Welcome Back – We are muting all attendees on entry. Please wait for the session to start.

Payment Deferral Discussions
April 9, 2020
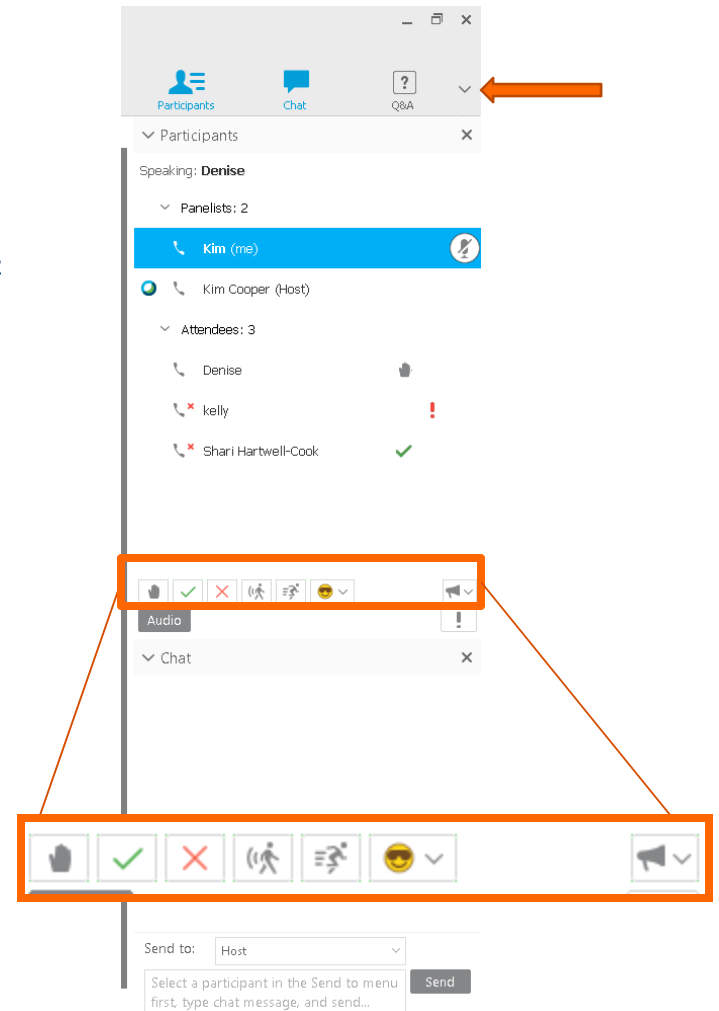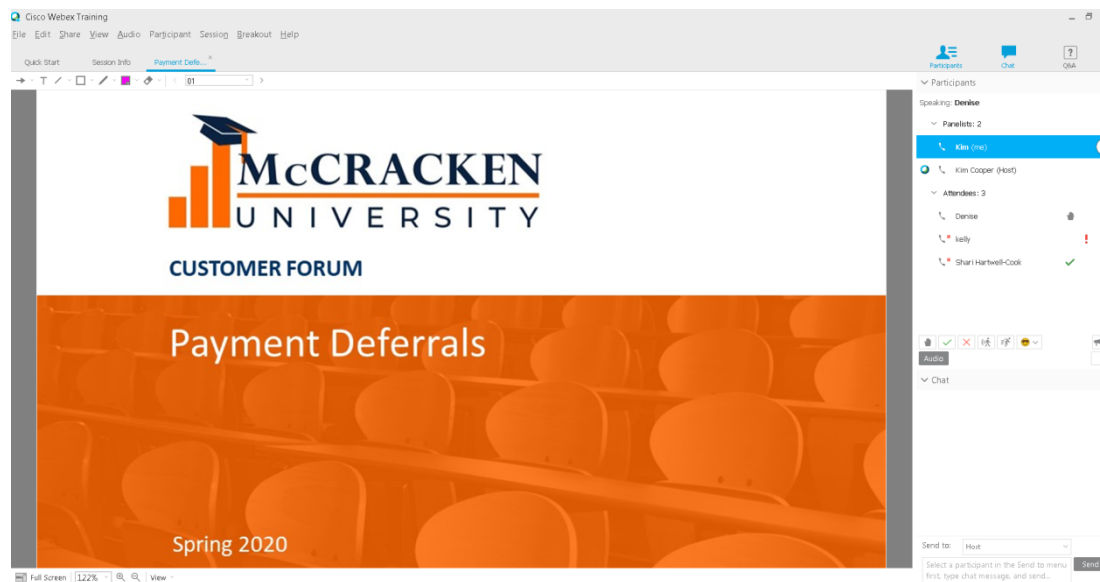
Defer P&I, Escrow payments will still be required. (Scenario #4)

