



# Highlights

Update Release 19F

Compatible Releases:

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## Contents

Introduction.....	4
New Adjustable Loan Methods (Formula Codes) .....	5
Requirements/Limitations for Using Compounding in Arrears Adjustable Methods.....	6
Loan Requirements for using Compounding in Arrears .....	6
Adjustable Loans Using Compounding in Arrears .....	6
How Strategy Calculates Compounding in Arrears.....	6
Strategy Compounding in Arrears: .....	10
Calculating Interest – Zero Interest Rate or Negative Index Rate .....	10
Strategy Compounding in Arrears: .....	11
Applying Floors and Ceilings using Compounding in Arrears.....	11
Standard Compounding in Arrears – New Loans – Margin, No Spread Adjustment.....	11
Two Operators Compounding in Arrears – Transitioning Loans – Margin + Spread Adjustment.....	11
Deferred Revenue Income Recognition.....	11
Backdated Rates (Global and Individual) for Compounding in Arrears.....	11
Global Rate Change by Index.....	11
Individual Rate Change by Account (new changes).....	12
Review Calculations for Loans Compounding Interest in Arrears .....	12
SOFR Calendar .....	13
The Changes to Pending Adjustable Loans File .....	14
Adjustable Loan Widget .....	14
Pending Adjustable Loan Changes Detail .....	15
A Closer Look at the Pending Adjustable Loan Change Detail Screen.....	17
Day End Processing of Pending Adjustable Changes (MB151A) .....	18
New Mapping Tool Template.....	18
Delete MT Import Group Records.....	26
Validating Adjustable Loans Daily.....	28
Security Changes for Adjustable Rate Features.....	28
Adjustable Loans Widget for Pending Adjustable Loan Changes.....	28
Compounding SOFR Interest Widget.....	29
IRS Changes for 2020 – 1099-NEC vs 1099-MISC .....	31

## Introduction

When recommending the Standard Overnight Finance Rate (SOFR) to replace the retiring USD LIBOR rates, the Alternative Rate References Committee (the ARRC) has defined 4 rate methodologies related to the use of SOFR rates.

**McCracken supports the following 3 rate methodologies for new loans using the SOFR index today with no additional updates to the software.**

### 1 – Daily Simple SOFR in Arrears

- Strategy supports daily reviewable simple interest loans

### 2 – Forward Looking SOFR Term Rate

- New Term Rate to be published by 2021. Will work the same as LIBOR in Strategy

### 3 – SOFR Compounded Rate in Advance

- A new SOFR Index will be published in first half of 2020. Indices to be published include tenures of 30, 90, and 180 days. Will work the same as LIBOR in Strategy.
- Fannie Mae and Freddie Mac both announced earlier their plans to move forward using a Compounded in Advance tenured rate.

**The above three methodologies are supported in Strategy today, for loans transitioning from LIBOR to SOFR.**

- Strategy supports the ability to use two different margins in conjunction with an Index to calculate a new interest rate.
  - Users can select ARM Method Code ‘P’ to utilize the fields Operator #1 (ADD), Margin #1 % (Margin from loan documents) and Operator #2 (ADD), and Margin #2 % (Spread Adjustment) in conjunction with any of the 3 SOFR rates above to calculate the new interest rate for the loan.

Update 19F supports the 4th rate methodology, Compounded In Arrears. The ARRC has provided two different compounding calculations. This patch provides new Adjustable Methods to support the calculation of interest using either the Compounding the Rate (Rate I), or Compounding Using the Balance (Rate II) calculations for both New Loans and for loans transitioning from LIBOR using a spread adjustment to level the net yield between SOFR and LIBOR.

This Update to Strategy also includes a new file to support IRS reporting changes for 2020. As a result of the PATH Act, and an increase in independent contractors who do not receive a W2, the IRS has re-established the 1099 NEC form to report nonemployee compensation to be used instead of the 1099 MISC. The change will report Vendor payments in a file that can be exported to create the 1099 NEC.

The Update also includes some fixes to correct day end errors and vulnerability patches to browser based components.

## New Adjustable Loan Methods (Formula Codes)

The ARRC has recommended two rate calculations for compounding interest in arrears, Compound the Rate (Rate I) and Compound with the Balance (Rate II). These rate calculation methods will be used primarily with syndicated loans. To support the Compound the Rate (Rate I) and Compound with the Balance (Rate II) methods defined by the ARRC, and to accommodate the use of a spread adjustment required for loans transitioning from LIBOR, we have added four new Adjustable Methods to Strategy.

Method	Code	Description
Compounding the Rate Simple Margin	6	Uses Compounding in Arrears Rate 1 Calculation. Only a simple margin is considered.  For new loans using Compounding in Arrears, Compound the Rate
Two Ops Compound % Simple Margin with Spread Adjustment	T	Uses Compounding in Arrears Rate 1 Calculation – Simple Margin and a Spread Adjustment  Intended for existing loans transitioning from LIBOR, Compound the Rate
Compounding with the Balance Simple Margin	7	Uses Compounding in Arrears Rate 2 Calculation. Only a simple margin is considered.  Intended for new loans using Compounding in Arrears, Compounding with the Balance
Two Ops Compound % Simple Margin with Spread Adjustment	3	Uses Compounding in Arrears Rate 2 Calculation – both Simple Margin and a Spread Adjustment are considered.  Intended for existing loans transitioning from LIBOR, Compounding with the Balance

There is a new Strategy build to allow users to select the new Adjustable Methods described below.

Adjustable Loan Update Wizard

Enter Adjust

Payment Type: REG AMORT (P)  
Contract Type: ARM (A)

New Loan: [NO (N)]

Adjustable Loan Desc: [LIBOR30DAY (LD)]

Adjustable Method: [STANDARD (A)]

% INCREASE/CHG TO FIXED RATE (D)  
RATE IS A % OF THE INDEX (K)  
TWO OPS COMPOUND %1 SIMP MARG (T)  
TWO OPS COMPOUND %2 SIMP MARG (3)  
EXCEPTION (HANDLE MANUALLY) (E)

Back Next > Finish Cancel Help

System Information Maintenance

Code ID: AF FORMULA CODE  
Code Size: 1 **Strategy Maintained Code**

Code	Full Description	Short Description
J	SAME AS 'A'(WITH PERIODIC CAP)	PERIODIC
A	STANDARD (USED FOR T-BILL IDX)	STANDARD
6	STANDARD COMPOUND %1 SIMP MARG	STDCMP%1SM
7	STANDARD COMPOUND %2 SIMP MARG	STDCMP%2SM
T	TWO OPS COMPOUND %1 SIMP MARG	2OPCMP%1SM
3	TWO OPS COMPOUND %2 SIMP MARG	2OPCMP%2SM

Code: D  
Short Description: % INCR/CHG  
Full Description: % INCREASE/CHG TO FIXED RATE  
Sort Description: % INCR/CHG

Select OK Cancel Apply Help

## Requirements/Limitations for Using Compounding in Arrears Adjustable Methods

### Loan Requirements for using Compounding in Arrears

- Loan Payment Type must be: (Loan Administration>Master Tab>Payment & Billing)
  - G (Negative Amortization Allowed),
  - I (Interest Only); or
  - Q (Fixed Principal plus Interest)
- Cannot use Due Date Bill (Billing Cycle cannot be 'D') (Loan Administration>Master Tab>Payment & Billing)
- Cannot be Interest Basis Code A60 (30/360) (Loan Administration>Master Info>Contract panel)
- DIAL Type must be '0' if using Compounding in Arrears (Adjustable Methods 'T' '3' '6' or '7')

### Adjustable Loans Using Compounding in Arrears

- Must be a Daily Reviewable Adjustable Rate Loan, Frequency 1 (Adjustable Loan Wizard>Adjustable Loan Info)
  - Monthly or Daily Review set to Daily
  - Rate Change Frequency set to '1'
- Use Business Calendar for Change Date must be 'Y' if Adjustable Method is either 'T' or '3' and Lookback Days is > 0.
- When using Adjustable Methods 'T' or '3', Operator #1 and Operator #2 must both be 'A' for 'Add'.

## How Strategy Calculates Compounding in Arrears

The new Adjustable Rate methods call a new program to do the calculations for loans using the Compounding in Arrears Formula Codes. Strategy saves the Total Daily Compounded Accrued Interest and all the components used to calculate that value in the new file PCMPNDSOFR.

- The Effective Margin Rate and Simple Margin Accrued Interest calculations will only be done if a Margin (Interest Rate Margin % ABMARG or Margin #1% ABSPD1) was entered. If no Margin is entered, the Simple Margin Accrued Interest will be zero.
- The Effective Spread Adjustment and Simple Spread Adjustment Accrued Interest calculations will only be done if a Spread Adjustment is entered, Margin #2% (ABSPD2). If no Spread Adjustment is entered, the Spread Adj Accrued Interest will be zero
- To calculate the Effective Rate, Strategy will derive the SOFR index rate by taking the all in rate (ARCRAT) from the ARM History file and subtracting out the Interest Rate Margin %, Margin 1%, and the Margin 2%. This simplifies calculations for working with Floors and Ceilings and individual back dated rate changes but effectively uses the same Index value used to create the New Interest Rate or All-in-Rate found in the PARMH file.
- Loans that have been assigned an Interest Basis Code of A60 (30 days / 360 day year) cannot use the Compounding in Arrears Adjustable Methods.
  - Strategy will calculate interest based on the number of days in a year stated in the Interest Basis Code assigned to the loan.
    - 360 days in a year is used for Interest Basis Codes B65, B66
    - 365 days in a year is used for Interest Basis Codes A65, A66 (if it is not a leap year)
    - 366 days in a year is used for Interest Basis Code A66 (if it is a leap year)
- For the calculations below, the # of Business Days is calculated as follows:
  - For normal processing (Monday through Thursday without any holidays) the # of business days would be '1'

- For processing over a weekend (Friday through Sunday) the # of business days would be '3'
- The # of business days is adjusted for holidays (based on the Calendar you identify to be used for SOFR Compounding in Arrears). For example, if you had a Monday holiday the # of days on Friday would be 4 (processing for Friday through Monday).

