









## **Table of Contents**

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#### **Understanding the Process**

The Loan Payment Reversal tool supports the reversal and reposting, if necessary, of loan payments. It can be used for both consumer loans and business loans and can reverse same day loan payments made via ACH, Share Draft, Periodic Payment or payroll.

NOTE You cannot use the Loan Payment Reversal tool to reverse Average Daily Balance loans, Advanced Credit Card loans, or Auto Lease loans.

NOTE Payments older than 6-months cannot be reversed using this tool. When a loan payment needs to be reversed, any payments received after that payment was posted are reversed and reposted as well. This process assumes the payment was never made and the subsequent payments are reposted using the correct principal and interest amounts. The processing consists of these steps:

- The user can select whether subsequent paymest are to be reposted in the same way they were posted originally or whether the payment details (interest, principal, late charge, etc.) are to be recalculated.
- The accrued interest is adjusted. The system checks the rate tables in effect from the effective date to the transaction date and applies the applicable interest rate to the principal portion of the payment being reversed for the number of days for which the payment is being reversed.
- Subsequent payments are reversed and reposted, using the effective date that each payment was originally credited to the loan. Principal and interest are posted for these payments as if the reversed payment was never made.
- The reversal and reposting transactions performed by this tool are written to the Transaction History file.
- All postings made to a GL or share account by the Loan Payment Reversal tool are included on a report that is automatically generated when STARTis run. See Loan Payment Reversal Offset Transactions Report in this document for more information.
  - NOTE The Loan Payment Reversal tool can be used to reverse the most recent payment but must be used when there are subsequent payments that also need to be reversed and reposted. ☑

For loan payments made via ACH, Share Draft, Payroll or Periodic Payment



### **Reversing a Loan Payment**

1	From the FSP t	oolbar, select L	oan Payment Reversal. This screen appears:
	🖌 Loan Pa	vment Reversal: 20719 SAME	ER. SAMANTHA
		Account	
	<u> </u>	election	
	Seq. I	(ffective Date Due Date Tir	ne Total Payment Amt. Interest Principal Escrow Late Charge Prepmt. Pnity
	- Reversal I	)etails	
	<u>O</u> ffset Reve	sal To	Share Account Offset
	<u>G</u> L Offset <u>E</u> scrow GL ( Reversal Na	)iffset	Assess Late Change     Flag Transaction and Reversal to Not Statement     Print Youcher     (REAPPLIED PAYMENT if not specified)
	L	View Reversal Details	Modify Payment Reset Columns
2	In the Accoun and then selec NOTE	t field, select the t Lookup . If your credit ur example, three	loan account that contains the payment you want to reverse, nion purges transaction data after a certain period (for months), transaction information for payments made before
		that period doe appear in the lis	s not appear in this tool. Advanced Credit Card loans do not st of loan accounts.
	This information	on appears for ea	ch payment:
	Column Head	ing	Description
	Seq.		Displays the sequence number of the payments in the list. The most recent payment is sequence number 1.
	Effective Da	te	Displays the date the payment was posted.
	Due Date		Displays the date the payment was due.
	Time		Displays the time the payment was posted.
	Total Payme	nt Amt	Displays the total amount of the payment.
	Interest		Displays the amount of the payment that is interest.



Loan Payment Reversal Guide

### **Reversing a Loan Payment**

Column Heading	Description
Principal	Displays the amount of the payment that is principal.
Escrow	If there is escrow associated with the loan this field displays the amount of escrow included in the payment.
Late Charge	If a late charge was incurred, this field displays the amount of that late charge.
Prepmt. Pnlty	If a pre-payment penalty was assessed, this field displays the amount of that penalty fee.