Discussions on Repayment Options

McCRACKEN UNIVERSITY

Before We Start

- Please 'Raise Your Hand' to be recognized.

- If you do not see the Participants panel use the 'More options and controls' arrow to 'Show Panels'

Agenda

- Scenario #4 – Defer P&I Payment, Escrow Required

- Repayment Options

- Discussion

- Next Webinar

Defer P&I, Escrow Required (Scenario #4)

Repayment Terms Undetermined or Will Not Be Spread

Payment Strings- Horizontal & Vertical

- Both define the order of payment components to be satisfied

- Vertical Payments Strings - Generally used for performing loans
  - Starts with oldest open receivable
    - Satisfied all the components in that receivable using order specified in string
    - Moves to next oldest open receivable
    - Satisfies all components in that receivable
    - Repeats until are exhausted or all receivables are satisfied.

Horizontal Payment Strings

- Generally used for non performing loans – modifications
- Starts with first payment component in the string
  - Goes to the oldest open receivable, satisfies that payment component
  - Moves to the next oldest open receivable, satisfies the same payment component
  - When the first payment component in the string is satisfied, moves to the next component in the string
  - Goes back to the oldest open receivable, satisfies the second payment component
  - And so on until the funds are exhausted or all receivables are satisfied.

Defer P&I, Escrow Required

Consider Horizontal Payment Strings

- This scenario will create monthly receivables with the full amount of PIER
  - Stores each deferred payment separately
  - Applies the repayment to individual receivables
- Amortizing loans will continue to amortize
- Principal and interest due will be calculated by Strategy using the scheduled balance

Recommended Setup

- Notify Borrowers what they are required to pay during deferral period
  - May include a new address to send payment
- Strategy bills will show full payment due
  - Depending on requirement to advance due date or not, past due amounts may be included on bills
- Remove PAT set up - PAT will draft for full receivable payment
- Consider changing loan to Print Bill 'No (N)' – additional maintenance is needed for this option
- Suggest using a hold code during the deferral period to avoid possible misapplication

Update System Control Transactions Record Payment String Recognition of Receivables
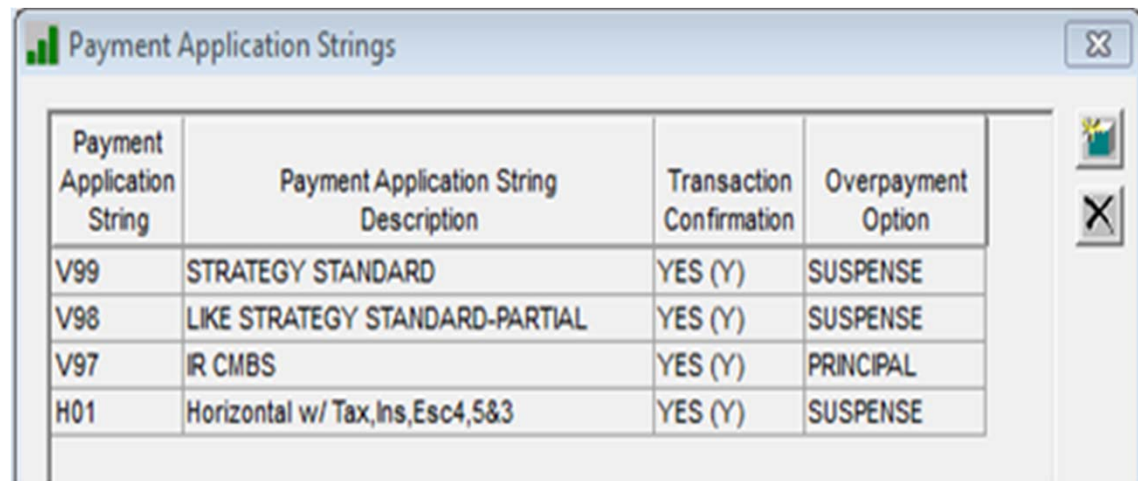
- Setting field to *On the due date (2)* prevents overpayments from posting to next receivable

