

Loan Types

Loan Type vs. Inv Type

So what's the difference? The easiest way to explain it is to show the relationships among loan records, loan types, and investment types:

Every Loan record has a Loan Type. Every Loan Type has an Investment Type.

The Loan Management system handles five different Investment Types. These Investment Types are hard-coded into the program and cannot be changed by users. They determine how a loan is treated. For instance, the method used to determine how much interest to accrue for a loan is based on the Investment Type: USGA Investment Type loans have their interest calculated using the Actual/365 method, while Mtg Investment Type loans have their interest calculated using the 30/360 method.

The Loan Management system supports an unlimited number of Loan Types. Users (with appropriate permissions) can make changes to existing Loan Types or add new ones. For each Loan Type, users can specify its Investment Type, its abbreviated name, its full description, and its applicable G/L accounts. Users can control the behavior of loans to a limited extent by omitting certain G/L accounts. For instance, if the AFS Principal/Asset GL Account is left blank, then no loans of that Loan Type will be allowed a Sale Status of AFS.

Loan Type Form

To make changes to any of the fields in the form, you must first click the Edit Info button. Not all users have permission to edit the loan type records. If you do not have permission to edit the records, the Edit Info button will be grayed out.

At the top of the form is a small table that summarizes the break down of all the loans with the selected loan type. This provides a quick snapshot of what loans are currently active in the system and how they are broken down (Taxable vs. Non-Taxable; AFS vs. HTM vs. Trading). In the screen shot below, for example, the MBS loan type is selected. There are 97 active taxable securities and 58 inactive taxable securities. All of the MBS's are taxable. There are currently 41 active AFS securities, 56 active HTM securities, and no active Trading securities. However, there are 16 Trading securities that are no longer active.

Loan Type Form

RECORDS LOCKED **Edit Info**

MBS	Tax	Non-Tax	AFS	HTM	Trading
Active	97	0	41	56	0
Inactive	58	0	2	40	16

Loan Type Report G/L Account Report

Payment Debit Principal (Receivable) Payment Debit Interest (Receivable) Payment Debit Prin + Int (Check) Payment Debit Prin + Int (Wire)

Principal/Asset Service Expense Interest Income Taxable Non-Taxable Accrued Interest Uncollectible Interest

MBS Mortgage Backed Security Investment Type: Security/MBS Applies to 155 loans (A:97; I:58).

1819-001 1819-001 1510-000 1510-000 HTM: 1065-050 AFS: 1069-000 Trading: 1069-050 HTM: 3165-000 AFS: 3165-001 Trading: 3165-002

Cash Account for Purchases: 1510-000

PART Participations Investment Type: Mortgage Applies to 362 loans (A:30; I:332).

1820-000 1820-000 1020-000 HTM: 1020-000 AFS: 4722-000 Trading: HTM: 3120-000 AFS: 1064-000 Trading: 2780-000

Cash Account for Purchases:

USGA US Gov't & Agency Investment Type: US Gov't & Agency Applies to 167 loans (A:18; I:149).

1510-000 1510-000 HTM: 1400-000 AFS: 1410-000 Trading: 1445-000 HTM: 3380-097 AFS: 3380-098 Trading: 3380-099 3380-000 3380-001 3380-002

Cash Account for Purchases: 1510-000

Record: 4 of 6

Loan Type Code

This is the short code that shows up in the Loan Type dropdown boxes and the Loan Type report control in Report Builder.

Loan Type Description

The full description of the Loan Type. Appears in the group header sections of reports that are grouped by Loan Type.

Investment Type

For more information see the [Investment Types](#) article.

G/L Accounts

Payment Debit Principal (Receivable)

Asset: This account is debited the Principal amount when Receivable receipts are posted. Leaving this account blank prevents receipts of this loan type being entered as Receivables.

Payment Debit Interest (Receivable)

Asset: This account is debited the Interest amount and credited the Service amount when Receivable receipts are posted. Leaving this account blank prevents receipts of this loan type being entered as

Receivables.

Payment Debit Prin + Int (Check)

Asset: This account is debited the Principal and Interest amount and credited the Service amount when Check receipts are posted. Leaving this account blank prevents receipts of this loan type being entered as Checks.

Payment Debit Prin + Int (Wire)

Asset: This account is debited the Principal and Interest amount and credited the Service amount when Wire receipts are posted. Leaving this account blank prevents receipts of this loan type being entered as Wires.

