



Highlights

Release 19E



Compatible Releases:

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Introduction

In recent years, we have watched Interest Rates drop below zero in some European countries. As we experience economic changes in unprecedented times, Index Rate values in the United States are trending down as well. In an effort to support servicing loans with a Negative Index Rate as quickly as possible, the content of Release 19E is limited to a single project, the ability to enter an index rate that is less than or equal to zero. Strategy will track the Index Rate just as it does now, based on the high and low values defined in System Control. The system change allows the low value in System Control to be negative as well as the Current and Previous Index % Values in the Adjustable Loan module, and the Index tables. Should the Index plus any margins calculate a new Interest Rate less than zero, Strategy will set the Interest Rate to Zero. At no time, will the Interest Rate used to calculate interest accruals fall below zero.

Negative Index Rates

McCracken has taken steps to modify Adjustable Loan Processing to allow for the entry of Index values that are less than or equal to zero, but will not let the interest rate fall below zero. The changes include:

- System Control Setting to set the Low Index Rate value updated to allow a zero or negative value.
- Updated database fields in the system that would need to display negative Index values.
- Changed screens in the user interface to display negative index values.
- Update reports to show negative index rates where applicable.
- Warning message added to Adjustable Loan Index window to alert user that a zero rate has been entered for an Index.

- Adjustable Rate programs during day end were updated as follows:
 - Index Rates less than Zero,
 - if the calculation for the loan’s Interest Rate results in a negative value, the Interest Rate is changed to Zero %.
 - If the calculation for Investor’s Net Yield results in a negative Net Yield, the Net Yield is changed to Zero %.
 - If a Miscellaneous Receivable Fee Amount calculation determines the Interest Rate for Fee calculation is less than zero, it changes the Interest Rate to Zero %.

System Control Settings

- A field will be added to the [General Section of System Control on the Processing](#) tab.
 - The Allow Negative Index field is a Yes/No field to turn on or off the ability to enter negative values in Index related fields.
- The Low Value for Base Index % found on the [System Control, General Section, Allowable Values](#) panel will allow entries less than or equal to Zero.
 - To realize Negative Index Rates, the Low Value for Base Index % must be less than the Negative Index Rates you wish to enter.

Database and Screen Changes to Support Negative Index Values

When the value in the System Control>General>Processing option **Allow Negative Index** is set to “Yes”, the following fields will allow the entry of Negative Index Rates.

File	Fields	Screens
System Control General Processing PSYSCGEN	<ul style="list-style-type: none"> • Allow Neg Int S1ALWNEGI 	System Control/General Section <ul style="list-style-type: none"> ▶ Tools ▶ Maintenance ▶ System Control ▶ General ▶ Processing
System Control General – Allowable Values PSYSCGEN	<ul style="list-style-type: none"> • Low Base Index % S1LBIX 	System Control/General Section <ul style="list-style-type: none"> ▶ Tools ▶ Maintenance ▶ System Control ▶ General ▶ Allowable Values
ARM File PARM	<ul style="list-style-type: none"> • Original Index % ABONDY • New Index % ABCNDX • Previous Index % ABPINX 	Adjustable Loan Information <ul style="list-style-type: none"> ▶ File ▶ Module List ▶ Adjustable Loan ▶ Adjustable Loan Info