Note: SOFR Rate is published by the Federal Reserve Bank of New York at 8 am ET every US business day using the SIFMA calendar. They are entered in the file PINDEX.

### **Rate I Calculation – Compounding the Balance**

**Used by Adjustable Method '6' for new loans, uses Interest Rate Margin% (ABMARG)**

**Used by Adjustable Method 'T' for transitioning loans; uses Margin 1% and Margin2% to capture the margin and spread adjustment (ABSPD1 & ABSPD2).**

<b>Result</b>  <i>Field in PCMNPDSOFR</i>	<b>Calculations</b>
Effective Rate  <i>QZEFFRT</i>	# of Business Days * ((Interest Rate less the margin less the spread adjustment) / <i>number of days in year for interest basis code</i> )
Compounded Rate  <i>QZCMPDR</i>	$((1 + (\text{Effective Rate}/100)) * (1 + (\text{Prior day Compounded Rate}/100)) - 1) * 100$
Compounded Rate Accrued Interest  <i>QZINDACL</i>	$(\text{Unpaid Principal Balance} * \text{Compounded Rate}) / 100$
Effective Margin Rate  <i>QZFMARG</i>	# of Business Days * Margin Rate / <i>number of days in year for Interest Basis Code</i>
Simple Margin Accrued Interest  <i>QZMRGACL</i>	$((\text{Effective Margin Rate} * \text{Unpaid Principal Balance}) / 100) / \# \text{ of Business Days}$
Effective Spread Adjustment Rate  <i>QZFSPADJ</i>	# of Business Days * Spread Adjustment Rate / <i>number of days in year for Interest Basis Code</i>
Spread Adjustment Accrued Interest  <i>QZSPRACL</i>	$((\text{Effective Spread Adjustment Rate} * \text{Unpaid Principal Balance}) / 100) / \# \text{ of Business Days}$

Total Accrued Interest on Compounding Rate, Margin & Spread Adjustment	$(\text{Simple Margin Accrued Interest} * \# \text{ of Business Days}) + \text{Compounded Rate Accrued Interest} + (\text{Spread Adjustment Accrued Interest} * \# \text{ of Business Days})$
Daily Compounded Rate Accrued Interest	$(\text{Compounded Rate Accrued Interest} - \text{Compounded Rate Accrued Interest of Prior Day}) / \# \text{ of Business Days}$
Total Daily Accrued Interest <i>QZDLYTOT</i>	$\text{Simple Margin Accrued Interest} + \text{Spread Adjustment Accrued Interest} + \text{Daily Compounded Rate Accrued Interest}$

## Rate II Calculation – Compounding the Balance

Used by Adjustable Method ‘7’ for new loans, uses Interest Rate Margin% (ABMARG)

Used by Adjustable Method ‘3’ for transitioning loans; uses Margin 1% and Margin2% to capture the margin and spread adjustment (ABSPD1 & ABSPD2).

Result	Calculations
Effective Rate <i>QZEFFRT</i>	$\# \text{ of Business Days} * ((\text{Interest Rate less the margin less the spread adjustment}) / \text{number of days in year for interest basis code})$
Compounded Rate Accrued Interest <i>QZINDACL</i>	$(\text{Unpaid Principal Balance} * (\text{Effective Rate}/100)) + ((1 + (\text{Effective Rate}/100)) * \text{Accrued Interest of Prior Day})$
Effective Margin Rate <i>QZFMARG</i>	$(\# \text{ of Business Days} * \text{Margin Rate}) / \text{number of days in year for interest basis code}$
Simple Margin Accrued Interest <i>QZMRGACL</i>	$((\text{Effective Margin Rate} * \text{Unpaid Principal Balance})/100) * \# \text{ of Business Days}$
Effective Spread Adjustment Rate <i>QZSPRADJ</i>	$(\# \text{ of Business Days} * \text{Spread Adjustment Rate}) / \text{number of days in year for Interest Basis Code}$
Spread Adjustment Accrued Interest <i>QZSPRACL</i>	$((\text{Effective Spread Adjustment Rate} * \text{Unpaid Principal Balance})/100) / \# \text{ of Business Days}$
Total Accrued Interest on Compounding Rate, Margin and Spread Adjustment	$\text{Compounded Rate Accrued Interest} + (\text{Effective Margin Accrued Interest} * \# \text{ of Business Days}) + (\text{Effective Spread Adjustment Accrued Interest} * \# \text{ of Business Days})$
Daily Compounded Rate Accrued Interest	$(\text{Compounded Rate Accrued Interest} - \text{Compounded Rate Accrued Interest of Prior Day}) / \# \text{ of Business Days}$
Total Daily Accrued Interest <i>QZDLYTOT</i>	$\text{Simple Margin Accrued Interest} + \text{Spread Adjustment Accrued Interest} + \text{Daily Compounded Rate Accrued Interest}$

Note: See the accompanying spreadsheet ‘Example spreadsheet of Rate I and Rate II’ for examples of the calculations.

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## Strategy Compounding in Arrears:

### Calculating Interest – Zero Interest Rate or Negative Index Rate

The first step in calculating the compounded in arrears rate is to calculate the Effective Rate.

All-in-Rate = New Interest Rate from the most recent PARMH record (ARCRAT)

Calculated Index Rate (SOFR Rate) = (All-in-Rate – Interest Rate Margin% – Margin #1% - Spread Adjustment)

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Note: When using Two Ops (Adjustable Methods P, T, &3) always enter the Margin in Margin #1% and the Spread Adjustment in Margin#2%

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Effective Rate = # Business Days\* (Calculated Index Rate / *number of days in year for interest basis code*)

The Interest for the Margin and Spread are calculated separately. The Margin and Spread are not compounded. Total Interest will be equal to the sum of the Compounded Interest + Margin Interest + Spread Adjustment Interest

If the All-in-Rate is Zero OR the Calculated Index Rate (SOFR Rate) is negative, Strategy performs the following steps:

If the All-in-Rate is Zero:

- Total Interest, Compounded Interest, Margin Interest and Spread Adjustment Interest will all be Zero

If the Calculated Index Rate is a negative number:

- The Compounded Interest will be calculated using the negative Calculated Index Rate
- The Margin and Spread Adjustment Interest will be calculated (simple interest)
- The Total Interest will be calculated: Total Interest = Compounded Interest + Margin Interest + Spread Adjustment Interest
  - If the Total Interest is a positive number: the Interest amounts calculated will be used.
  - If the Total Interest is a negative number: the Total Interest, Compounded Interest, Margin Interest and Spread Adjustment Interest will all be set to zero.

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## Strategy Compounding in Arrears:

### Applying Floors and Ceilings using Compounding in Arrears

#### Standard Compounding in Arrears – New Loans – Margin, No Spread Adjustment

Adjustable Methods 6, (Rate 1 – Compounding the Rate) and Adjustable Method 7, (Rate 2 – Compounding the Balance) will use the same logic that currently exists for Strategy Adjustable Method A (Standard Adjustable loan, Index + a Margin)

#### Two Operators Compounding in Arrears – Transitioning Loans – Margin + Spread Adjustment

The following applies to the Adjustable Methods T (Rate 1 – Compounding the Rate) and Adjustable Method 3 (Rate II – Compounding the Balance). Both methods use the Two Operators fields for Margin and Spread Adjustment.

When rate floors and/or ceilings are defined in the loan agreements, the floors and ceiling values should be entered in Strategy in the Constants and Constraints panel of the Adjustable Loan module inclusive of the Margin. If there is no Floor or Ceiling stated in the Agreement, put 0.00 in the appropriate fields on the Constants and Constraints panel.

For example:

- The agreement states a Floor of 1.0%. The Margin stated in the agreement is 0.5%. The value entered into the Interest Rate Floor % on the Constants and Constraints panel should be 1.5% (PARM/ABMIN).
- The agreement states a Ceiling of 4.00%, Margin of 0.5%. The value entered into the Interest Rate Ceiling % on the Constants and Constraints panel should be 4.5% (PARM/ABMAX).

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Note: Math Operator #1 and Math Operator #2 must be Add (A).

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## Deferred Revenue Income Recognition

There are currently 2 Deferred Methods, Level Yield or Standard Interest, used to calculate interest recognition. If a loan is using Compounding in Arrears, the Level Yield Calculation has been modified to calculate the Effective Interest Rate for an Income Deferred Item (DRIECD = 'I') as follows:

Current Interest Rate from the PARM record (ABCRAT) less the Margin (Interest Rate Margin % or Margin #1 %) and less the Spread Adjustment (Margin #2 %) if applicable. The Effective Rate is then used to calculate the Compounded Rate Accrued Interest using either the Compounding the Rate or Compounding the Balance methods. The system then adds the Compounded Rate Accrued Interest to the Simple Margin Accrued Interest and the Spread Adjustment Accrued Interest to arrive at the Total Accrued Interest.