Setup or Change Horizontal Payment String

- Access Payment Application String Set up from Loan Administration Tools Option

Payment Application String	Payment Application String Description	Transaction Confirmation	Overpayment Option
V99	STRATEGY STANDARD	YES (Y)	SUSPENSE
V98	LIKE STRATEGY STANDARD-PARTIAL	YES (Y)	SUSPENSE
V97	IR CMBS	YES (Y)	PRINCIPAL
H01	Horizontal w/ Tax,Ins,Esc4,5&3	YES (Y)	SUSPENSE

Example 1

- Advance due date once escrow/reserves are collected, regardless of collection of P&I

- Order payment of components starting with Escrows
- Set Principal and Interest as the very last posting orders
- Check Minimum to Advance Due Dates for Delinquency and Payments for Escrow Components
- Leave the Minimum to Advance Due Dates check boxes blank for Principal and Interest
- Suggest setting overpayments to go to suspense.

Update Payment Strings in Loan Administration

- Select Horizontal String
- Partial Payments – Yes (Y)
- Carefully monitor payments until day end in case reversals are needed

- Loan is due for 1/1
- Process 1/1 and 2/1 payment for the total escrow collected (each)

STRATEGY CS - [Current Status => 060063311 [USD] - Bradford Carl]

CS Trans History Detail

Date of Trans:	01/03/2019	
		Trans Type Description: PMT REC'D
		Sub-Trans Type Description: 02

Paid for Date:	01/01/2019			Interest from Date:	12/01/2018
Next Pmt Due Date:	02/01/2019	Disburse Type:		Interest to Date:	12/30/2018
Batch #:	12	Tax Auth / Vend:		Effect Back Date:	01/03/2019
User ID:	TWALLACE	Check # Issued:	0	Misc Esc Desc:	
Last Tran Date:	01/01/2019	Investor Loan:	Y	Misc Amt Desc:	
				Misc Rcvbl Category:	

	Transaction Amount	Balance After Transaction
Principal:	0.00	68,928,723.95
Interest:	0.00	
Escrow 1:	20,833.75	20,835.57
Escrow 2:	15,485.63	30,971.26
Escrow 3:	12,500.00	775,000.00
Escrow 4:	16,666.67	83,333.36
Escrow 5:	0.00	0.00
Late Charge:	0.00	
Late Charge Assess Amt:	0.00	
Suspense:	0.00	0.00
Misc Amounts:	0.00	
Subsidy:	0.00	
Subservicer Fee:	0.00	
Transaction Amount:	65,486.05	

OK   Help

Receivable shows that the Principal and Interest are NOT collected.

01/01/2019 Receivable

STRATEGY CS - [Billing => 060063311 [USD] - Bradford Carl]

Receivable Detail Information

Receivable Detail

Billing Date: 01/01/2019

	Amounts Due	Amounts Credited
Principal:	1,042,862.93	.00
Interest:	287,203.02	.00
Escrow 1:	20,833.75	20,833.75
Escrow 2:	15,485.63	15,485.63
Escrow 3:	12,500.00	12,500.00
Escrow 4:	16,666.67	16,666.67
Escrow 5:	.00	.00
Late Charge:	.00	.00

Interest Adjustments:	.00	Principal Balance After:	68,928,723.95
Interest From:	12/01/2018	Cash Received Date:	01/03/2019
Interest To:	12/30/2018	Subsidy Amount:	.00
Interest Rate %:	5.0000000000000	Payment Status:	PARTIAL
Interest Basis:	A60 (1)	Misc Escrow Type:	
Record Generation:	MB404	Modified Payment Schedule:	NO