For the payment you want to reverse, select the corresponding button in the Seq column:

- <u>P</u> a	aymenl	Selection —								
	Seq.	Effective Date	Due Date	Time	Total Payment Amt.	Interest	Principal	Escrow	Late Charge	Prepmt, Phlty
C	1	12/21/2006	12/31/1998	11:26AM	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00
C	2	12/21/2006	11/30/1998	11:25AM	\$600.00	\$600.00	\$0.00	\$0.00	\$0.00	\$0.00
C	3	12/21/2006	11/30/1998	11:25AM	\$75.00	\$75.00	\$0.00	\$0.00	\$0.00	\$0.00
•	4	12/20/2006	11/30/1998	11:19AM	\$50.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00
<b></b>										

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Enter this information in the Reversal Details frame:

Reversal Details	
Offset Reversal To	Share Account Offset
GL Offset	Assess Late Charge
Escrow GL Offset	Flag Transaction and Reversal to Not Statement     Print Voucher
Reversal Narration	(REAPPLIED PAYMENT if not specified)

Field	Description
Offset Reversal To	From the drop-down list, select the type of account to be used to offset the payment reversal:
	<ul><li>General Ledger Account</li><li>Member Share Account</li></ul>
Share Account Offset	Required if you selected Member Share Account in the Offset Reversal To field.
	From the drop-down list, select the share account to be used to offset the payment reversal.



Loan Payment Reversal Guide

## **Reversing a Loan Payment**

Field	Description
GL Offset	Required if you selected General Ledger Account in the Offset Reversal To field The GL account number that was used for the most recent loan payment reversal appears in this field (even if the reversal was done by a different operator for a different member).
	Enter the GL number to be used to offset the reversal. The name of that account displays in the adjacent text box.
	NOTE All postings made to the GL Offset and/or Escrow GL Offset GL account by the Loan Payment Reversal tool are included on a report that is automa tically generated when STARTis run. See Loan Payment Reversal Offset Transactions Report in this document for more information.
Escrow GL Offset	This field is enabled only if the selected loan includes escrow.
	Enter the GL account number to be used to offset the reversal of escrow payments. The name of that account displays in the adjacent text box.
Reversal Narration	<ul> <li>NOTE All postings made to the GL Offset and/or Escrow GL Offset GL account by the Loan Payment Reversal tool are included on a report that is automa tically generated when START is run. See Loan Payment Reversal Offset Transactions Report in this document for more information.</li> <li>Enter a reversal reason (up to 24 characters, including spaces).</li> </ul>
	If you leave this field blank, the default narrative is REAPPLIED PAYMENT .
	NOTE If you select the <b>Print Voucher</b> check box, this narration prints on the voucher.
Assess Late Charge	Select this check box to assess a late charge if the reversal causes the loan to be delinquent.
	Clear this check box if you do not want to assess a late charge if the reversal causes the loan to be delinquent.



Loan Payment Reversal Guide

#### **Reversing a Loan Payment**

Field	Description			
Flag Transaction and Reversal to Not Statement	Select this check box if the payment being reversed has not yet appeared on the member's statement and ye want to prevent it from appearing. The reversal and reposting transactions will not appear on the statement			
	□ Clear this check box if the payment being reversed has not yet appeared on the member's statement and you want to include it on the statement. The reversal and reposting transactions will appear on the statement.			
	NOTE If the payment has already appeared on the member's statement, this box is disabled. The reversal and reposting tr ansactions will appear on the member's statement.			
Print Voucher	$\boxdot$ Select this check box to print to voucher for the reversal			
	Clear this check box if you do not want to print a voucher for the reversal.			

Select View Reversal Details. The tool displays the details of the transaction to be reversed and, if applicable, the reposted payment transaction. If subsequent payments were reversed and reposted, the tool also displays those transactions:

🖌 Lo	Loan Payment Reversal: 20719 SAMBER, SAMANTHA										
Loar	n Payment Rev	ersal Details —									
Seq.	Effective Date	Due Date	Time	Total Payment A	mt. Intere	st   Princ	cipal Es	crow Late	Charge F	repmt. Pnlty	
1	12/21/2006	12/31/1998	11:26Ah	M \$50	0.00 \$5	00.00	\$0.00	\$0.00	\$0.00	\$0.00	
2	12/21/2006	11/30/1998	11:25A	M \$60	0.00 \$6	00.00	\$0.00	\$0.00	\$0.00	\$0.00	
3	12/21/2006	11/30/1998	11:25Ah	vi \$7	5.00 \$	75.00	\$0.00	\$0.00	\$0.00	\$0.00	
4	12/20/2006	11/30/1998	11:19Ah	vi \$5	0.00 \$	50.00	\$0.00	\$0.00	\$0.00	\$0.00	
Loar	n Payment Rep	Reset Colur	nns								
Seq.	Effective Date	Due Date	Time	Total Payment Amt.	Interest	Principal	Escrow	Late Charge	Prepmt, Pr	nity Recald Pm	it
1	12/21/2006	12/31/1998	11:26AM	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	) \$0.	.00 Yes	
2	12/21/2006	11/30/1998	11:25AM	\$600.00	\$600.00	\$0.00	\$0.00	\$0.00	) \$0.	.00 Yes	
3	12/21/2006	11/30/1998	11:25AM	\$75.00	\$75.00	\$0.00	\$0.00	\$0.00	) \$0.	.00 Yes	
<u>Reverse Payment</u> Recalculate											
									<u>C</u> ano	el	

If you want to recalculate the interest, principa I, late charges, etc. for a reposted payment, verify that Yesappears in the Recalc Pmt column in the Loan Payment Reposting Details frame. The reposted payment is applied as if the reversed payment was never made.

To change the Recalc Pmt column setting, double-click the row that includes that payment.



Loan Payment Reversal Guide

#### **Reversing a Loan Payment**

NOTE There may be situations in which you do not want to recalculate a reposted payment. For example, if a reposted payment was a principal-only payment, you would not want the Loan Payment Reversal tool to recalculate it.

If an operator does not have the proper security to change the Recalc Pmt setting, a supervisor can flag a specific transaction to be recalculated:

- a) At XTCL, enter SET.FORCESPLIT.FLAG.
- b) At the Enter Account Key prompt, enter the member number followed by the account type (for example, 10502L1).
- c) At the Enter Transaction Number prompt, enter the transaction number of the payment you want to be recalculated.

This procedure changes the Recalc Pmt setting from No to Yes. Repeating this procedure does not change the Recalc Pmt to No. To change the setting to No, the supervisor must open the Loan Payment Reversal tool and double-click the row that includes the payment.

NOTE Use caution when setting Recalc Pmt to No for loans that have a Payment Frequency (in the Loan Details tool) of PS (Payment Schedule), CS (Calculated Schedule), or TS (Tiered Schedule). This setting may cause the next payment to post outside of the payment schedule.

To display a preview of how the recalculated payment will be applied, select Recalculate.

Select Reverse Payment.

NOTE To change the size of a column, drag the column borders. To reset the columns to their original size, select Reset Column Size.



Loan Payment Reversal Guide

### Modifying a Payment Amount

- 1 From the FSP toolbar, select Loan Payment Reversal.
  - From the **Payment Selection frame**, select the payment that you want to modify.
  - Select Modify Payment. This screen appears:

🖌 Loan Payment Reversal: 20937 CAL 🗙			
Modify Payment			
Effective Date	11/18/2003		
Orig. Payment Amount	\$3,000.00		
New Payment Amount			
<u>0</u> K	<u>C</u> ancel		

NOTE You cannot change the Effective Date and the Orig. Payment Amount.

Enter the new payment amount which should include the principal and interest and, when applicable, the late charge, escrow, and prepayment penalty amounts.

Select OK.

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Verify that the information for the reversed original payment and for the reposted payment amount is correct.

If you want to recalculate the interest, principal, late charges, etc. for a reposted payment, verify that Yes appears in the Recalc Pmt column in the Loan Payment Reposting Details frame. The reposted payment is applied as if the reversed payment was never made.

To change the Recale Pmt column setting, double-click the row that includes that payment.

NOTE There may be situations in which you do not want to recalculate a reposted payment. For example, if a reposted payment was a princi pal-only payment, you would not want the Loan Payment Reversal tool to recalculate it.

If an operator does not have the proper security to change the Recalc Pmt setting, a super-visor can flag a specific transaction to be recalculated:

- a) At XTCL, enter SET.FORCESPLIT.FLAG .
- b) At the Enter Account Key prompt, enter the member number followed by the account type (for example, 10502L1).
- c) At the Enter Transaction Number prompt, enter the transaction number of the payment you want to be recalculated.



