



Loan Participation Settlement Procedures

INSIDE THIS GUIDE:

Step-by-step instructions to process monthly investor settlement for standard participation loans.

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Introduction

The following steps are intended as guidelines for standard (not government) investors that require participation loans to be settled once a month. The steps for your credit union may differ or may not occur in the same order.

For more detailed information on standard participation loans, refer to the [Participation Lending Standard reference guide](#).

The CU*Answers Earnings Edge team is here to assist at any time. Find us, contact us, and learn more via [The Store](#) | [The Website](#) | [Email](#)

Instructions

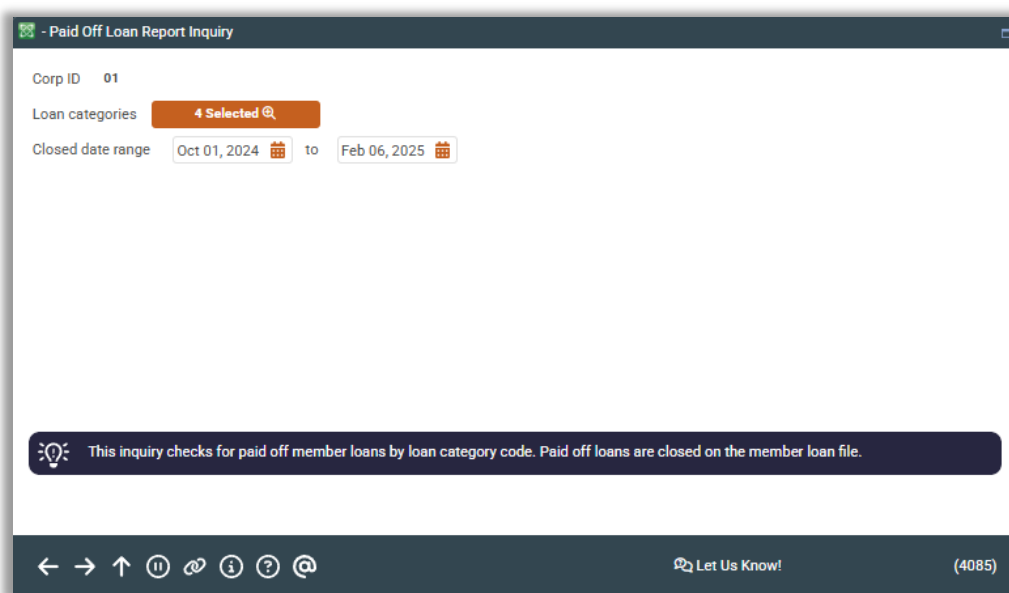
The following steps in this guide are intended as guidelines for standard (not government) investors that require participation loans to be settled once a month. The steps for your credit union may differ or may not occur in the same order.

For more detailed information on standard participation loans, refer to the [Participation Lending Standard reference guide](#).

Step 1: Review Paid Off Member Loans

Run the following report to identify closed (paid off) member loans and to determine if any adjustments need to be made in the settlement work file (slight balance differences due to rounding, etc.).

Tool #767 Review Paid Off Participation Lns



The screenshot shows the 'Paid Off Loan Report Inquiry' tool interface. At the top, the title bar reads '- Paid Off Loan Report Inquiry'. Below this, the 'Corp ID' is set to '01'. The 'Loan categories' section shows '4 Selected' with a magnifying glass icon. The 'Closed date range' is set from 'Oct 01, 2024' to 'Feb 06, 2025', with calendar icons for date selection. A dark blue banner with a lightbulb icon contains the text: 'This inquiry checks for paid off member loans by loan category code. Paid off loans are closed on the member loan file.' At the bottom, there is a navigation bar with icons for back, forward, up, down, search, and help, along with a 'Let Us Know!' link and the number '(4085)'.

Select all *Loan categories* that apply and enter the appropriate *Closed date range* for the settlement period. This will bring you to the following screen.