## Backdated Rates (Global and Individual) for Compounding in Arrears

### Global Rate Change by Index

- When a Global Rate Change by Index is processed, the applicable loans tied to the Index go through a re-review process in day end.
- Just as when the loan was originally reviewed, this re-review process updates the ARM History information as needed (New Rate %, New Index %, etc.)

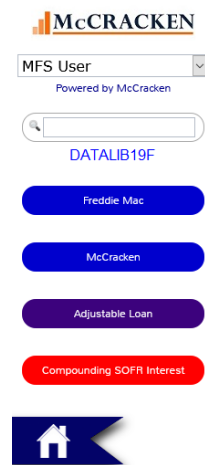
When the loan using Compounding in Arrears is re-reviewed as part of the Global Rate Change process, the Index used to calculate the Effective Rate will be the New Interest Rate % minus the Interest Rate Margin%, minus the Margin #1 % and minus the Margin #2 %.

## Individual Rate Change by Account (new changes)

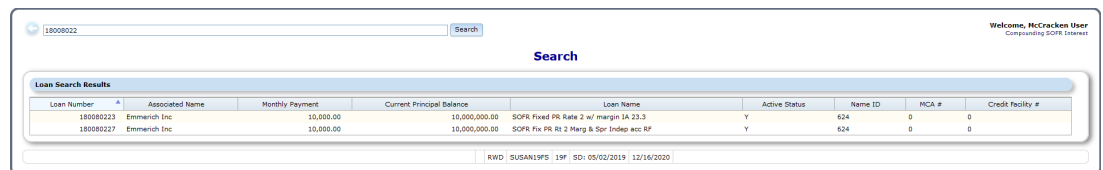
- When an Individual Rate Change by Account is processed, the loan does not go through a re-review because the user is providing the Rate. The ARM History records are not updated.
- Using SOFR Compounding in Arrears:
  - When a user enters the New Interest Rate % on the Individual Rate Change window, the rate should be the All-in-Rate inclusive of the Index, Margin, and Spread Adjustment.
  - The Individual Rate Change program will take the New Interest Rate % that the user entered for the Individual Rate Change, subtract the Margin and Spread Adjustment and that will be used as the Index to calculate the Effective Rate.

## Review Calculations for Loans Compounding Interest in Arrears

To allow users the ability to review the Compounding Interest Calculations for loans using Compounding in Arrears and the individual components of the calculation, a new widget in the Portal displays the daily values calculated in much the same manner as Daily Balances and Rates and Investor Daily Balances and Rates.



Users can access the Compounding SOFR Interest widget from the Portal. The first page of the application is the loan search page. Users can locate loans using by entering a loan number, borrower name, etc. in much the same manner as with other Strategy browser based applications.



Loan Number	Associated Name	Monthly Payment	Current Principal Balance	Loan Name	Active Status	Name ID	PCA #	Credit facility #
180080223	Emmerich Inc	10,000.00	10,000,000.00	SOFR Fixed PR Rate 2 w/ margin 1A 23.3	Y	624	0	0
180080227	Emmerich Inc	10,000.00	10,000,000.00	SOFR Fix PR R2 2 Mrg & Spr Indep w/o RP	Y	624	0	0

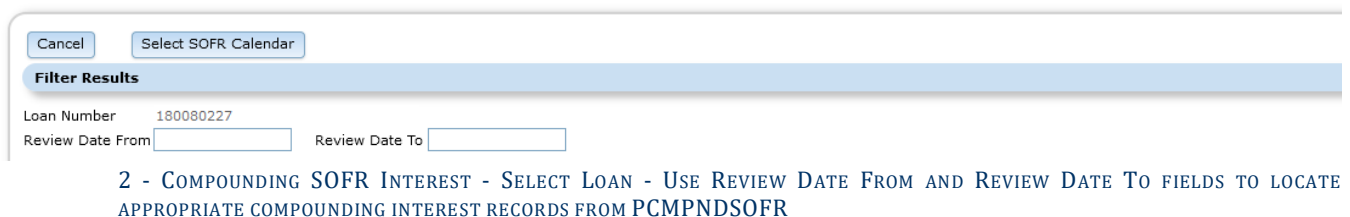
When the loan number has been selected Strategy checks to ensure that the loan is using an Adjustable Method compatible with Compounding in Arrears (T, 3, 6, & 7). When the Compounding SOFR Interest page opens, an error will display if the loan is not using SOFR Compounding in Arrears. Users must hit Cancel and return to the Search page to select another loan.

The Compounding SOFR Interest page contains two sections: Filter results, and Compounding Interest Detail.

Because Compounding SOFR loans are daily reviewable, there can be a large number of records associated with the loan selected. The Filter Results page limits the number of records displayed to 300. The Filter Results section allows users to select a date range to assist with locating the appropriate records. Changing the date range reloads the Search Results with Compounding SOFR Interest records for the loan number displayed above the Review Date From box with a Review Date within the date range entered.

[Search](#) » Compounding SOFR Interest - 180080227

### Compounding SOFR Interest



Cancel Select SOFR Calendar

**Filter Results**

Loan Number 180080227

Review Date From Review Date To

2 - COMPOUNDING SOFR INTEREST - SELECT LOAN - USE REVIEW DATE FROM AND REVIEW DATE TO FIELDS TO LOCATE APPROPRIATE COMPOUNDING INTEREST RECORDS FROM PCMPNDSOFR

Selecting a record in the Filter Results grid displays the values in the Compounding Interest Detail at the bottom of the page. The page is read only.

Search: Compounding SOFR Interest - 180080237

Welcome, McCracken User  
Compounding SOFR Interest

Cancel Select SOFR Calendar

**Filter Results**

Loan Number 180080237  
Review Date From Review Date To

Review Date	Number of Days	Adjustable Method	Index Description
04/01/2019	1	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/02/2019	1	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/03/2019	1	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/04/2019	1	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/05/2019	3	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/06/2019	3	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/07/2019	3	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/08/2019	1	TWO OPS COMPOUND %2 SIMP MARG (3)	SH
04/09/2019	1	TWO OPS COMPOUND %2 SIMP MARG (3)	SH

**Compounding Interest Detail**

Loan Number	180080237	Review Date	04/05/2019	Adjustable Method	TWO OPS COMPOUND %2 SIMP MARG (3)
Number of Days	3	Index Description	SH	Margin	2.46
Interest Basis Code	866	Index	0.0205	Effective Spread Adjustment	0.00208333333333
Effective Rate	0.0205	Effective Margin	0.00208333333333	Spread Adjustment	0.25
Compounded Rate	0	Scheduled Balance	10,000,000.00	Effective Spread Adjustment	0.00208333333333
Index Accrual Amount	4786.952820355807	Margin Accrual Amount	69.44444444444444	Spread Adjustment Accrual Amount	69.44444444444444
Daily Compounded Accrual Interest	683.52	Total Daily Compounded Accrual Interest	822.41		

### 3- SELECTING A RECORD IN THE FILTER RESULTS GRID DISPLAYS THE COMPOUNDING INTEREST DETAIL FROM PCMPNDSOFR

Loan Number / QZLN	Review Date / QZDATE	Adjustable Method / QZFORM
Number of Days / QZDAYS	Index Description / QZINDX	Margin / QZMARG
Interest Basis Code / QZIBC	Index / QZCNDX	Spread Adjustment / QZSPD2
Effective Rate / QZEFFRT	Effective Margin / QZFMARG	Effective Spread Adjustment / QZFSPADJ
Compounded Rate / QZCMPDR	Scheduled Balance / QZSCHBAL	
Index Accrual Amount/ QZINDACL	Margin Accrual Amount / QZMRGACL	Spread Adjustment Accrual Amount / QZSPRACL
Daily Compounded Accrual Interest / QZDLYACL	Total Daily Compounded Accrual Interest / QZDLYTOT	

### 4 - THE ABOVE TABLE OUTLINES THE FIELDS FROM PCMPNDSOFR THAT POPULATE THE COMPOUNDING INTEREST DETAIL IN THE COMPOUNDING SOFR INTEREST WIDGET

## SOFR Calendar

Select SOFR Calendar button at the top of the page, opens a dialog box allowing the user with appropriate security to select the business calendar to be associated with SOFR Compounding in Arrears.

Select Business Calendar for SOFR

Calendar Code --

Ok Apply Cancel

This allows authorized users to select a business calendar to be used with Compounding in Arrears. If selected the value is stored in the new file PSOFRCAL. Business Calendars available for selection are defined in System Information, Table 'C5'.

## The Changes to Pending Adjustable Loans File

With the transition to SOFR, Strategy users may have a number of loans that need to be modified to support converting loans to SOFR or another industry Index from LIBOR. The ability to schedule the changes for a future date is helpful for efficiency and quality control purposes, however, not all fields that would need to be modified were available in the Pending Adjustable Changes file. With this Update 19F the PARMX file was modified to add fields needed to schedule changes to such adjustable loan parameters as Monthly or Daily Review, or the Two Operators fields including Margin #1 %, Margin #2 % needed to capture both a Margin and a Spread Adjustment.

