

# CREDIT UNIONS TO THE RESCUE! DURING THIS TRYING TIME, HERE ARE SOME IDEAS AND TIPS ON HOW TO HELP MEMBERS WITH THEIR LOAN PAYMENTS



MORE IDEAS FOR LOAN RELIEF SOLUTIONS FROM YOUR FRIENDS AT LENDER\*VP

## Adjusting a Principal & Interest Payment Loan to an Interest-Only Loan

Following are steps for converting a 360-day or 365-day (daily) interest calc-type loan from a normal principal & interest (P&I) payment into an interest-payment only loan for a limited period, in order to provide payment relief to a qualified member. This includes removing the escrow portion of the payment, if any, during the temporary period, and only collecting payments toward interest due.

These steps are intended only for loans that have a *monthly* payment frequency and where the interest calculation code on the loan category is either 0=365 or 3=360.

*BEFORE YOU BEGIN: We highly recommend you print or save screenshot images before adjusting any fields so that you have the appropriate information to reset the loan back to its original settings after the relief period.*

### Step 1 – Use **Member Inquiry** to review the account’s current status.

360-DAY LOAN SAMPLE BEFORE ADJUSTMENTS

The screenshot displays the 'Member Account Inquiry' window for a credit union. The account is for 'MELISSA MEMBER' (Account # 460), opened on Jan 08, 2013. The loan is a 'REAL ESTATE LOAN - EQUITY' (Account # 783) with a category of 'MORTGAGE 360'. The current balance is \$99,600.00, with an interest rate of 3.000%. The interface includes various tabs like 'New Account', 'History', and 'Interest Calc', and a detailed table of loan metrics.

Current balance	99,600.00	Interest rate	3.000%	Club benefits	
+ Interest	249.00	Daily interest	3 8.30	Accrued	0.00
+ Delinquent fine	0.00	YTD interest	400.00	YTD	0.00
- Insurance rebate	0.00	Variable interest	000		
= Loan payoff	99,649.00	Amort/maturity date	Jan 08, 2043	Pmts skipped this year	00
		Review date	Jan 08, 2043	Pmts skipped life of loan	00
Disbursement limit	100,000.00	Int accrued through	Mar 31, 2020	Secured funds	0.00
Available funds	0.00	First payment	Feb 08, 2013		
Total disbursed	100,000.00	Last disbursed	Jan 24, 2013		
Last disbursed bal	100,000.00	Last payment	Apr 03, 2020	ECOA code	1
Last payment	400.00	Next payment	08 Apr 08, 2020	Escrow	460-022
Regular payment	354.55	# pmts remaining	358 of 360	Escrow pmt	45.45
Amount due	0.00	Frequency	MONTHLY	# of refinances	0
Partial pay	0.00	Stepdown amount			



365-DAY LOAN SAMPLE BEFORE ADJUSTMENTS

**Member Account Inquiry**

Account # 460 MELISSA MEMBER Date opened Sep 20, 2010  
G/L account 702.03-01

Account 780 REAL ESTATE LOAN - EQUITY  
Category 03 REAL ESTATE LN  
Purpose 01 SHARE SECURED TEST  
Security 02 SHARE SECURED  
Proc type H MORTGAGE LOAN

Current balance	113,791.58	Interest rate	5.000%	Club benefits	
+ Interest	482.05	Daily interest	0	Accrued	0.00
+ Delinquent fine	0.00	YTD interest	0.00	YTD	0.00
- Insurance rebate	0.00	Variable interest	030		
= Loan payoff	114,273.63	Amort/maturity date	Sep 20, 2040	Pmts skipped this year	00
		Review date	Sep 20, 2040	Pmts skipped life of loan	00

Disbursement limit 130,000.00 Int accrued through Apr 03, 2020 Secured funds 0.00  
Available funds 0.00 First payment  
Total disbursed 130,000.00 Last disbursed  
Last disbursed bal 130,000.00 Last payment ECOA code 1  
Last payment 8,481.10 Next payment 03 Apr 03, 2020 Escrow 460-021  
Regular payment 700.00 # pmts remaining 330 of 360 Escrow pmt 100.00  
Amount due 800.00 Frequency MONTHLY # of refinances 0  
Partial pay 0.00 Stepdown amount

Transaction inquiry date Apr 06, 2020 [MMDDYYYY]

- Print or save a screenshot for use when resetting the loan after the relief period ends.