Review Paid Off Loans – Tool #767

Paid Off Loan Report - Inquiry

Print Report

CORP 01

LOAN CATEGORY ALL

Closed date range Feb 01, 2024 to Feb 06, 2025

Total # of loans 8,700

Loan Account	Name	Loan Cat	Principal	Open Date	Closed Date	Last Payment Date	PL Sts	RD Ln
11 000	MEMBER INVESTMENT	43	0.00	Aug 23, 2016	Feb 01, 2024	Sep 05, 2023		
11 000	MEMBER INVESTMENT	43	0.00	Mar 14, 2014	Oct 31, 2024	Oct 31, 2024		
11 000	MEMBER INVESTMENT	60	0.00	Oct 12, 2010	Oct 10, 2024	Oct 10, 2024	C	N
11 000	MEMBER INVESTMENT	15	0.00	Apr 15, 2021	Jun 11, 2024	Jun 11, 2024		
11 000	MEMBER INVESTMENT	43	0.00	Dec 22, 2011	Aug 15, 2024	Aug 15, 2024		
11 000	MEMBER INVESTMENT	60	0.00	Sep 13, 2022	Jul 02, 2024	Jul 02, 2024	C	N
11 000	MEMBER INVESTMENT	43	0.00	Aug 23, 2016	Oct 10, 2024	Oct 10, 2024		
11 000	MEMBER INVESTMENT	15	0.00	Apr 12, 2022	Feb 07, 2024	Feb 07, 2024		
11 000	MEMBER INVESTMENT	98	0.00	Sep 27, 2022	Apr 22, 2024	Apr 22, 2024		
11 000	MEMBER INVESTMENT	15	0.00	Aug 08, 2019	Nov 10, 2024	Nov 10, 2024		
11 000	MEMBER INVESTMENT	14	0.00	Jan 15, 2020	Sep 14, 2024	Sep 14, 2024		
11 000	MEMBER INVESTMENT	12	0.00	Mar 10, 1988	Apr 15, 2024	Nov 01, 2006		
11 000	MEMBER INVESTMENT	04	0.00	Mar 22, 2022	May 04, 2024	May 04, 2024		
11 000	MEMBER INVESTMENT	04	0.00	Dec 06, 2022	Jul 31, 2024	Jul 31, 2024		
11 000	MEMBER INVESTMENT	34	0.00	Sep 06, 2023	Sep 10, 2024	Sep 10, 2024		
11 000	MEMBER INVESTMENT	60	0.00	Mar 03, 2020	Feb 06, 2024	Feb 06, 2024	C	N
11 000	MEMBER INVESTMENT	85	0.00	Mar 17, 2020	Feb 06, 2024	Feb 06, 2024		
11 000	MEMBER INVESTMENT	04	0.00	Jan 11, 2024	Mar 25, 2024	Mar 25, 2024		

Account Inquiry

The report can be viewed on the screen and/or printed via the **Print Report** button if desired. Keep in mind that if the participation loan status (*PL Sts*) is an “E” (Existing), the paid off loan is open on the participation loan system.

Step 2: Review Member Activity

Run the following report to research member payment activity to help determine any adjustments needed in the settlement work file.

Tool #766 Review Mbr Activity on Part. Loans

Member Activity on Participation Loans

Corp ID 01

Transaction date range Jan 01, 2025 to Jan 31, 2025

PL investors 0 selected **Select**

Run this report prior to a settlement work file to check for payment activity.

Let Us Know! (4082)

Enter the *Transaction date range* (1st-31st) and the appropriate *PL investors*. This will bring you to the following screen.

Member Activity on Participation Loans – Tool #776

PLI	Loan Acct	Trn Date	Trn Amount	Principal	Interest	Res Balance	Description	Description 2
002		1/14/2025	0.00	0.00	0.00	277,708.85	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	180,283.78	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	79,825.06	AFTA2A XFER DEPOSIT	Start 9-1-21
002		1/27/2025	0.00	0.00	0.00	79,825.06	AFTA2A XFER DEPOSIT	Start 9-1-21
002		1/14/2025	0.00	0.00	0.00	32,497.75	AFTA2A XFER DEPOSIT	
002		1/27/2025	0.00	0.00	0.00	32,497.75	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	25,986.00	AFTA2A XFER DEPOSIT	
002		1/27/2025	0.00	0.00	0.00	25,986.00	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	212,706.37	AFTA2A XFER DEPOSIT	
002		1/27/2025	0.00	0.00	0.00	212,706.37	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	174,434.81	AFTA2A XFER DEPOSIT	
002		1/27/2025	0.00	0.00	0.00	174,434.81	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	75,054.95	AFTA2A XFER DEPOSIT	
002		1/27/2025	0.00	0.00	0.00	75,054.95	AFTA2A XFER DEPOSIT	
002		1/14/2025	0.00	0.00	0.00	414,423.08	AFTA2A XFER DEPOSIT	House payment
002		1/27/2025	0.00	0.00	0.00	414,423.08	AFTA2A XFER DEPOSIT	House payment
002		1/14/2025	0.00	0.00	0.00	455,855.54	AFTA2A XFER DEPOSIT	

The report can be viewed on the screen and/or printed via the **Print Report** button if desired.

Step 3: Participation Loan Balance Verification Report

Run the following report to identify differences between the end-of-month (EOM) member principal balance (can be run against current balance also) and the participation loan (investor) balance.

