



Lender*VP

Balloon Loans in CBX

INSIDE THIS GUIDE:

This guide will help you understand balloon loans and how you can book them in CBX.

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Find other Reference Materials page on our website: <https://www.cuanswers.com/resources/doc/cubase-reference/>

Start your online help journey here:

<https://help.cubase.org/cubase/Welcome.htm>

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Lending Resource Guides

Be sure to check out these lending companion guides to learn more about lending and loans!

- [Big-Picture Planning for Your Loan Configurations: What to Consider when Setting Up Your Lending Codes and Configurations](#)
- [Escrow Processing with CBX](#)
- [Interest Payment Only Loans \(CBX Mortgage Products\)](#)
- [Lease Loan Tools](#)
- [Loan Interest Calculation: 360/365 Daily Interest](#)
- [Mortgage Products: 360-Day Interest Calculation](#)
- [Mortgage Products: Data Capture for Mortgage Closing Forms](#)
- [Variable Rate Loan Products](#)

All these booklets can be found posted on the [CU*Answers Reference Page](#).

Frequently Asked Questions

The following are some common questions that your members may ask about balloon loans.

What is a balloon loan and how does it work?

A balloon loan is a short-term loan that does not fully amortize over its term. Payments are either interest-only or a mix of mainly interest and some principal for a set number of payments. The remainder of the loan is due as the final payment, the “balloon,” as it is generally larger than the monthly amount.

What is the most common use of balloon loans?

Mortgage loans are most-commonly associated with balloon payments. Balloon mortgages typically have short terms ranging from five to seven years. However, the monthly payments through this short term will not cover the entire loan payment. Instead, the monthly payments are calculated as if the loan is a traditional 30-year mortgage.

Why might my members be interested in balloon loans?

For some members, a balloon loan has clear advantages:

- Lower monthly payments than a traditional amortized loan, because very little of the principal is being repaid; this may permit an individual to borrow more than they otherwise could.
- Not feeling the full impact of high interest rates because, as noted above, the payment is reduced, given the limited pay down of principal.

Can you book a balloon loan in CBX that has annual payments?

No, the only payment frequency on a balloon loan is monthly (“M”).

Simplify the Balloon Loan Application Process

To simplify the application process as well as future loan performance tracking, you may wish to build a specific loan product for balloon loans. The process to build these products is the same as any loan product. When viewing the product configuration screen in **Tool #470 Loan Product Configuration**, you can specify the loan type under the *Loan Quoter Defaults* section. This selection will ensure that the loan application always defaults to a balloon. Learn more in [CBX Online Help](#).

Tool #470 Loan Product Configuration

The screenshot displays the 'Product Configuration' interface for a new vehicle loan. The left sidebar contains 'Recalculate' and 'Rate History' buttons. The main configuration area includes the following sections:

- Product #**: 001, **NEW VEHICLE 27 MONTHS**
- Loan category**: 14, **NEW VEHICLES**
- Corp ID**: 01
- Use application workflow style**: 001 (blank = standard)
- Product code base rate**: 5.740
- Loan fees to be included in modified APR**: 125.00
- Default collections officer**: XX
- Require Dealer/Indirect ID**: ☐
- Display to**: ☐ Loan processing, ☒ Loan quote, ☒ External loan delivery channels
- Miscellaneous coverage on loan**: ☒
- Run loan deal filters**: ☐
- CLR Path program code**: ☐
- Amortization/External Loan Delivery Channel Defaults**:
 - Variant**: 0.000, **Rate**: 0.000, **-Or-** ☒ Use risk-based pricing
 - Frequency code**: M, **Purpose**: 01, **Delinquency code**: 3, **% to use for calculating payment**: 0.000 (for CC and LOC)
 - # of payments**: 27, **Security code**: 02, **Collateral type**: A, **ECOA code**: 1, **Variable rate code**: 000
- Loan Quoter Defaults**:
 - Quote multiple payments**: ☒ **Payment in final**: ☐
 - Loan type**: ☒ Balloon, ☐ Lease, ☐ General
 - Rate var**: + 0.500 - 0.000
 - # of payments and frequency**: A) 027 M, B) 036 M, C) 051 M
 - Amortization term for balloon loans**: A) 000, B) 000, C) 000

The bottom of the screen features navigation icons, a 'Let Us Know!' button, and a page number '(32/72)'.



VIDEO: [Learn how to design CBX loan products](#)

Booking Balloon Loans in CBX

Booking a balloon loan in CU*BASE is as easy as any other loan product. Before you get started, always review the loan queue to ensure the request is not already in process.

Start by using **Tool #2 Work/View Loan Application Status** and entering the member's account base, along with the loan request action code and loan product code.

Balloon Indicator

Loans can be flagged as a balloon loan using the Balloon Indicator flag. This is available on the Loan Information screen when creating a loan request.

Loan type ☒ General ☐ Balloon ☐ Lease

Creating/Editing Balloon Loan Request

Enter the amortization term in the bottom section of the screen. The system expects this loan to amortize over a longer period than the number of payments, when entered this term must be greater than the # of payments listed in the **Loan Information** section of the screen. Leave the term date and final payment blank; using the enter key will calculate and fill these fields automatically.

Tool #2 Work/View Loan Application Status

The screenshot displays the 'Loan Request' form in the CBX system. The 'Loan type' is set to 'Balloon'. The form includes sections for 'Loan Information', 'Miscellaneous Dates', 'Additional Details', and 'BALLOON LOANS ONLY'.