**Step 2 – Access Tool #51 Miscellaneous Loan Maintenance** to adjust the loan’s payment matrix.

BEFORE

**Additional Loan Information Selection**

Loan account 460 783 MELISSA MEMBER  
Loan category 54 MORTGAGE 360

Additional Information

Session 1 CUPBASE GOLD - Payment Matrix Update

Loan account 460 783 MELISSA MEMBER  
Loan category 54 MORTGAGE 360

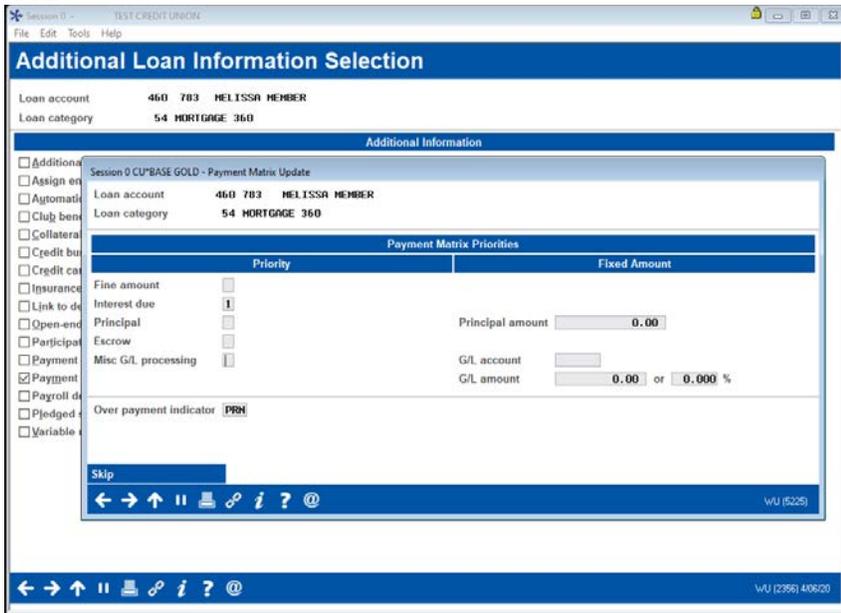
Payment Matrix Priorities		Fixed Amount
Priority		
Fine amount	4	
Interest due	2	
Principal	3	Principal amount 0.00
Escrow	1	G/L account
Misc G/L processing	0	G/L amount 0.00 or 0.000 %

Over payment indicator PRN

Skip

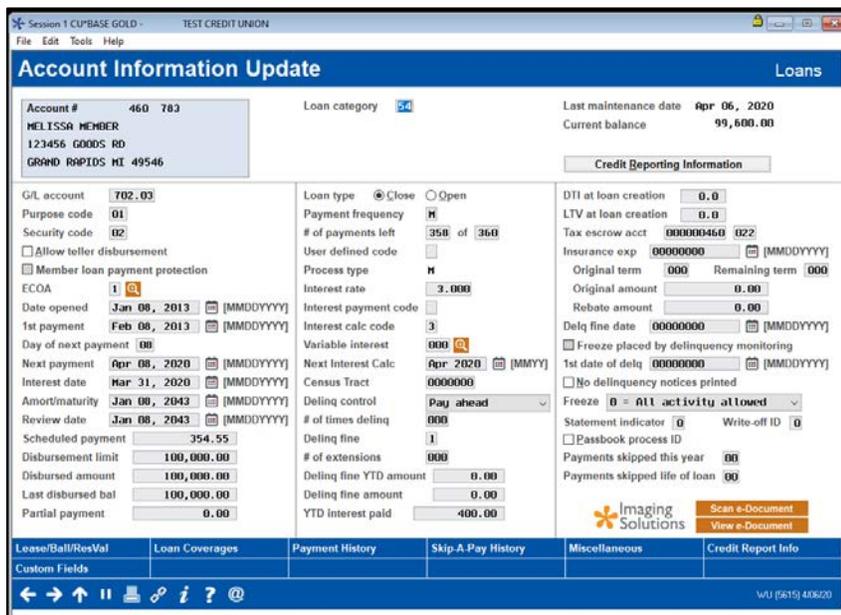
- Clear out any "priority" values in *Fine amount*, *Principal*, *Escrow* and *Misc. G/L processing* and give *Interest Due* a priority of 1.