File	Fields	Screens
Adjustable Loan Default Info PADFALT	<ul style="list-style-type: none"> • Original Index % ABONDX • New Index % ABCNDX • Previous Index % ABPINX 	Default Adjustable Loan Information <ul style="list-style-type: none"> ▶ Tools ▶ Maintenance ▶ Defaults ▶ Adjustable Loan ▶ Default Adjustable Loan Information Selection ▶ Default Adjustable Loan Information
ARM File PSARM	<ul style="list-style-type: none"> • Original Index % ABONDX • New Index % ABCNDX • Previous Index % ABPINX 	New Loan Entry Adjustable Loan Information <ul style="list-style-type: none"> ▶ File ▶ Module List ▶ Loan Entry ▶ Select Loan ▶ Tools>Loan Entry Module>Adjustable Loan
ARM N Files NARM	<ul style="list-style-type: none"> • Original Index % ABONDX • New Index % ABCNDX • Previous Index % ABPINX 	No Screen
Investor ARM File PARMI	<ul style="list-style-type: none"> • Original Index % ABONDX • New Index % ABCNDX • Previous Index % ABPINX 	Investor Adj Rate <ul style="list-style-type: none"> ▶ File ▶ Module List ▶ Investor ▶ Investor Master/Investor Adj Rate
Pending ARM Changes PARMX	<ul style="list-style-type: none"> • Original Index % AXONDX 	Adjustable Loan Module - Pending Adjustable Loan Changes <ul style="list-style-type: none"> ▶ File ▶ Module List ▶ Adjustable Loan ▶ Pending Adjustable Loan Changes
ARM History File PARMH	<ul style="list-style-type: none"> • Original Index % ARONDX • New Index % ARCNDX • Previous Index % ARPINX 	Adjustable Loan Module - Adjustable Review History <ul style="list-style-type: none"> ▶ File ▶ Module List ▶ Adjustable Loan ▶ Adjustable Review History
Index File PINDEX	<ul style="list-style-type: none"> • Index Rate IXIRAT 	Adjustable Loan Module - Index Rates <ul style="list-style-type: none"> ▶ File ▶ Module List ▶ Adjustable Loan ▶ Tools ▶ Indexes ▶ Select Index and right mouse click, select Index Rates ▶ Adjustable Loan Index Rates

Adjustable Rate Report Changes

The following reports were modified to display Negative Index Rates.

On Demand Reports (Tools>Reports>Select Report)

- ARM Rate Review (System Wide)
- ARM Notices/Print Only (System Wide)
- ARM Listing by Investor (Investor)
- Rate Review History Report (Adjustable)
- Pending Adj. Loan Report (Adjustable)

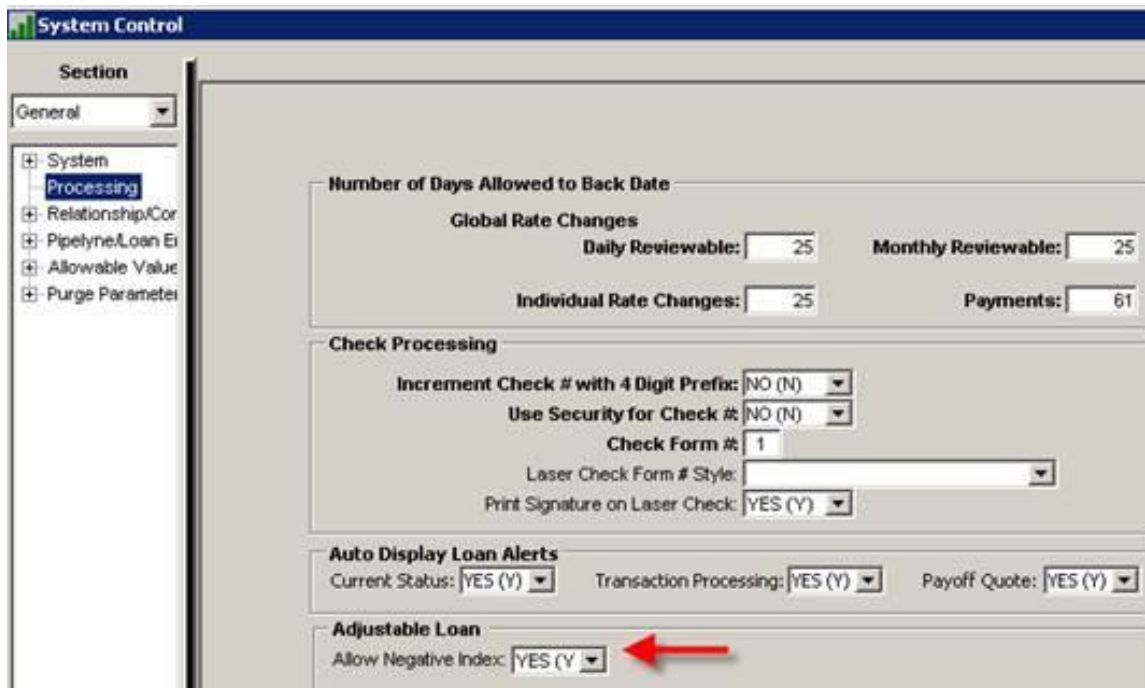
Dayend Reports

- Edit PARMX Records (GR151G)
- PARMX Changes Report (GR151HRP)
- Adjustable Loan Review for [DATE] (MB173_2)

Screen Changes

When the value in the System Control>General>Processing option **Allow Negative Index** is set to “Yes”, the following screens will allow Negative Index Rates.