Tool #577 *Particip. Loan Balance Verification Rpt*

Corp ID 01

PL investors Select

Member Account balance to compare to participation loan balance ☒ Current balance ☐ End-of-month balance

Pull by account or reference ☒ Account ☐ Reference

This is an exception report that compares the calculated member principal balance (Mbr Prin Bal times PLI Part %) either using current or EOM member balance to the PL master file principal balance. Be sure that your PL work file processing is up-to-date.

← → ↑ ⏸ ⌂ ⓘ ? @

Let Us Know! (4089)

This report calculates the member's EOM balance multiplied by the investor's pro-rata share and compares with the investor's current balance. Any differences should be researched and/or adjusted in the settlement work file.

Step 4: Create/Post PL Payment Work File

In this step, you will enter the *Settlement calc routine* and *Settlement type*. *Company code* is optional on the screen below (if it applies to your credit union).

Tool #314 Create/Post Part. Ln Pmt Work File

The screenshot shows a web application window titled '- Create/Work Participation Loan Settlement Work File'. It contains the following fields and elements:

- Settlement calc routine:** A dropdown menu with 'Standard participation loans' selected.
- Settlement type:** A dropdown menu with 'Actual/Actual' selected.
- Company code:** A text input field with a magnifying glass icon and the text '(blank = none)'.
- Notification bar:** A dark blue bar with a lightbulb icon and the text 'The most used Settlement Type for Freddie Mac is Scheduled/Actual.'
- Footer:** A dark blue bar with navigation icons (back, forward, up, down, refresh, info, help, search), a 'Let Us Know!' link, and the number '(4114)'.

Create/Post Work File for PLI Payments – Tool #314

The screenshot shows a web application window titled 'Create/Post Work File for PLI Payments' with the CBX logo. It contains the following fields and elements:

- Left sidebar:** A button labeled 'Delete Work File'.
- Main content area:**
 - Settlement calculation routine:** A dropdown menu with 'PART' selected.
 - Settlement type:** A dropdown menu with 'AA' selected.
 - Settle through date:** A date picker showing 'Jan 31, 2025' with a calendar icon.
 - Export final settlement report to file:** An unchecked checkbox.
 - Report format:** A dropdown menu with 'Both' selected.
 - Process:** A dropdown menu with '2 = Calculate settlement for all loans' selected.
- Right sidebar:**
 - Copies:** A text input field with '1'.
 - Job queue:** An unchecked checkbox.
 - Printer:** A text input field with 'EDOC' and a magnifying glass icon.

The *Settle through date* is the last day of the prior month. Choose either *Process*:


- Option 2 = Calculate settlement for all loans
- Option 1 = Calculate settlement for investor/loan

A message will display showing the number of records written into the work file. The Trial Report version of the Settlement Detail Report will generate.

Step 5: Edit a Work File

To view and/or edit the work file, use *Process* option 3 = Work with settlement work file.


Create/Post Work File for PLI Payments (Tool #314)

 **Create/Post Work File for PLI Payments**


Delete Work File


Settlement calculation routine **PART**

Settlement type **AA**


Settle through date **Jan 31, 2025** 

☐ Export final settlement report to file

Report format **Both** 

Process **3 = Work with settlement work file** 

Copies **1** ☐ Job queue

Printer **EDOC** 

The Trial Report version of the settlement Detail Report will generate. This version of the Trial Report will differ from the one created in Step 4 if maintenance was done in the work file.

Tool #314 (Screen 3)

PLI	<input type="text"/>	Account	<input type="text"/>	<input type="text"/>	Settle through	Dec 31, 2024	
Totals	39,873.52	0.00	2,105.27	126.48	0.00	2,105.27	

PLI	Account	Type	Principal Balance	Past Due Interest	Interest Due	Principal Paid	Interest Paid	Monthly Income
2	<div></div>	800	39,873.52	0.00	2,105.27	126.48	0.00	2,105.27

You can modify interest and principal amounts in the work file. To modify an item, place your cursor on the item and use Enter or click the **Select** button to proceed to the update screen.

Tool #314 (Screen 4)


PLI	002	00000000000000000000	
Loan account	00000000000000000000	Original loan amount	40,000.00
PL type	04	00000000000000000000	Seq 1
Date reported	Dec 31, 2024		
Term	1		
Principal balance	39,873.52		
Interest due	<input type="text" value="2,105.27"/>		
Principal paid	<input type="text" value="126.48"/>		
Interest paid	<input type="text" value="0.00"/>		
Total settlement	126.48		
Monthly income	2,105.27		

Use this screen to adjust the amounts that will be posted to an individual participation loan record when this settlement work file is posted. The *Total settlement* amount (*Principal paid* + *Interest paid*) will be recalculated automatically after your changes are made. When done, select the **Save** button to save and return to the previous screen.