AFTER



**Step 3** – Access **Tool #20 Update Account Information** to manually change the member’s payment amount and disconnect the loan from the escrow account.

BEFORE



- Clear out the *Tax escrow acct* (account base and suffix) fields in the right column.
- Calculate the member’s new payment to equal *one month’s worth of calculated interest*, as follows:

<i>Interest Calc Type</i>	<i>Calculation for One Month’s Interest</i>
360-day loan	Loan balance * Rate / 12
365-day loan (see <b>Note</b> below)	Daily interest amount * # of days in the shortest month of relief period

- Change the *Scheduled payment* field to the monthly interest amount you just calculated.

AFTER

**Account Information Update**

Account # 460 783  
 MELISSA MEMBER  
 123456 GOODS RD  
 GRAND RAPIDS MI 49546

Loan category 54  
 Last maintenance date Apr 06, 2020  
 Current balance 99,600.00

**Credit Reporting Information**

GI/L account 702.03  
 Purpose code 01  
 Security code 02  
 Allow teller disbursement  
 Member loan payment protection  
 ECOA 1  
 Date opened Jan 08, 2013  
 1st payment Feb 08, 2013  
 Day of next payment 08  
 Next payment Apr 08, 2020  
 Interest date Mar 31, 2020  
 Amort/maturity Jan 08, 2043  
 Review date Jan 08, 2043  
 Scheduled payment 249.00  
 Disbursement limit 100,000.00  
 Disbursed amount 100,000.00  
 Last disbursed bal 100,000.00  
 Partial payment 0.00

Loan type  Close  Open  
 Payment frequency M  
 # of payments left 358 of 360  
 User defined code  
 Process type M  
 Interest rate 3.000  
 Interest payment code  
 Interest calc code 3  
 Variable interest 000  
 Next Interest Calc Apr 2020  
 Census Tract 0000000  
 Delinq control Pay ahead  
 # of times delinq 000  
 Delinq fine 1  
 # of extensions 000  
 Delinq fine YTD amount 0.00  
 Delinq fine amount 0.00  
 YTD interest paid 400.00

DTI at loan creation 0.0  
 LTV at loan creation 0.0  
 Tax escrow acct  
 Insurance exp 00000000  
 Original term 000 Remaining term 000  
 Original amount 0.00  
 Rebate amount 0.00  
 Delq fine date 00000000  
 Freeze placed by delinquency monitoring  
 1st date of delq 00000000  
 No delinquency notices printed  
 Freeze 0 = All activity allowed  
 Statement indicator 0 Write-off ID 0  
 Passbook process ID  
 Payments skipped this year 00  
 Payments skipped life of loan 00

Imaging Solutions  
 Scan e-Document  
 View e-Document

Lease/Bal/Res/Val Loan Coverages Payment History Skip-A-Pay History Miscellaneous Credit Report Info

Custom Fields

WU (5615) 40520

**Note for 365/daily interest calculation loans:** Unlike a 360-day product that has a consistent monthly interest amount, the interest for 365-day products is not consistent because the number of days between payments varies. It is recommended to use the number of days in the shortest month of the relief period to calculate the payment amount.