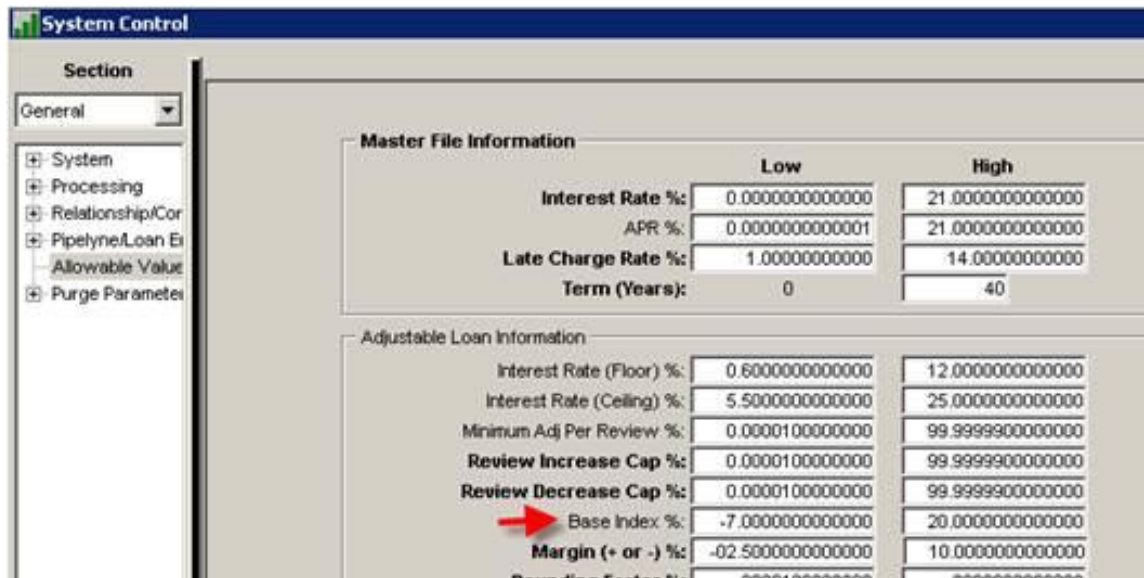
Tools>Maintenance>System Control>General Section>Processing



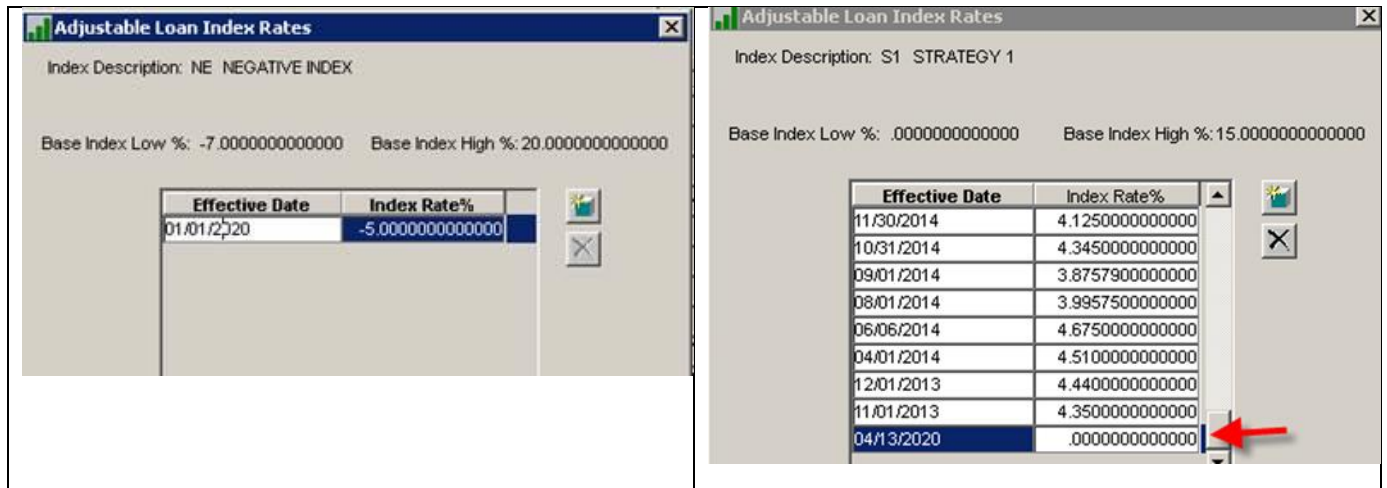
The screenshot shows the 'System Control' application window. On the left is a tree view with 'System' expanded and 'Processing' selected. The main area displays several configuration sections:

- Number of Days Allowed to Back Date**
 - Global Rate Changes: Daily Reviewable: 25, Monthly Reviewable: 25
 - Individual Rate Changes: 25, Payments: 61
- Check Processing**
 - Increment Check # with 4 Digit Prefix: NO (N)
 - Use Security for Check #: NO (N)
 - Check Form #: 1
 - Laser Check Form # Style: [dropdown]
 - Print Signature on Laser Check: YES (Y)
- Auto Display Loan Alerts**
 - Current Status: YES (Y)
 - Transaction Processing: YES (Y)
 - Payoff Quote: YES (Y)
- Adjustable Loan**
 - Allow Negative Index: YES (Y) ← **Red arrow pointing to this dropdown.**

Tools>Maintenance>System Control>General Section>Allowable Values

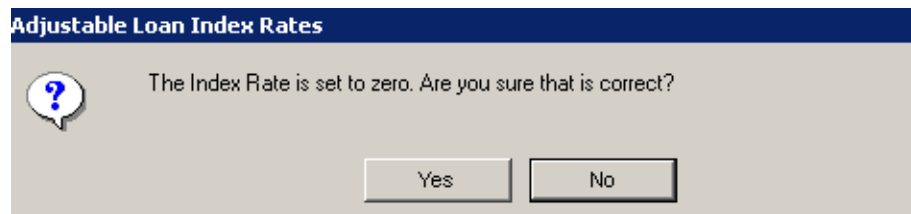


File>Module List>Adjustable Loans>Tools>Indexes>Index Rates (Right Mouse Option)



New Warning Message

When the Index Rate% entered on the Adjustable Loan Index Rates window is zero, a warning message will appear.



Clicking 'No' will take you back to the Adjustable Loan Index Rates window to update the Index Rate value.

Clicking 'Yes' will save the 0.00 Index Rate value.

Note: The Index Rate wizard will also display a warning message if a zero value is indicated when adding an Index Rate to Strategy.

File>Module List>Adjustable Loans>Adjustable Loan Info (Right Mouse Option)>Update Info>Enter Adjustable Info>Next

Adjustable Loan Update Wizard

Enter Adj:
Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: MO/IDX AVG (MA) **Payment Type:** NEG AMORT (G)
Adjustable Method: STANDARD (A) **Contract Type:** ADJUSTABLE (A)

Rate Information

Monthly or Daily Review: (M) MONTHLY
Rate Change Frequency: 1
Look Back Method: (B) BACK
 Look Back Days For Rate Reviews: 15
 Business Calendar:
 Use Business Calendar: Review Date: NO (N)
 Use Business Calendar: Change Date: NO (N)
 Business Calendar Options:
Rate Review Date: 09/16/2017
Rate Change Date: 10/01/2017
Rate Chg Anniversary Date: 10/01/2017
 Original Index %: -1050000000000

New Interest Rate %: 1.900000000000
Previous Interest Rate %: 1.900000000000
 New Rate Without Caps %:
Index Description: MO AVG 1YR (2H)
New Index %: -1.750000000000
Previous Index %: -1.750000000000
 # of Rate Reviews to Date: 172
 Maximum # Of Rate Reviews:
 Option Date: 00/00/0000
 Previous Review Date: 08/17/2017

Release 19 E - Content Listing

JOB #	FILE CHANGE	NEW FILES	CONVERSION	TYPE B=BUG C=CHANGE E=ENHANCE- MENT	FEATURE	MAC?	DESCRIPTION
18584	Y	N	Y	C	ADJUSTABLE LOANS	N	Adjustable Loan>Tools>Indexes Market conditions are such that indexes used for ARMs can be a negative rate. Strategy needs to be able to accommodate a negative index rate as well as a zero % rate in the ARM index file and anywhere the Original, Previous and New Index Rates appear on screen in the system. Reports should be updated to display negative index rates.