This Update contains the following:

- Modifications to PARMX file to add fields that may be required to update adjustable rate loans..
- New MaTi Template for uploading PARMX values in bulk
- New Portal Widget, Adjustable Loan, to view Pending Adjustable Loan details

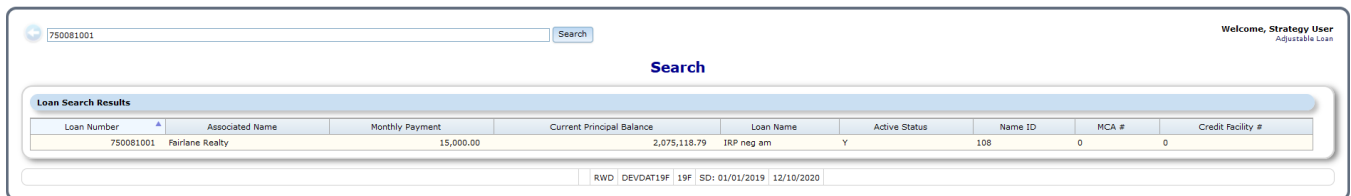
Note: Fields added to PARMX can only be viewed in the Adjustable Loan widget. The Adjustable Loan module tab for Pending Adjustable Changes was not modified in this update to display the new fields.

The modifications to PARMX include the addition of 41 fields including fields to identify the User and Date the record was created when the information was uploaded via the Mapping Tool.

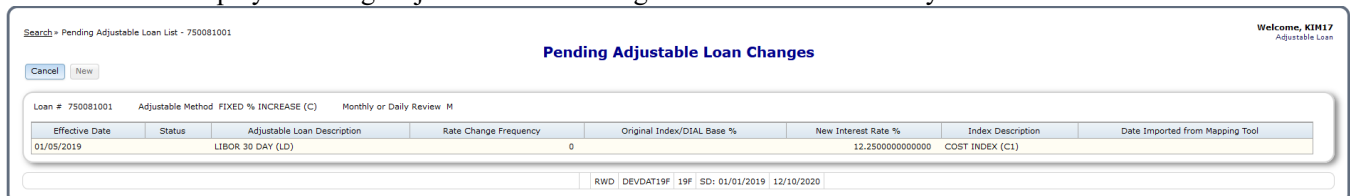
## Adjustable Loan Widget

The Adjustable Loan widget displays the Pending Adjustable Loan fields for creating, viewing or maintaining existing pending adjustable loan change records.

Accessed from the Portal, the new widget opens with a Search screen where users can search and select the appropriate loan to view, add, or update Pending Adjustable Loan Changes by clicking on the appropriate record.



A new window displays Pending Adjustable Loan Changes for the selected loan by Effective Date.



Note: Reminder that each loan can have only one Pending Adjustable Change Record per Effective Date

If the loan does not have an adjustable loan information record an error message displays above the search results.

Search > Pending Adjustable Loan List - 30020108

Welcome, Strategy User  
Adjustable Loan

**Pending Adjustable Loan Changes**

Cancel New ERROR - No adjustable loan record found

Loan # 30020108 Adjustable Method Monthly or Daily Review

Effective Date	Status	Adjustable Loan Description	Rate Change Frequency	Original Index/DIAL Base %	New Interest Rate %	Index Description	Date Imported from Mapping Tool
No data available in table							

RWD DEVDAT19F 19F SD: 01/01/2019 12/10/2020

If the loan does not have any pending adjustable loan changes entered the search results displays a message 'No data available in table.'

Search > Pending Adjustable Loan List - 80043215

Welcome, Strategy User  
Adjustable Loan

**Pending Adjustable Loan Changes**

Cancel New

Loan # 80043215 Adjustable Method STANDARD (USED FOR T-BILL IDX) (A) Monthly or Daily Review M

Effective Date	Status	Adjustable Loan Description	Rate Change Frequency	Original Index/DIAL Base %	New Interest Rate %	Index Description	Date Imported from Mapping Tool
No data available in table							

RWD DEVDAT19F 19F SD: 01/01/2019 12/10/2020

Search > Pending Adjustable Loan List - 750081001

Welcome, KIM17  
Adjustable Loan

**Pending Adjustable Loan Changes**

Cancel New

Loan # 750081001 Adjustable Method FIXED % INCREASE (C) Monthly or Daily Review M

Effective Date	Status	Adjustable Loan Description	Rate Change Frequency	Original Index/DIAL Base %	New Interest Rate %	Index Description	Date Imported from Mapping Tool
01/05/2019		LIBOR 30 DAY (LD)	0		12.25000000000000	COST INDEX (C1)	

RWD DEVDAT19F 19F SD: 01/01/2019 12/10/2020

Clicking the appropriate record in the Pending Adjustable Loan Changes window opens the Pending Adjustable Loan Detail window.

## Pending Adjustable Loan Changes Detail

Using the Pending Adjustable Loan Changes Detail window, a user with appropriate security can click New to create a new Pending Adjustable Change record (PARMX), modify an existing PARMX record or delete an existing PARMX record.

A user with appropriate security can add a new Pending Adjustable Loan Change record to an adjustable rate loan if there are no error messages on any existing PARMX records. If errors exist, the New button will be greyed out on the Pending Adjustable Loan Change Details page.

The Pending Adjustable Loan Changes Detail page displays in several sections: Effective Date & Adjustable Loan Description, Loan: Rate Information, Loan: P&I Information, Constants & Constraints: Rate Information, Constants & Constraints: P&I Information, and Pending Adjustable Loan Change Errors.

Search: Pending Adjustable Loan List - B0043213 - Pending Adjustable Loan Detail - New

**Pending Adjustable Loan Change Detail**

Loan # B0043213    Adjustable Method STANDARD (USED FOR T-BILL IDX) (A)    Monthly or Daily Review M

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**Effective Date & Adjustable Loan Description**

Status     Date Imported from Mapping Tool     Mapping Tool User   
 Effective Date     Adjustable Method     Adjustable Loan Description

---

**Loan: Rate Information**

Monthly or Daily Review     Rate Chg Freq     ☐ Look Back Days For Rate Reviews     ☐ Business Calendar   
 Look Back Method     ☐ Use Business Calendar: Review Date     Rate Review Date   
☐ Use Business Calendar: Change Date     Rate Change Date     Rate Chg Anniversary Date   
 Original Index/CDAL Base %     New Interest Rate %     ☐ Index Description   
☐ Maximum # Of Rate Reviews

---

**Loan: P&I Payment Information**

☐ P&I Change Freq     ☐ P&I Change Date     ☐ P&I Re-Amortization Freq   
☐ P&I Re-Amort Date     ☐ New P&I Payment     ☐ P&I Amortization "To" Date

---

**Constants & Constraints: Rate Information**

☐ Interest Rate Margin (+ or -)     ☐ Rate Rounding Method     ☐ Rate Rounding Factor   
☐ Index Rounding Method     ☐ Index Rounding Factor %     ☐ Interest Rate Ceiling %   
☐ Rate Floor & Ceiling Exp Date     ☐ Interest Rate Floor %     ☐ Minimum Rate Adj Allowed   
☐ Rate Review Increase Cap %     ☐ Rate Review Decrease Cap %   
☐ Period Rate Cap %     ☐ Margin #1 %   
☐ Math Operator #1     ☐ Margin/Spread #2 %   
☐ Math Operator #2

---

**Constants & Constraints: P&I Payment Information**

☐ P&I Payment Method     ☐ P&I Payment Cap Expiration Date   
☐ P&I Increase Cap %     ☐ P&I Decrease Cap %   
☐ P&I Increase Cap \$     ☐ P&I Decrease Cap \$   
☐ Round P&I Payment     ☐ Interest Basis Code

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**Pending Adjustable Loan Change Errors**

Loan	Effective Date in Error
No data available in table	

5- PENDING ADJUSTABLE LOAN CHANGES DETAIL WINDOW CROPPED ON THE RIGHT FOR EASE OF VIEWING

Certain fields such as, Business Calendar, Use Business Calendar for Change Date, and Use Business Calendar for Review Date can be updated with blanks or zeros (depending on the data type). Fields that can be updated with blanks or zeros are displayed with a check box in front of the field label. When entering a change to the Pending Adjustable Loan Change Detail page, users can either check the box to indicate the value should be changed to blank or zero, or enter the appropriate data change into the field. If you check a box, the corresponding field will no longer be accessible for entry. If you remove the check mark, the field will become accessible and data can be entered. When a box is checked, the field for the check box in the PARMX record will be updated with a "Y". When a box field on the Pending Adjustable Change Detail page is unchecked, the field will be updated with a blank when the user hits **OK** or **Apply**.

If the user has appropriate security, clicking **OK** or **Apply** will save the record to PARMX and **Delete** will delete the record. **OK** returns the user to the Pending Adjustable Changes page and **Apply** reloads the existing Pending Adjustable Changes Detail page.

When a record is changed, added or deleted, Strategy calls the edit program. If there are still errors, then the error message will display on the Pending Adjustable Changes page if **OK** was clicked. If **Apply** was clicked to remain on the existing Pending Adjustable Loan Change Detail page, the Pending Adjustable Loan Change Errors grid at the bottom of the page will be repopulated with the error(s).