*Example: Melissa Member is granted a 3-month relief period that consists of April, May, and June. May has 31 days but April and June only have 30. For this example, we recommend that the payment is determined using 30 days resulting in a monthly interest payment of \$466.50 (\$15.55 per diem \* 30). There may be a remaining 2 days of interest on the loan after the relief period but the amount of interest paid will be correct. If the payment amount was calculated using 31 days, principal would be paid during the relief period and the amount of interest paid would not be correct.*

**Step 4 – Validate changes via Member Account Inquiry.**

360-DAY LOAN SAMPLE AFTER ADJUSTMENTS

**Member Account Inquiry**

Collateral  
 Secured  
 Delinquent  
 Additional signers  
 Pledged  
 Payroll  
 ACH  
 AFT

Account # 460 MELISSA MEMBER  
 Date opened Jan 08, 2013  
 GI/L account 702.03-01

Account 783 REAL ESTATE LOAN - EQUITY  
 Category 54 MORTGAGE 360  
 Purpose 01 SHARE SECURED TEST  
 Security 02 SHARE SECURED  
 Proc type M MORTGAGE LOAN

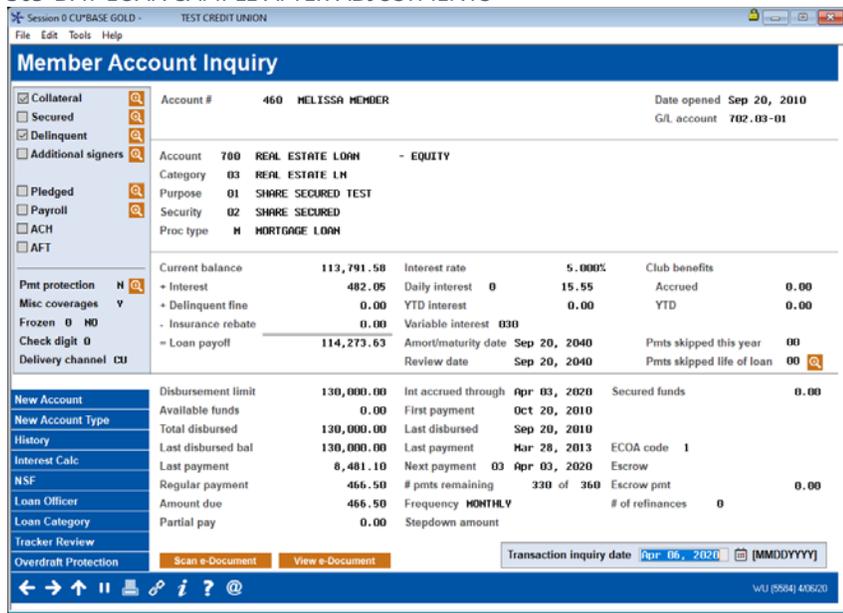
Current balance 99,600.00 Interest rate 3.000% Club benefits  
 + Interest 249.00 Daily interest 3 8.30 Accrued 0.00  
 + Delinquent fine 0.00 YTD interest 649.00 YTD 0.00  
 - Insurance rebate 0.00 Variable interest 000  
 = Loan payoff 99,849.00 Amort/maturity date Jan 08, 2043 Pmts skipped this year 00  
 Review date Jan 08, 2043 Pmts skipped life of loan 00

Disbursement limit 100,000.00 Int accrued through Mar 31, 2020 Secured funds 0.00  
 Available funds 0.00 First payment Feb 08, 2013  
 Total disbursed 100,000.00 Last payment Jan 24, 2013  
 Last disbursed bal 100,000.00 Last payment Apr 06, 2020 ECOA code 1  
 Last payment 249.00 Next payment 08 Apr 08, 2020 Escrow  
 Regular payment 249.00 # pmts remaining 357 of 360 Escrow pmt 0.00  
 Amount due 0.00 Frequency MONTHLY # of refinances 0  
 Partial pay 0.00 Stepdown amount

Transaction inquiry date Apr 08, 2020  
 Scan e-Document View e-Document

WU (5584) 40920

365-DAY LOAN SAMPLE AFTER ADJUSTMENTS



Special Tips

- To avoid problems, advise the member not to make early payments on a 365-day loan that has been converted to interest only. You may want to recommend setting up an automated funds transfer (AFT) for the relief period.

After the Relief Period Ends

- Once the agreed-upon relief period ends, gather your "before" screenshots and repeat the steps above, but this time return the payment amount and escrow account number fields back to their original settings.