Step 6: Post Work File

Here is where you will select another *Process* option to post the work file.

Create/Post Work File for PLI Payments (Tool #314)


**Create/Post Work File for PLI Payments**

Delete Work File

Settlement calculation routine **PART**

Settlement type **AA**

Copies ☐ Job queue

Printer 

Settle through date

☐ Export final settlement report to file

Report format

Process

Choose *Process* option 4 = Post work file to post the work file to the participation loan history and create the journal batch. A message will appear showing the number of records posted. The final version of the Settlement Detail Report will generate.

Step 7: Post GL Journal Entries

Post the journal entry batch created from Step 6 (will have ID of PL).

Tool #61 Create/Post GL Journal Entries

Create Journal Entry or Jump To

Journal entry action ☒ Create ☐ Change

Corp ID

Effective posting date

J/E ID

J/E ID #

Reversal date

Recurring date

☐ Template

Search for batch label/First entry description containing

Work with Existing Journal Entries

Options...

Corp ID	Effective Date	ID	ID #	Reversal Date	Recurring Date	Year End	Status	Template	Batch Label
1	Jan 31, 2024	PL	00001				A		
1	Sep 01, 2024	/5	91324				A		SELECT SETTLEMENT REPORT
1	Sep 30, 2024	IN	00001				A		
1	Oct 31, 2024	ZZ	241031			Y	A		
1	Dec 31, 2024	PL	00001				A		
1	Jan 31, 2025	IN	00001				A		SELECT SETTLEMENT REPORT

Step 8: Prepare Investor Reports

In addition to the Settlement Detail Report generated in Step 6, run the Participation Loan Trial Balance and the Participation Loan Delinquency Analysis to provide to the investor.

Tool #590 PLI Trial Balance

Cg

Participation Loan Trial Balance

Retrieve Settings

Save Settings

Report Options

Corporate ID

Report type ☒ Detail & Summary ☐ Summary

Report as of date

Pull by ☒ Account ☐ Reference

Include closed loans with last reported date greater than or equal to

PL investors

Loan category

Participation loan types

☐ Sort by the date that the loan ends with the investor

Only loans sold to the investor on or after

Loan account (blank = all)

Reference # (blank = all)

☐ Export report to file

Run by the appropriate month end date and *PL investors*.

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Tool #578 Particip. Loan Delinquency Analysis

The screenshot shows a web application titled "Participation Loan Delinquency Analysis" with a C3x logo. On the left is a sidebar with "Retrieve Settings" and "Save Settings" buttons. The main area is titled "Report Options" and contains the following fields:

- Corp ID: 01
- Process date: Feb 2025 (with a calendar icon)
- PL investors: Select (with a magnifying glass icon)
- Report type: ☒ Detail & summary, ☐ Summary
- ☐ Include 30 to 59 day call report term
- Pull by account or reference: ☒ Account, ☐ Reference
- ☐ Export report to file

A dark blue notification bar at the bottom states: "The investor portion of the loan delinquency displays on this report."

Run by appropriate month end date, select the investor(s) and check the box to *Include 30 to 59 day call report term*.

Internal Reports

The Participation Loan Analysis Report is a helpful tool to provide to your Board of Directors when reporting about the credit union's participation loan program.

Tool #579 Participation Loan Analysis Report

The screenshot shows the 'CBX - Participation Loan Analysis Report' tool interface. It features a dark blue header bar with the title. Below the header, the interface is divided into several sections. On the left, there are input fields for 'Month/year to process' (set to 'Feb 2025'), 'Report type' (radio buttons for 'Detail & summary' and 'Summary'), 'Sort by' (radio buttons for 'Account', 'Investor', and 'PL type'), 'Pull by' (radio buttons for 'Account' and 'Reference'), 'Start date' (MMDDYYYY format), 'to' (MMDDYYYY format), 'Include closed loans with last reported date greater than or equal to' (MMDDYYYY format), 'Investor' (a 'Select' button), and an 'Export to file' checkbox. On the right, there is a 'Copies' field (set to '1'), a 'Job queue' checkbox (checked), and a 'Printer' field (set to 'EDOC') with a search icon. At the bottom, there are two large orange buttons: 'Retrieve Settings' and 'Save Settings'. The footer contains navigation icons, a 'Let Us Know!' link, and the number '(4625)'.

Run by the appropriate month end date and select *Report type* Summary.

This report gives the following breakdowns:

- Investor and originator's portion of the loans
- Projection of servicing income
- Projection of income on originator's portion of the loan
- Projected total yield for the net position