## A Closer Look at the Pending Adjustable Loan Change Detail Screen

### Section 1 of the Pending Loan Change Detail page

The top section or header of the Pending Adjustable Loan Change Detail page displays the Loan Number, Adjustable Method, and Monthly or Daily Review in the PARM file.as read only.

The Effective Date & Adjustable Loan Description display below the blue bar labeled as such. They include the Status of the Pending Adjustable Change Detail record as well as the Date Imported and User if the information in the record was uploaded via the Mapping Tool.

Loan # 80043213	Adjustable Method STANDARD (USED FOR T-BILL IDX) (A)	Monthly or Daily Review M
<b>Effective Date &amp; Adjustable Loan Description</b>		
Status	Date Imported from Mapping Tool	Mapping Tool User
Effective Date 12/11/2020	Adjustable Method STANDARD (USED FOR T-BILL IDX)	Adjustable Loan Description DAILY REVIEW (DY)

6- SECTION 1 - HEADER - PENDING ADJUSTABLE LOAN CHANGES DETAIL PAGE.

### Sections 2 & 3 of the Pending Adjustable Loan Changes page

Loan: Rate Information and Loan: P&I Information sections are used to apply future changes to the fields in the corresponding sections on the Adjustable Loan Information window.

<b>Loan: Rate Information</b>			
Monthly or Daily Review	DAILY (D)	Rate Chg Freq	0
Look Back Method	--	Look Back Days For Rate Reviews	0
Business Calendar Options	--	Use Business Calendar: Review Date	--
<input checked="" type="checkbox"/> Use Business Calendar: Change Date	--	Rate Change Date	
Original Index/DIAL Base %	0.03000000000000	New Interest Rate %	12.25000000000000
<input type="checkbox"/> Index Description	COST INDEX (C1)	Maximum # Of Rate Reviews	0
<input checked="" type="checkbox"/> Business Calendar		Rate Review Date	
		Rate Chg Anniversary Date	04/15/2034

<b>Loan: P&amp;I Payment Information</b>			
<input type="checkbox"/> P&I Change Freq	9	<input checked="" type="checkbox"/> P&I Change Date	
<input checked="" type="checkbox"/> P&I Re-Amort Date		<input checked="" type="checkbox"/> P&I Re-Amortization Freq	0
		<input checked="" type="checkbox"/> New P&I Payment	0.00
		<input checked="" type="checkbox"/> P&I Amortization "To" Date	

7- SECTION 2& 3 - PENDING ADJUSTABLE LOAN CHANGES DETAIL - LOAN INFORMATION FIELDS: RATE & P&I SECTIONS

### Sections 4 & 5 of the Pending Adjustable Loan Changes page

The Constants & Constraints: Rate Information and Constants & Constraints: P&I Information are used to apply future changes to the fields in the corresponding sections on the Constants & Constraints window.

<b>Constants &amp; Constraints: Rate Information</b>			
<input checked="" type="checkbox"/> Interest Rate Margin (+ or -)	0.00000000000000	<input checked="" type="checkbox"/> Rate Rounding Method	--
<input checked="" type="checkbox"/> Index Rounding Method	--	<input type="checkbox"/> Index Rounding Factor %	0.00000000000000
<input type="checkbox"/> Rate Floor & Ceiling Exp Date	12/03/2020	<input type="checkbox"/> Interest Rate Floor %	3.00090000000000
<input checked="" type="checkbox"/> Rate Review Increase Cap %	0.00000000000000	<input checked="" type="checkbox"/> Rate Review Decrease Cap %	0.00000000000000
<input checked="" type="checkbox"/> Period Rate Cap %	0.00000000000000	<input checked="" type="checkbox"/> Minimum Rate Adj Allowed	0.00000000000000
<input checked="" type="checkbox"/> Math Operator #1	--	<input checked="" type="checkbox"/> Margin #1 %	0.00000000000000
<input checked="" type="checkbox"/> Math Operator #2	--	<input checked="" type="checkbox"/> Margin/Spread #2 %	0.00000000000000

<b>Constants &amp; Constraints: P&amp;I Payment Information</b>			
<input checked="" type="checkbox"/> P&I Payment Method	0	<input checked="" type="checkbox"/> P&I Payment Cap Expiration Date	
<input checked="" type="checkbox"/> P&I Increase Cap %	0.00000000000000	<input checked="" type="checkbox"/> P&I Decrease Cap %	0.00000000000000
<input checked="" type="checkbox"/> P&I Increase Cap \$	0	<input checked="" type="checkbox"/> P&I Decrease Cap \$	0
<input checked="" type="checkbox"/> Round P&I Payment	--	<input checked="" type="checkbox"/> Interest Basis Code	--

8- SECTION 4 & 5 - PENDING ADJUSTABLE LOAN CHANGES DETAIL - CONSTANTS & CONSTRAINTS FIELDS: RATE AND P&I PAYMENT INFORMATION SECTIONS

### Sections 6 of the Pending Adjustable Loan Changes page

The Pending Adjustable Loan Change Errors display the Loan Number, Effective Date, and Error messages found in relation to any Pending Adjustable Loan Change records on the loan. The errors displayed may refer to the record being viewed or any other Pending Adjustable Loan Changes scheduled for the loan.

Pending Adjustable Loan Change Errors		
Loan	Effective Date in Error	Error Message
750081001	01/05/2019	P&I change frequency must be zero
750081001	01/05/2019	P&I Payment Change Date is required if P&I Payment Change Frequency is not zero
750081001	01/05/2019	P&I Amort To Date is required if Payment Chg Freq is not 0 and account is a Balloon Loan

9- SECTION 6 - PENDING ADJUSTABLE LOAN CHANGES - ERROR SECTION AT BOTTOM OF SCREEN.

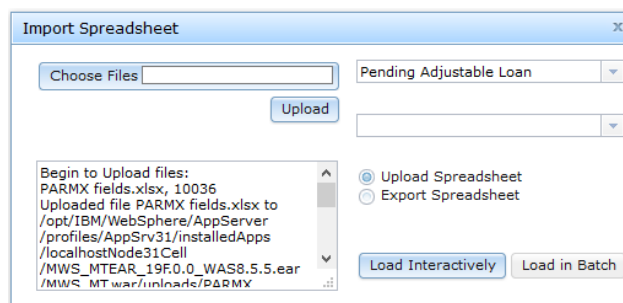
## Day End Processing of Pending Adjustable Loan Changes (MB151A)

When day end runs on the effective date of the PARMX record and, if there is a “Y” in a checkbox field, the corresponding Adjustable Loan field (PARM/PARMH) will be updated with a zero or blank (depending on the data type). Any other numeric, date, or alphanumeric fields will be updated as necessary based on the values entered in PARMX.

After processing the PARMX records for the day’s effective date by updating the fields designated with the appropriate new values or zeros/blanks, MB151A updates a status field in PARMX with an “E” or a “U”. If there were no errors and the update took place the status will become a “U” (updated). If there were errors and the update did not take place the status will become an “E” (error). Review History records (PARMH) for the effective date of the PARMX record cannot be updated if the Status is equal to a “U” or an “E”. If an ARM History record is accessed for the effective date of the PARMX record with a Status of ‘U’ or ‘E’, the ARM History record will be displayed as read-only.

## New Mapping Tool Template

A new Mapping Tool template is available to assist with loading Pending Adjustable Loan Changes.



- Pending Adjustable Loan Changes is an insert only template containing fields from PARMX.
- Required fields are **bolded** and outlined in Blue. (Loan Number and Effective Date)
- When two fields shown below are grouped in the same box – only one of the fields can be entered. The fields with a description beginning with ‘Zero’ or ‘Blank’ and a field name beginning with ‘AXZ’ are 1 character fields that contain a Y or blank in the file. They represent the check boxes on the Pending Adjustable Loan Detail page of the Adjustable Loan widget. The ‘AXZ’ fields indicate that the associated field will be blanked or made a zero value when day end runs on the Effective Date of the record.
- All fields that are to change on the same Effective Date should be entered in the same record (or spreadsheet row if uploading via MaTi). There can only be one Pending Adjustable Loan Changes record for a loan for that Effective Date.
- Date fields must be formatted as a date in the spreadsheet (mm/dd/ccyy or mm/dd/yy).