Late Charge

Late Charge has been Assessed: NO (N)   Total Late Charge Waived: NO (N)

MASTER (MST)	Amount:	34,888.80	Effective Date: 01/07/2019	Late Charge Assessed:	NO (N)
	Amount:	.00	Effective Date: 00/00/0000	Late Charge Assessed:	
	Amount:	.00	Effective Date: 00/00/0000	Late Charge Assessed:	
	Amount:	.00	Effective Date: 00/00/0000	Late Charge Assessed:	

D.I.A.L Amounts

Accrued:	.00	Capitalized:	.00
Billing Adjustments:	.00	Billed:	.00

OK   Cancel   Apply   Help

STRATEGY CS - [Billing => 060063311 [USD] - Bradford Carl]

Receivable Detail Information

Receivable Detail

Billing Date: 02/01/2019

	Amounts Due	Amounts Credited
Principal:	1,047,208.20	.00
Interest:	282,857.75	.00
Escrow 1:	20,833.75	20,833.75
Escrow 2:	15,485.63	15,485.63
Escrow 3:	12,500.00	12,500.00
Escrow 4:	16,666.67	16,666.67
Escrow 5:	.00	.00
Late Charge:	.00	.00

Interest Adjustments: .00
Interest From: 01/01/2019
Interest To: 01/30/2019
Interest Rate %: 5.0000000000000
Interest Basis: A60 (1)
Record Generation: MB404

Principal Balance After: 68,928,723.95
Cash Received Date: 02/01/2019
Subsidy Amount: .00
Payment Status: PARTIAL
Misc Escrow Type:
Modified Payment Schedule: NO

Late Charge

Late Charge has been Assessed: NO (N)   **Total Late Charge Waived:** NO (N)

MASTER (MST)	Amount:	34,888.80	Effective Date:	02/05/2019	Late Charge Assessed:	NO (N)
	Amount:	.00	Effective Date:	00/00/0000	Late Charge Assessed:	
	Amount:	.00	Effective Date:	00/00/0000	Late Charge Assessed:	
	Amount:	.00	Effective Date:	00/00/0000	Late Charge Assessed:	

D.I.A.L Amounts

Accrued: .00   Capitalized: .00
Billing Adjustments: .00   Billed: .00

OK   Cancel   Apply   Help

Receivable shows that the Principal and Interest are NOT collected.

02/01/2019 Receivable

Current Status Shows Next Payment Due 3/1

Master Info shows Next Payment Due 3/1

Example 2

- Advance due date once escrow/reserves, P&I are collected

- Order payment of components starting with Escrows

- Set Principal and Interest as the very last posting orders

- Check Minimum to Advance Due Dates for Delinquency and Payments for Escrow Components

- Check Minimum to Advance Due Dates for Principal and Interest

- Suggest setting overpayments to go to suspense.

- Loan is due for 1/1
- Process 1/1 and 2/1 payment for the total escrow collected (each)

STRATEGY CS - [Current Status => 060063313 [USD] - Stark & Assoc]

CS Trans History Detail

Date of Trans: 02/01/2019　　Trans Type Description: PMT REC'D
　　　　　　　　　　　　　　Sub-Trans Type Description: 02

Paid for Date: 02/01/2019　　　　　　　　　　Interest from Date: 01/01/2019
Next Pmt Due Date: 01/01/2019　Disburse Type:　　　Interest to Date: 01/30/2019
Batch #: 25　　Tax Auth / Vend:　　　Effect Back Date: 02/01/2019
User ID: KATH　　Check # Issued:　　　0　Misc Esc Desc:
Last Tran Date: 01/03/2019　Investor Loan: Y　　Misc Amt Desc:
　　　　　　　　　　　　　　　　　　　Misc Rcvbl Category:

	Transaction Amount	Balance After Transaction
Principal:	0.00	5,455,683.59
Interest:	0.00	
Escrow 1:	3,000.00	92,046.50
Escrow 2:	3,000.00	9,000.00
Escrow 3:	7,000.00	441,000.00
Escrow 4:	995.00	22,685.00
Escrow 5:	0.00	0.00
Late Charge:	0.00	
Late Charge Assess Amt:	0.00	
Suspense:	0.00	0.00
Misc Amounts:	0.00	
Subsidy:	0.00	
Subservicer Fee:	0.00	
Transaction Amount:	13,995.00	

OK　　Help

Receivable shows that the Principal and Interest are NOT collected.