Loan Information:

- Loan category: 03 OTHER SECURED
- Loan product: 001 NEW AUTO
- Delivery channel: CU CU*BASE
- Loan type: ☒ General ☐ Balloon ☐ Lease
- Interviewer: 89 CU*ANSWERS CLIENT SUPPORT
- Account open reason code: [icon]

Miscellaneous Dates:

- Application date: Jan 08, 2025
- Disbursement date: Jan 08, 2025
- First payment date: Feb 07, 2025
- Payment day: 00

Additional Details:

- Refinanced amount: 0.00
- Dealer/indirect ID: [icon]
- Loan fees to include in modified APR: 0.00
- Variable int code: [icon]
- Purpose: 20 [icon]
- Security: 01 [icon]
- Delq fine: [icon]
- Maturity date: Dec 07, 2029
- Review date: Dec 07, 2029
- Add collateral type: A AUTO
- ECCA: 1 [icon]
- ☐ Edit collateral

BALLOON LOANS ONLY:

- 060
- Term date: Jan 07, 2030
- Final payment: 2,266.30
- ☒ Schedule payment in final

Select the “Balloon” option for the Loan type. Once this has been done, CBX will reveal additional fields under “Balloon Loans Only.”

Field Name	Description
Amortization term	<p>Enter the number of payments to be used when calculating the amortization for this loan. This number must be higher than the Number of payments figure.</p> <ul style="list-style-type: none"> • Example: A member has a balloon loan for a 48-month term but will be making 24 payments. The number of payments field would read “24” and the Amortization term field would read “48.”
Term date	<p>This field shows the date that the final payment would be due if the loan were not paid off on the <i>Maturity date</i>. Because balloon loans are due on the <i>Maturity date</i>, this field is shown primarily as a reference as to how the amortization was calculated. The system will automatically compute this date using the term entered in the <i>Amortization term</i> field.</p> <ul style="list-style-type: none"> • Example: A member has a balloon loan for a 48-month term but will be making 24 payments. The <i>Maturity date</i> field shows the date the final payment is due, 24 months out. The <i>Term date</i> field shows the date at the end of the 48-month term used to calculate the amortization.
Final payment	The amount of the final balloon payment. This field is calculated automatically on the loan request recap screen.
Schedule payment in final	This flag indicates that the balloon payment should be considered as the final payment on the loan. This setting cannot be changed. In other words, if the member is making 24 payments, the amortization program assumes the balloon payment is being made on the 24th payment.

Loan Request Recap Screen

The loan request recap screen will present information such as the amortization term date and final payment amount.

Tool #2 Work/View Loan Application Status – Loan Request Recap

CBX - Loan Request Recap

Account base

Loan product001NEW AUTO

Amount requestec45,000.00

Date & Rate Details

Disbursement dateJan 08, 2025

First payment dateFeb 07, 2025

Maturity dateDec 07, 2029

Amort term dateJan 07, 2030

FrequencyMONTHLY

Payment1,141.86

Final payment2,266.30

of payment:059 (balloon)

Interest rate18.000 %

Modified APR18.000 %

Loan fees to include in modified APR0.00

* Item changed via override.

←→↑⏸⌛ⓘ❓@

Let Us Know!

CU LOANRECAPDETAILS

HINT: If necessary, you may use Edit Loan (F2) to return to the Loan Request screen, make any desired changes, and use the Enter key to recalculate and display a new Loan Request Recap.

View Balloon Loan Details in CBX

Once the loan is booked, you may click the *balloon loan* button on the Member Account Inquiry screen. To get to the following screen, click the *Booked* tab in **Tool #2**, click the loan to highlight it, then select Account Inquiry under the Options dropdown menu.

Tool #2 Work/View Loan Application Status – Member Account Inquiry

The screenshot displays the 'Member Account Inquiry' interface. On the left is a sidebar with navigation options: New Account, New Account Type, History, Interest Calc, NSF, Loan Officer, Loan Category, Tracker Review, and Overdraft Protection. The main area is titled 'Balloon Loan' and shows account details for 'Account # 510 NEW CAR LOAN - EQUITY'. It includes a 'Collateral' section with checkboxes for Secured, Delinquent, and Additional signers. Below this are fields for 'Pmt protection' (N), 'Misc coverages' (N), 'Frozen' (0 NO), 'Check digit' (0), and 'Delivery channel' (CU). The 'Current balance' is 35,000.00, and the 'Interest rate' is 6.990%. The 'Disbursement limit' is 35,000.00, and the 'Available funds' are 0.00. The 'Total disbursed' is 35,000.00, and the 'Last disbursed bal' is 35,000.00. The 'Last payment' is 0.00, and the 'Regular payment' is 500.00. The 'Amount due' is 0.00, and the 'Partial pay' is 0.00. The 'Transaction Inquiry date' is Jan 08, 2025. The bottom status bar shows 'F22=00 Protect | F1=Skip Pmt Hist F16=Secured F17=Collateral F17=Addtl Signer F18=Cntrl Info F19=Payroll F23=Delq/Credit Hist' and a 'Let Us Know!' button.

Tool #2 Work/View Loan Application Status – Lease/Balloon/Residual Value Inquiry

The screenshot displays the 'Lease/Balloon/Residual Value Inquiry' screen. It shows the following information:

Inquiry type	Balloon
Amortization term	60
Estimated final payment	14,858.37
Lease residual value	0.00

The bottom status bar shows navigation icons, a 'Let Us Know!' button, and the number (39).

The **Lease/Balloon/Residual Value Inquiry** screen displays information about the balloon loan. This screen will show the amortization term and estimated final payment from when the loan request was originally created. These values are stored for information only; you can adjust the values in these fields manually via **Tool #20 Update Account Information**.