Upload New Spreadsheet Session Options

### Pending Adjustable Loan Template

	Column A	Column B	Column C	Column D
<input type="checkbox"/> Row 1	Field	AXECDT	AXFCDT	AXIRF
<input checked="" type="checkbox"/> Row 2	Field Description	RATE CHANGE DATE MDCY	RAT FLOOR/CEIL EXP DT MDCY	INDEX ROUNDING FAC

	LOAN NUMBER	EFFECTIVE DATE CYMD	ADJUSTABLE LOAN METHOD	ADJUSTABLE LOAN DES
Row 1				
Row 2				

Check All Uncheck All

Clear Data Save Mapping Validate

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
<b>LOAN NUMBER</b> Section 1	PARMX	AXLN	9,0		<b>Required.</b> Must exist in PMASTR and PARM. AXLN/AXEFFF cannot already exist in PARMX.
<b>EFFECTIVE DATE CYMD</b> Section 1	PARMX	AXEFFF	Date		<b>Required.</b> Must be a valid date and be greater than or equal to the Process Thru Date PSYSCPER.S2PTDT. AXLN/AXEFFF cannot already exist in PARMX.
ADJUSTABLE LOAN METHOD Section 1	PARMX	AXFORM	1	AF	Optional. Must exist in PINFO.
ADJUSTABLE LOAN DESC Section 1	PARMX	AXATYP	2	10	Optional. Must exist in PINFO.
MONTHLY OR DAILY REVIEW Section 2	PARMX	AXMORD New Field	1		Must be M, D or blank
RATE CHANGE FREQUENCY Section 2	PARMX	AXFREQ	3,0		
LOOK BACK METHOD Section 2	PARMX	AXLBOF New Field	1		Must be N, B or blank
ZERO/# OF DAYS TO LOOKBACK	PARMX	AXZLTR New Field	1		Must be Y or blank. Cannot have an entry in both AXZLTR and AXLTR
# OF DAYS TO LOOKBACK Section 2	PARMX	AXLTR New Field	3,0		
BLANK/BUSINESS CALENDAR	PARMX	AXZBDC New Field	1		Must be Y or blank. Cannot have an entry in both AXZBDC and AXNBDC

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
BUSINESS CALENDAR Section 2	PARMX	AXNBDC New Field	3	C5	Optional. Must exist in PINFO.
BLANK/RATE CHANGE DATE ROLL F, B, R RATE CHANGE DATE ROLL F, B, R	PARMX	AXZNU1 New Field AXDNU1	1 7		Must be Y or blank. Cannot have an entry in both AXZNU1 and AXDNU1 Must be blank, B or F (only uses the 1 <sup>st</sup> position of field)
BLANK/USE BUSINESS CALENDAR REVIEW DATE  USE BUSINESS CALENDAR REVIEW DATE Section 2	PARMX	AXZCCR New Field  AXUCCR New Field	1  1		Must be Y or blank. Cannot have an entry in both AXZCCR and AXUCCR  Must be N, Y or blank
RATE REVIEW DATE Section 2	PARMX	AXRDAT New Field	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as MDCY
BLANK/USE BUSINESS CALENDAR RATE CHANGE DATE USE BUSINESS CALENDAR RATE CHANGE DATE Section 2	PARMX	AXZCCE New Field  AXUCCE New Field	1  1		Must be Y or blank. Cannot have an entry in both AXZCCE and AXUCCE  Must be N, Y or blank
RATE CHANGE DATE Section 2	PARMX	AXECDT New Field	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as MDCY
RATE CHANGE ANNIVERSARY DATE Section 2	PARMX	AXRCAD New Field	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as CYMD
ORIG INDX/DIAL BASE % Section 2	PARMX	AXONDX	15,13		
ZERO/NEW INTEREST RATE %	PARMX	AXZCRA	1		Must be Y or blank. Cannot have an entry in both AXZCRA and AXCRAT.

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
NEW INTEREST RATE % <b>Section 2</b>	PARMX	AXCRAT	15,13		
BLANK/INDEX DESCRIPTION	PARMX	AXZIND	1		Must be Y or blank. Cannot have an entry in both AXZIND and AXINDX.
INDEX DESCRIPTION <b>Section 2</b>	PARMX	AXINDX	2	I2	Optional. Must exist in PINFO.
ZERO/MAXIMUM # OF RATE REVIEWS	PARMX	AXZMXR	1		Must be Y or blank. Cannot have an entry in both AXZMXR and AXMAXR.
		<b>New Field</b>			
MAXIMUM # OF RATE REVIEWS <b>Section 2</b>	PARMX	AXMAXR	5,0		
		<b>New Field</b>			
ZERO/P&I CHANGE FREQUENCY	PARMX	AXZPCH	1		Must be Y or blank. Cannot have an entry in both AXZPCH and AXPCHG.
P&I CHANGE FREQUENCY <b>Section 3</b>	PARMX	AXPCHG	3,0		
ZERO/P&I CHANGE DATE	PARMX	AXZPDT	1		Must be Y or blank. Cannot have an entry in both AXZPDT and AXPDT.
		<b>New Field</b>			
P&I CHANGE DATE	PARMX	AXPDT	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as CYMD
		<b>New Field</b>			
ZERO/P&I RE- AMORT FRE	PARMX	AXZRAF	1		Must be Y or blank. Cannot have an entry in both AXZRAF and AXRAFQ
P&I RE-AMORT FREQUENC <b>Section 3</b>	PARMX	AXRAFQ	3,0		
ZERO/P&I RE- AMORT DATE	PARMX	AXZRPD	1		Must be Y or blank. Cannot have an entry in both AXZRPD and AXRPDT
		<b>New Field</b>			
P&I RE-AMORT DATE	PARMX	AXRPDT	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as CYMD
		<b>New Field</b>			

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
Section 3					
ZERO/NEW P&I PAYMENT	PARMX	AXZCPI	1		Must be Y or blank. Cannot have an entry in both AXZCPI and AXCPI
NEW P&I PAYMENT	PARMX	AXCPI	15,2		
Section 3					
ZERO/P&I AMORTIZATION TO DATE	PARMX	AXZITD  New Field	1		Must be Y or blank. Cannot have an entry in both AXZITD and AXPITD
P&I AMORTIZATION TO DATE	PARMX	AXPITD  New Field	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as MDCY
Section 3					
ZERO/INTEREST RATE MA	PARMX	AXZMAR	1		Must be Y or blank. Cannot have an entry in both AXZMAR and AXMARG
INTEREST RATE MARGIN	PARMX	AXMARG	15,13		
Section 4					
BLANK/RATE ROUNDING METHOD	PARMX	AXZOND  New Field	1		Must be Y or blank. Cannot have an entry in both AXZOND and AXROND
RATE ROUNDING METHOD	PARMX	AXROND	1	AR	Optional. Must exist in PINFO.
Section 4					
ZERO/RATE ROUNDING FACTOR	PARMX	AXZACT  New Field	1		Must be Y or blank. Cannot have an entry in both AXZACT and AXFACT
RATE ROUNDING FACTOR	PARMX	AXFACT	13,13		
Section 4					
BLANK/INDEX ROUNDING METHOD	PARMX	AXZIRM  New Field	1		Must be Y or blank. Cannot have an entry in both AXZIRM and AXIRM
INDEX ROUNDING METHOD	PARMX	AXIRM	1	AR	Optional. Must exist in PINFO.

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
<b>Section 4</b>		<b>New Field</b>			
ZERO/INDEX ROUNDING FACTOR %	PARMX	AXZIRF	1		Must be Y or blank. Cannot have an entry in both AXZIRF and AXIRF
		<b>New Field</b>			
INDEX ROUNDING FACTOR %	PARMX	AXIRF	13,13		
<b>Section 4</b>		<b>New Field</b>			
ZERO/RATE FLOOR & CEILING EXP DATE	PARMX	AXZCDT	1		Must be Y or blank. Cannot have an entry in both: AXZCDT and AXFCDT
		<b>New Field</b>			
RATE FLOOR & CEILING EXP DATE	PARMX	AXFCDT	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as MDCY
<b>Section 4</b>		<b>New Field</b>			
ZERO/INTEREST RATE FL	PARMX	AXZMIN	1		Must be Y or blank. Cannot have an entry in both AXZMIN and AXMIN
INTEREST RATE FLOOR %	PARMX	AXMIN	15,13		
<b>Section 4</b>					
ZERO/INTEREST RATE CE %	PARMX	AXZMAX	1		Must be Y or blank. Cannot have an entry in both AXZMAX and AXMAX
INTEREST RATE CEILING %	PARMX	AXMAX	15,13		
<b>Section 4</b>					
ZERO/RATE REVIEW INC	PARMX	AXZRIC	1		Must be Y or blank. Cannot have an entry in both AXZRIC and AXRICP
RATE REVIEW INCREASE	PARMX	AXRICP	15,13		
<b>Section 4</b>					
ZERO/RATE REVIEW DEC	PARMX	AXZRDC	1		Must be Y or blank. Cannot have an entry in both AXZRDC and AXRDCP
RATE REVIEW DECREASE	PARMX	AXRDCP	15,13		
<b>Section 4</b>					
ZERO/MIN RAT ADJUST AL	PARMX	AXZMAD	1		Must be Y or blank. Cannot have an entry in both AXZMAD and AXMADJ

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
MIN RATE ADJ ALLOWED <b>Section 4</b>	PARMX	AXMADJ	15,13		
ZERO/PERIODIC RATE CA	PARMX	AXZCAP	1		Must be Y or blank. Cannot have an entry in both AXZCAP and AXCAP
PERIOD RATE CAP %	PARMX	AXCAP	15,13		
<b>Section 4</b>					
BLANK/METHOD P OPERATOR #1	PARMX	AXZOP1	1		Must be Y or blank. Cannot have an entry in both AXZOP1 and AXOP1
		<b>New Field</b>			
METHOD P OPERATOR #1	PARMX	AXOP1	1		Must be blank, A, M or D
<b>Section 4</b>					
ZERO/METHOD P MARGIN #1 %	PARMX	AXZSP1	1		Must be Y or blank. Cannot have an entry in both AXSPD1 and AXZSP1
		<b>New Field</b>			
METHOD P MARGIN #1 %	PARMX	AXSPD1	15,13		
<b>Section 4</b>					
BLANK/METHOD P OPERATOR #2	PARMX	AXZOP2	1		Must be Y or blank. Cannot have an entry in both: AXOP2 and AXZOP2
METHOD P OPERATOR #2	PARMX	AXOP2	1		Must be blank, A, M or D
<b>Section 4</b>					
ZERO/METHOD P MARGIN 2%	PARMX	AXZSP2	1		Must be Y or blank. Cannot have an entry in both AXZSP2 and AXSPD2
METHOD P MARGIN #2 %	PARMX	AXSPD2	15,13		
<b>Section 4</b>					
BLANK/P&I METHOD	PARMX	AXZPIF	1		Must be Y or blank. Cannot have an entry in both AXZPIF and AXPIF
		<b>New Field</b>			
P&I PAYMENT METHOD	PARMX	AXPIF	1,0		
<b>Section 5</b>		<b>New Field</b>			

Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
ZERO/P&I PAYMENT CAP EXP DATE	PARMX	AXZIXD  New Field	1		Must be Y or blank. Cannot have an entry in both AXZIXD and AXPIXD
P&I PAYMENT CAP EXPIRATION DATE Section 5	PARMX	AXPIXD  New Field	8,0		Optional. Must be a valid date between 01/01/1900 and 12/31/2100. In file as MDCY
ZERO/P&I PMT INC CAP %	PARMX	AXZPIP	1		Must be Y or blank. Cannot have an entry in both AXZPIP and AXPICP
P&I PMT INCREASE CAP % Section 5	PARMX	AXPICP	5,3		
ZERO/P&I PMT DEC CAP %	PARMX	AXZPDP	1		Must be Y or blank. Cannot have an entry in both AXZPDP and AXPIDP
P&I PMT DECREASE CAP % Section 5	PARMX	AXPIDP	5,3		
ZERO/P&I PMT INC CAP \$	PARMX	AXZPID	1		Must be Y or blank. Cannot have an entry in both AXZPID and AXPIID
P&I PMT INCREASE CAP \$ Section 5	PARMX	AXPIID	11,0		
ZERO/P&I PMT DECR CAP %	PARMX	AXZPDD	1		Must be Y or blank. Cannot have an entry in both AXZPDD and AXPIDD
P&I PMT DECREASE CAP \$ Section 5	PARMX	AXPIDD	11,0		
BLANK/ROUND P&I PAYMENT	PARMX	AXZDPI  New Field	1		Must be Y or blank. Cannot have an entry in both AXZDPI and AXRDPI
ROUND P&I PAYMENT Section 5	PARMX	AXRDPI  New Field	1	AR	Optional. Must exist in PINFO.
BLANK/INTEREST BASIS CODE	PARMX	AXZIBC  New Field	1		Must be Y or blank. Cannot have an entry in both AXZIBC and AXIBC

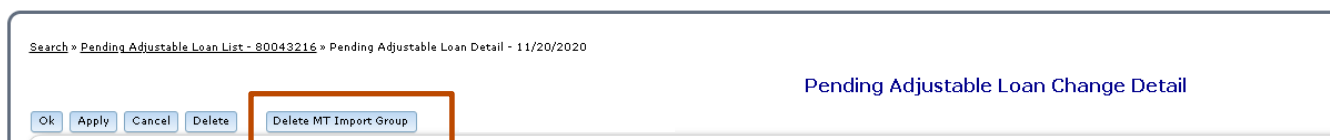
Field Description/ Section on Pending Adjustable Loan Changes Detail page	File	Field Name	File Definition	PINFO Table ID	Business Rules/Edits
INTEREST BASIS CODE Section 5	PARMX	AXIBC	3	PI	Optional. Must exist in PINFO.

## Delete MT Import Group Records

The changes to Adjustable Loan functionality include the ability to upload Pending Adjustable Loan Changes via the Mapping Tool. With that ability, we have included the ability to delete records uploaded via the Mapping Tool that have a blank record Status (PARMX/AXSTAT = " ").

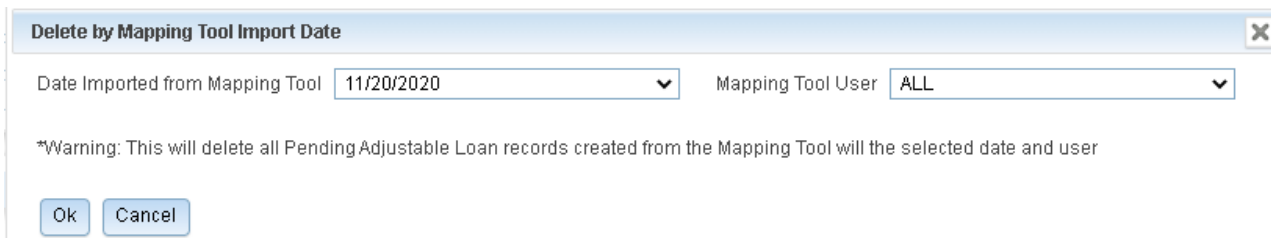
Users can access the group delete functionality from the Adjustable Loan widget. A **Delete MT Import Group** button appears on the Pending Adjustable Loan Change Detail page. The **Delete MT Import Group** button will be available for use if:

- the User has security to the feature,
- the active Pending Adjustable Loan Change Detail record was uploaded via the Mapping Tool, and
- there is no lock on the page.



10 - ADJUSTABLE LOAN WIDGET>LOAN SEARCH>SELECT LOAN>SELECT PENDING ADJUSTABLE LOAN CHANGE RECORD

Clicking the **Delete MT Import Group** button opens the Delete by Mapping Tool Import dialogue box. Each Pending Adjustable Loan Change record uploaded via the Mapping Tool is stamped with the Upload Date and the Username of the person performing the upload. This box allows users with appropriate authority to define the group of records to be deleted using the Date Created by Mapping Tool (PARMX/AXMTDT) and Mapping Tool User (PARMX/AXMTUSER).



11 - DELETE BY MAPPING TOOL IMPORT DATE - DELETES A GROUP OF PENDING ADJUSTABLE LOAN CHANGES UPLOADED VIA THE MAPPING TOOL USING THE DATE IMPORTED AND THE USER .

The Date Imported from Mapping Tool field defaults to the date that the active PARMX record was imported. However, users can select another date using the drop down menu. Strategy will populate the drop down menu with a list of unique Mapping Tool import dates that exists in PARMX/AXMTDT sorted with the newest dates at the top.

The Mapping Tool User will default to the User that imported the active PARMX record. The drop down will be populated with a unique list of names found in PARMX/AXMTUSER for the Mapping Tool Import Date selected. If a

new Mapping Tool Import Date is selected, the Mapping Tool User drop down will regenerate showing the list of Users for the new date selected. When the Mapping Tool User is set to 'ALL', Strategy will delete all PARMX records imported by the Mapping Tool on the selected Mapping Tool Import Date, that have a blank record Status (PARMX/AXSTAT = " ").

Clicking **Ok** on the Delete by MT Import Date window will prompt a confirmation window. The user's options are **Delete** and **Cancel**.

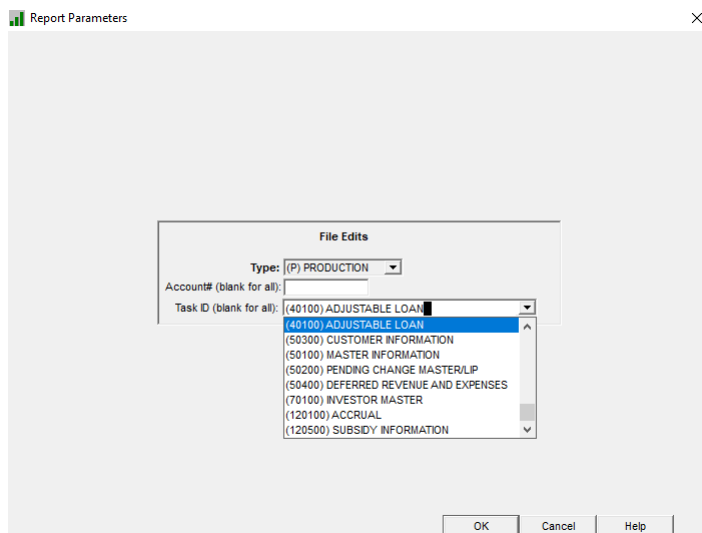
- When **Delete** is selected, Strategy performs a check for record locks on the file PARMX. Record locks will cause an error message to appear. 'Error: PLOCK records found for PARMX. Please clear all locks before proceeding'. All other users must be out of the Adjustable Loan widget or Pending Adjustable Loan Changes tab and all record locks must be cleared prior to performing the delete. If no record locks exist, the records are deleted, and the user is returned to the Pending Adjustable Loan Changes page.
- When **Cancel** is selected, the window closes and returns the user to the Pending Adjustable Loan Change Detail page.

## Validating Adjustable Loans Daily

With the changes to support Compounding in Arrears, additional edits have been added to the programs that will not be incorporated into the Adjustable Loan module until Release 20. Programs in this update will prevent a new loan from being passed into production with conflicts, but will not prevent changes made in production from causing an invalid condition.