01/01/2019 Receivable

Receivable shows that the Principal and Interest are NOT collected.

02/01/2019 Receivable

Current Status Shows Next Payment Due 1/1

Master Info shows Next Payment Due 1/1

Deferred Revenue

Update System Control Accounting Record
Level Yield Calculation Using Actual or Scheduled Principal Balance

- Decide if you want the deferred revenue to use scheduled balance during deferral period

Level Yield Calculation Using Actual or Scheduled Balance
System Control>Accounting

- Actual Balance
  - The amortization will be a different amount than if the loan were amortizing, since the loan is interest only or no payment is received
- Scheduled Balance
  - The amortization will be calculated as the scheduled balance dictates.

Considerations

- Do you want Amortization to occur for loans in forbearance?
- You could consider moving the Amortization Start date forward to the month you want to restart

Considerations

- Maybe you don't want to recognize income during a period that the loan is in forbearance
  - Do you still want to allow the deferred expense to amortize?

Re-Payment Scenario

- P&I loan with escrow.

- P&I has been deferred

- Borrower is required to pay back deferred interest over the next x months.

- Bill should include the repayment amount

Miscellaneous Receivables to Bill & Collect Repayment of Deferred Interest

- Loan defers April, May, June payments – Repayment spread over 6 months
  - Starting with July 1. Wait until 8/1 payment is received
    - Have enough with July and August payments to re-pay April
  - File maintain the Next Payment Due Date to 4/1
  - File maintain the Principal Due in the 4/1 receivable to 0.00.
  - Post interest payment to 4/1 receivable.
  - After the payment is posted
    - File maintain the Next Payment Due Date back to 9/1 before the next Billing Cycle Date.

Miscellaneous Receivable Type

Setup G/L Accounts for Misc. Rcvbl

Setup Misc. Receivable for Loan

Setup Misc. Receivable for the Loan

All Misc. Receivables

File   Edit   Tools   Additional   Window   Help

Change Transaction Information			Miscellaneous Amounts	
Miscellaneous Receivables			Miscellaneous Expenses	

○ Open Miscellaneous Receivables
○ All Miscellaneous Receivables

Receivable Type	Seq #	Description	Amount Due	Due Date	Notes	Recov Exp	Paid	Default Sort Order	Print Notice	Print on Monthly Bill	Record Status:	Effective Date	Notice Option
22	1	Repay	16.66	08/01/2020	No	NO (N)	NO	022001	NO (N)	YES (Y)	OPEN (O)	08/01/2020	
22	2	Repay	16.66	09/01/2020	No	NO (N)	NO	022002	NO (N)	YES (Y)	OPEN (O)	08/01/2020	
22	3	Repay	16.66	10/01/2020	No	NO (N)	NO	022003	NO (N)	YES (Y)	OPEN (O)	08/01/2020	
22	4	Repay	16.66	11/01/2020	No	NO (N)	NO	022004	NO (N)	YES (Y)	OPEN (O)	08/01/2020	
22	5	Repay	16.66	12/01/2020	No	NO (N)	NO	022005	NO (N)	YES (Y)	OPEN (O)	08/01/2020	
22	6	Repay	16.66	01/01/2021	No	NO (N)	NO	022006	NO (N)	YES (Y)	OPEN (O)	08/01/2020	
500	1	ENVIRONMEN	5.00	12/25/2008	No	NO (N)	NO	500001	NO (N)	YES (Y)	OPEN (O)	10/20/2008	

Thank you for attending our Forum.