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# APACK 14.4.0.2.0 Commitment

Part Number: F36581-01

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# Accelerator Pack – Commitment

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# Accelerator Pack – Commitment

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## Introduction

- The facility to create a loan commitment contract is available. Banks can make funds available for customers who might need money in the future.
- On each disbursement of a commitment, the bank simultaneously creates a contingent asset and a contingent liability in its book of accounts.
- Interest can be earned from both utilized and unutilized amount of commitment, which contribute to the income of the bank.
- Charges can also be imposed on the Commitment contracts.
- The commitments are linked to loan accounts. When the loan is disbursed, the commitment gets utilized just like a line of credit.
- Multiple loans can be drawn against a commitment and vice-versa.

# Accelerator Pack – Commitment

## Products Features

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## Product Features

- Commitment can be booked as revolving or non-revolving.
- Commitment can be booked with different charges/fees/penalty component.
- Various amendments are allowed in commitment .
- Different levels of status change.
- Different types of UDEs within Minimum and Maximum UDE values.
- Range of values can be given as a variance for exchange rate.
- System builds the schedules based on the holiday check option.
- Verify funds option to check the balance in the settlement account.

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## Product Parameters

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## Product Parameters

- Disbursement Mode : The following modes of disbursement are supported:
  - Auto
  - Manual
- Liquidation Mode: The following modes of Liquidation are supported:
  - Auto
  - Manual



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## Product Parameters

Tenor/Frequency for Disbursement/Liquidation

The following types of settlement frequency are supported:

- Daily
- Weekly
- Monthly
- Quarterly
- Half-yearly
- Yearly
- Bullet

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## Product Parameters

### Value Dating

The following types of value dating is supported for various activities on loan accounts like disbursement, payment etc.,:

- Current Date
- Back Date
- Future Date

### Excess Payment

The following types of excess payment are supported:

- Advance payment: Future schedules settled through a current dated payment
- Pre-payment: If the amount paid by customer is more than what's due in the current schedule, the excess amount is considered as a prepayment towards the principal. The future schedules are recomputed accordingly.

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## Product Parameters

Preferences for settlement of components:

- Each component across schedules
- All components for each schedule

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## Product Parameters

### Component Types

Various types of components are supported in Loan products apart from the Principal and Interest. The typical component types are:

- Charge component
- Utilization Fees component
- Charge components
- Ad hoc Charge component
- Penalty component

### Grace Days

User can define grace days for the repayment Principal and Interest components. No penalty will be charged during this period.

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## Product Parameters

- Interest Rate: The interest rate can be of two types:
  - Fixed Rate
  - Floating Rate
- The revision of interest rate in case of a floating rate can be done through the following methods:
  - Automatic Rate Revision
  - Periodic Rate Revision (user defined schedules)

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## Product Parameters

### Amendment Options

The following operations are supported for loan account amendment:

- Interest Rate amendment
- Changing maturity date
- Schedule amendment
- Non-financial details
- Principal Increase
- Repayment amount
- Loan settlement Notice
- Automatic Creation of Commitment contract

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## Product Parameters

### Reassignment Options

The following types of reassignment are supported:

- Changing Currency
- Changing Customer
- Changing the loan type
- Changing the Linkage details

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## Product Parameters

## Renegotiation Options

The following operations are supported for loan account renegotiation:

- Liquidation/Waiver/Capitalization of overdue components
- Product Change
- Interest Rate amendment
- Changing maturity date
- Schedule amendment
- Principal Increase
- Repayment amount



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## Branch Transfer for Commitment Accounts

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## Branch Transfer for CL Accounts

### Transfer Categories

Following are the transfer categories:

- **Single Transfer:** A Commitment account could be transferred from source branch to any target branch. If a commitment is not linked to any loan contract, the loan alone can be transferred. Else, both the loan and the commitment must be transferred together.
- **Product Transfer:** All the Commitment accounts belonging to a particular product are transferred from source branch to any target branch.
- **Customer Portfolio Transfer :** All the Commitment accounts belonging to a particular customer are moved from source branch to target branch.
- **Branch Merger:** The source branch will get merged to the target branch by moving all its accounts (CASA and TD) and contracts belonging to CI,CL,MO.

# Accelerator Pack – Commitment

## Events Covered

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Events	Description
BOOK	Booking of Contract
INIT	Contract Initiation
DSBR	Disbursement
ACCR	Accrual
MLIQ	Manual Liquidation
ALIQ	Automatic Liquidation
LINK	Linkage of Commitment
DLNK	De-Linkage of Commitment
VAMB	Value Dated Amendment Booking
VAMI	Value Dated Amendment Initiation

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Events	Description
RACR	Reversal Accrual
CLOC	Closure of Commitment
TRFR	Branch Transfer



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