A customer using Compounding in Arrears should:

- Run the File Edit reports for Adjustable Loans and for Master Info daily to verify that there are no error conditions, and



12 - TOOLS>REPORTS>FILE EDITS> RUN BOTH ADJUSTABLE LOAN AND MASTER INFORMATION

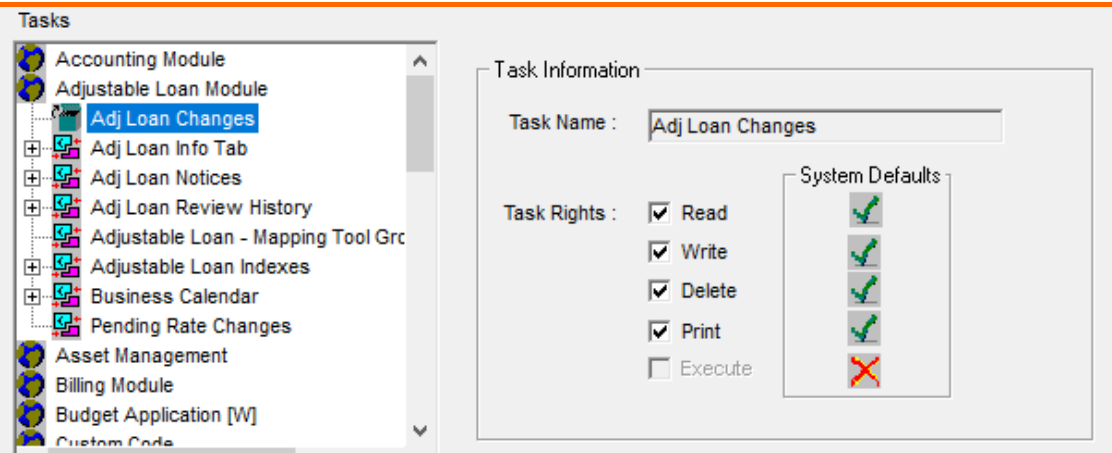
- Add CGR100CAM to the day end job stream right before CMB401Z1. This will generate the Adjustable Loan and Master Info Edit Reports in day end for daily review.

Note: If error messages refer to fields that were added to the Pending Adjustable Loan Changes fields added in 19F, those errors must be corrected using the Adjustable Loan widget. They will not be available in the Adjustable Loan module until Release 20.

## Security Changes for Adjustable Rate Features

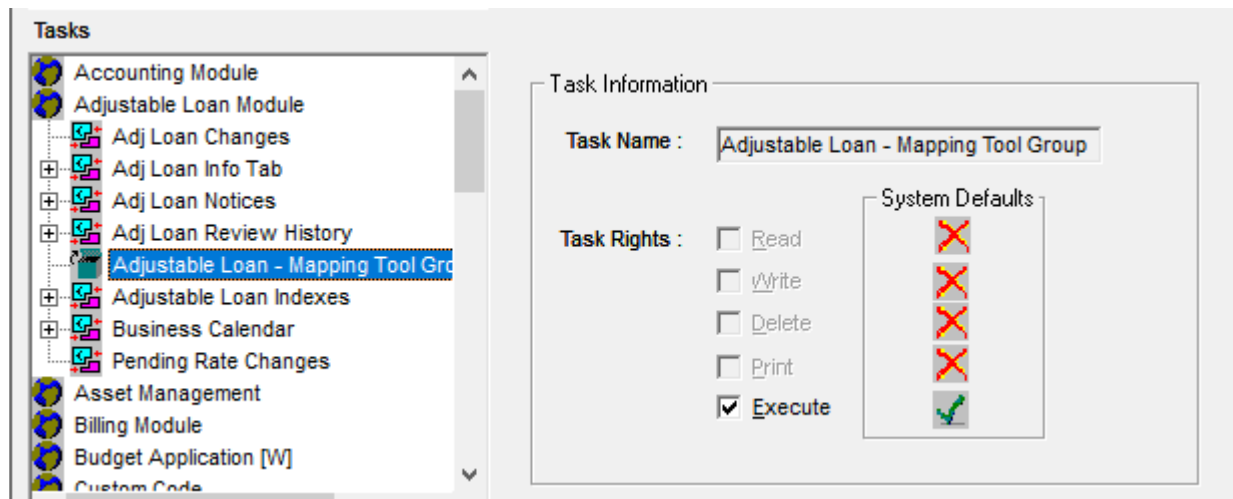
### Adjustable Loans Widget for Pending Adjustable Loan Changes

Users with authority to create Adjustable Loan Changes can access the Adjustable Loan widget to view Pending Adjustable Loan Changes. Default rights include Read, Write, Delete, Print.



13 - TOOLS>MAINTENANCE>SECURITY>SECURITY MAINTENANCE ADJUSTABLE LOAN MODULE>ADJ LOAN CHANGES

Delete MT Import Groups has additional security. Users can have Execute authority for this new security task found under the Adjustable Loan module. Adjustable Loan – Mapping Tool Group Delete[W]

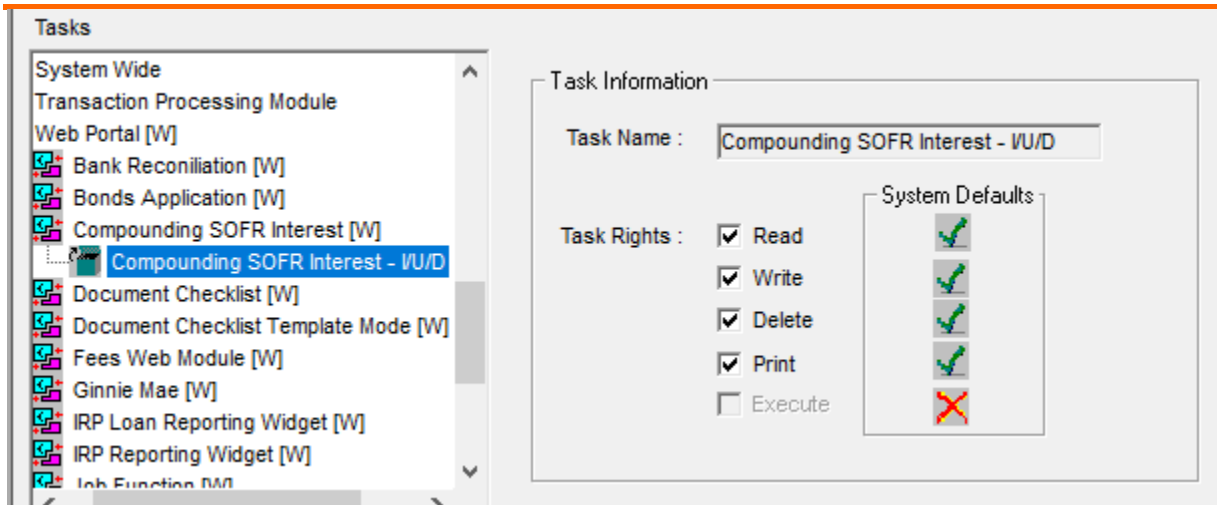


14- TOOLS>MAINTENANCE>SECURITY>SECURITY MAINTENANCE ADJUSTABLE LOAN MODULE>ADJUSTABLE LOAN-MAPPING TOOL GROUP DELETE [W].

## Compounding SOFR Interest Widget

Users with appropriate authority can search and view daily compounding in arrears records to review the interest calculated and the components used when compounding interest in arrears.

Users must have rights to Execute the widget and have rights to create, maintain and delete records within the Compounding SOFR Interest widget.



15 - TOOLS>MAINTENANCE>SECURITY>SECURITY MAINTENANCE- WEB PORTAL>COMPOUNDING SOFR INTEREST [W]>COMPOUNDING SOFR INTEREST - I/U/D

## IRS Changes for 2020 – 1099-NEC vs 1099-MISC

As a result of the PATH Act, confusion related to changing reporting deadlines, and an increase in independent contractors that do not receive a W-2, the IRS has re-established the 1099 NEC form to report nonemployee compensation instead of the 1099 MISC. The change will report Vendor payments (nonemployee compensation) in a file to create the 1099 NEC.

Changes in the release create or rebuild the file PI1099N, and collect Vendor payment information for the 1099-NEC. The program will report non-employee compensation over \$600.00 for all Vendors that are marked for 1099 reporting (PPYVEND/VP1099) and that have a Valid TIN (PPYVEND/VPTIN) to the file PI1099N.

Field Name	Definition	Field Description	Instructions
PAYER TIN	14 CHAR	PAYER TIN	PGLCO. GCTXID (GL Company TIN number)
RECP TIN	14 CHAR	RECP TIN	PPYVEND. VPTXID (Vendor TIN)
BATCH NO	10 CHAR	BATCH NO	Not populated
ACCOUNT#	20 CHAR	ACCOUNT#	PPYVEND.VPID concatenated to PPYVEND.VPKEY (vendor type plus the vendor id)
BOX 1	14 ZONED	BOX 1	PPYVEND. VPAMT2
MBOX1	14 ZONED	BOX 2	Blank, not defined by IRS
MBOX2	14 ZONED	BOX 3	Blank, not defined by IRS
MBOX3	14 ZONED	BOX 4	Blank, defined as Federal income tax withheld, backup withheld
MBOX4	14 ZONED	BOX 5	Blank, defined as State Income Tax withheld
MBOX5	14 ZONED	BOX 6	Blank, State Income Reporting Box
MBOX7	14 ZONED	BOX 7	Blank, State Income Reporting Box
TRANTM	1 CHAR	CORRECTION	‘C’ if correction
FATCA	1 CHAR	FATCA Requirement	Blank, we do not have code in Strategy, regarding FACTA Requirements under Chapter 4
SCTIN	1 CHAR	Second TIN not flag	Blank, currently don’t have a field to indicate 2 <sup>nd</sup> TIN Notice received.