#### Modifying a Payment Amount

This procedure changes the Recalc Pmt setting from No to Yes. Repeating this procedure does not change the Recalc Pmt to No. To change the setting to No, the supervisor must open the Loan Payment Reversal tool and double-click the row that includes the payment.

NOTE Use caution when setting Recalc Pmt to No for loans that have a Payment Frequency (in the Loan Details tool) of PS (Payment Schedule), CS (Calculated Schedule), or TS (Tiered Schedule). This setting may cause the next payment to post outside of the payment schedule.

Select Reverse Payment .



# Loan Payment Reversal Guide

#### Loan Payment Reversal Offset Transactions Report

When the Loan Payment Reversal tool makes a posting to a GL or share account, a report is automatically generated when START is run. The report title is Loan Payment Reversal Offset Transactions . The SET.REPORT name for the report is LNPMTREV. The SET.REPORT name is automatically loaded upon upgrade and is automatically set to HOLD.

The Loan Payment Reversal Offset Transactions report contains these fields:

Field	Description
Branch	Displays the branch where the reversal transaction was performed.
Member Number	Displays the member number of the member for whom the payment reversal was processed. The report is sorted by member number.
Member Name	Displays the name of the member for whom the payment reversal was processed.
Loan Type	Displays the L-type for which the payment reversal was made.
Offset Account	Displays the GL or share account where the funds were posted.
Offset Amount	Displays the amount of funds posted to the GL or share account.
Escrow GL Offset	Displays the GL number of the Escrow GL Offset account where the escrow funds were posted. This field is blank if there was no Escrow GL offset for the member.
Escrow GL Offset Amount	Displays the amount of funds posted to the Escrow GL Offset account. This field is blank if there was not Escrow GL Offset amount for the member.

NOTE If there is no data to display, the report displays, "No data to display."

For a sample of the report see, Loan Payment Reversal Offset Transactions Report in Start and End of Day Reports Manual .





# Loan Payment Reversal Guide

### Security Questions for the Loan Payament Reversal Tool

These security questions determine which user groups have the authority to perform certain functions with the Loan Payment Reversal tool:

Security Question	Settings
Can reverse payments?	Select Yes to enable the Reverse Payment button on the Loan Payment Reversal Details screen.
	Select No to disable the Reverse Payment button on the Loan Payment Reversal Details screen.
Can modify payments	Select Yes to enable the Modify Payment button on the Loan Payment Reversal screen.
	Select No to disable the Modify Payment button on the Loan Payment Reversal screen.
Can reverse pmts with transaction date earlier than	This question applies to paid off loans as well as to open loans.
inst back date control?	Select Yes to allow the operator to reverse payments for which the effective date is earlier than the date specified in IC.CONTROL BACK.DATE This override action is reported on the Supervisor Over-ride Details report.
	Select Noto prevent the operator from reversing payments for which the effective date is earlier than the date specified in IC.CONTROL BACK.DATE.
Can change Yes/No recalculate payment default?	Select Yes to allow the operator to change the $\operatorname{Recalc} \operatorname{Pmt}$ setting.
	Select $N_0$ to prevent the operator from changing the Recalc Pmt setting.
Default vouchers to not print?	Select Yes if you want the <b>Print Voucher</b> check box to be cleared when the tool is opened.
	Select No if you want the <b>Print Voucher</b> check box to be selected when the tool is opened.





# Loan Payment Reversal Guide

### Security Questions for the Loan Payament Reversal Tool

Security Question	Settings
Can alter print voucher option?	Select Yes if you want to allow the operator to change the setting for the <b>Print Voucher</b> check box.
	Select $N_0$ if you do not want to allow the operator to change the setting for the Print Voucher check box.
Can override default posting method for offset general ledger?	Select Yes to allow the operator to change the branch from the default.
	Select $\mathbf{N}_0$ if you do not want the operator to change the branch from the default.
	The default posting method and default branch are set in the GL Maintenance tool. See Adding Sub-Class GL Accounts in FSP - Accounting: General Ledger Maintenance Tool.

NOTE To change the number of days in IC.CONTROL BACK.DAT Econtact Advocacy Services.

