold

Loan No: 11494 Loan Name: Christie, L.J.

Total Pct Sold: 52.080854 Participation Comment:

Total Pct Unsold: 47.919146 Investor Int Accrued: 0.0000

Total Amount Sold: 81,265.74 Investor Principal: 15,374.60

Investor: Investor ID Percent Owned

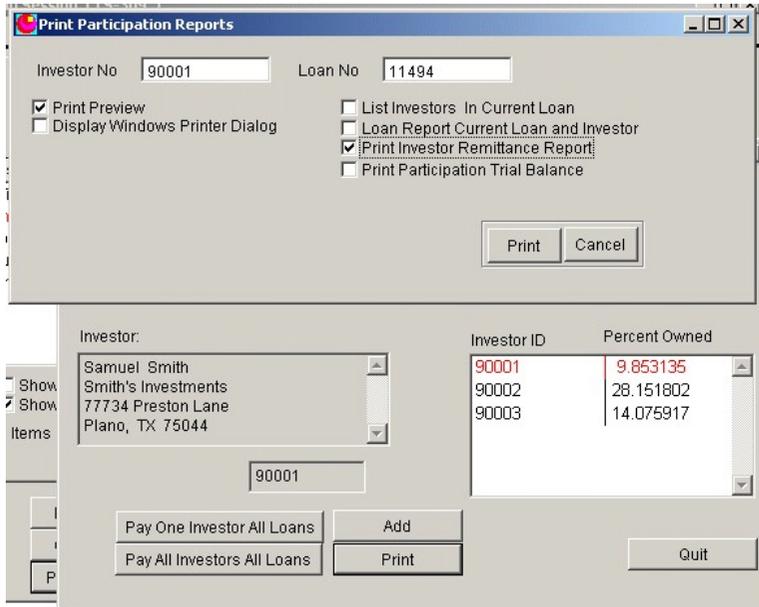
Samuel Smith	90001	9.853135
Smith's Investments	90002	28.151802
77734 Preston Lane	90003	14.075917
Plano, TX 75044		

90001

Pay One Investor All Loans Add Print Quit

Pay All Investors All Loans

Click the Print button again and select the “Print Investor Remittance Report” check box then click on “Print”



Again you will be asked for the check number. The following report will be printed and previewed on the screen depending on which print options you selected.

Lender
Bottom Line Software, Inc.
 P.O. Box 118826
 Carrollton, TX 75011-9826

Participant / Investor
Samuel Smith
Smith's Investments
77734 Preston Lane
Plano, TX 75044

Loan Number	Date	TranCode	Tran Amt	Tran Comment
11492	09/01/05	1221	286.98	
11492	09/01/05	1231	715.77	
11494	09/01/05	1221	116.51	
11494	09/01/05	1231	245.24	
Prin Advanced		0.00		
Prin Pmts Received	0.00	Total Prin Paid Investor	961.01	Total Prin Due Investor (Unpaid) 0.00
Int Pmts Received	0.00	Total Int Paid Investor	403.49	Total Int Due Investor (Unpaid) 0.00

Notice that tool bar. Windows places it at random. Most of the time it is very easy to find but some times when you have a lot of windows open on the screen, Windows will try to hide it from you.

When this report is printed, the amounts will be marked as paid in the participation records so do not forget to mail the check.