Cash Account for Purchases

Asset: This account is credited the Purchase Price and Purchased Interest when loans are added. Leaving this account blank prevents the Loan Management system from posting a 'Security Purchase' batch to the General Ledger when loans are added.

Principal/Asset

These accounts are:

- credited the Principal amount when Receipts are posted
- credited the Amortization amount when Premiums are amortized
- debited the Amortization amount when Discounts are accreted
- debited the Purchase Price when loans are added (only if the Cash Account GL is also filled in)

HTM

Asset: Leaving this account blank prevents loans of this loan type from being classified with a Sale Status of HTM.

AFS

Asset: Leaving this account blank prevents loans of this loan type from being classified with a Sale Status of AFS.

Trading

Asset: Leaving this account blank prevents loans of this loan type from being classified with a Sale Status of Trading.

Service Expense

Expense: This account is:

- debited the accrued service fees when Accruals are posted
- *credited any remaining accrued service fees when the Accruals are Reversed out*
- debited the amount of excess Service fees if the Service fees exceed what was previously accrued when Receipts are posted

Leaving this account blank prevents service amounts from being entered when inputting Receipts.

Interest Income

These accounts are:

- debited the Amortization amount when Premiums are amortized
- credited the Amortization amount when Discounts are accreted
- credited up to four months (current month plus 90 days) of accrued interest when Accruals are posted
- *debited any remaining accrued interest when the Accruals are Reversed out*
- debited the amount of accrued interest that is determined uncollectible when Accruals are posted
- *credited any remaining uncollectible interest when the Accruals are Reversed out*
- credited the amount of service fees that correspond with the uncollectible accrued interest when Accruals are posted
- *debited any remaining service fees that correspond with uncollectible accrued interest when the Accruals are Reversed out*
- credited the amount of Interest received on a loan that had previously accrued uncollectible interest (up to the amount of the previously accrued uncollectible interest) when the Receipts are posted
- credited the amount of excess Interest if the Interest received exceeds what was previously accrued when Receipts are posted
- debited the amount of Service fees on a loan that had previously accrued service fees corresponding with uncollectible interest (up to the amount of the previously accrued service fees corresponding with uncollectible interest) when the Receipts are posted

Taxable HTM

Income: Leaving this account blank prevents loans of this loan type that are PA Taxable from being

classified with a Sale Status of HTM.

Taxable AFS

Income: Leaving this account blank prevents loans of this loan type that are PA Taxable from being classified with a Sale Status of AFS.

Taxable Trading

Income: Leaving this account blank prevents loans of this loan type that are PA Taxable from being classified with a Sale Status of Trading.

Non-Taxable HTM

Income: Leaving this account blank prevents loans of this loan type that are not PA Taxable from being classified with a Sale Status of HTM.

Non-Taxable AFS

Income: Leaving this account blank prevents loans of this loan type that are not PA Taxable from being classified with a Sale Status of AFS.

Non-Taxable Trading

Income: Leaving this account blank prevents loans of this loan type that are not PA Taxable from being classified with a Sale Status of Trading.

Accrued Interest

Asset: This account is:

- debited up to four months (current month plus 90 days) of accrued interest when Accruals are posted
- *credited any remaining accrued interest when the Accruals are Reversed out*
- credited the accrued service fees when Accruals are posted
- *debited any remaining accrued service fees when the Accruals are Reversed out*
- credited the amount of Interest received on a loan that had previously accrued interest (up to the amount of the previously accrued interest) when the Receipts are posted
- debited the amount of Service fees on a loan that had previously accrued service fees (up to the

amount of the previously accrued service fees) when Receipts are posted

- debited the amount of Purchased Interest when loans are added (only if the Cash Account GL is also filled in)

Leaving this account blank prevents the loan type from showing up in the Post Reverse Accruals to GL, Calculate Accruals, and Post Accruals to GL dialog boxes.

Uncollectible Interest

Liability: This account is:

- credited the amount of accrued interest that is determined uncollectible when Accruals are posted
- debited any remaining uncollectible interest when the Accruals are Reversed out
- debited the amount of service fees that correspond with the uncollectible accrued interest when Accruals are posted
- credited any remaining service fees that correspond with uncollectible accrued interest when the Accruals are Reversed out
- credited the amount of Service fees on a loan that had previously accrued service fees corresponding with uncollectible interest (up to the amount of the previously accrued service fees corresponding with uncollectible interest) when the Receipts are posted

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