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1. About this Manual

1.1 Introduction

This manual is designed to help acquaint you with the Loans Module of Oracle Lending.

It provides an overview of the module and guides you, through the various steps involved in granting loans to the customers of your bank.

In addition to this User Manual, you can find answers to specific features and procedures, in the Online Help. It can be invoked by choosing Help Contents from the Help Menu of the software. You can further obtain information about to a particular field by placing the cursor on the relevant field and pressing the <F1> key on the keyboard.

1.2 Audience

This manual is intended for the following User/User Roles:

Role	Function
Back office data entry clerk	Input functions for contracts
Back office managers/officers	Authorization functions
Product Managers	Product definition and authorization
End of Day operators	Processing during End of Day/ Beginning of Day
Financial Controller / Product Managers	Generation of reports

1.3 Organization

This manual is organized into the following chapters:

Chapter	Description
Chapter 1	<i>About this Manual</i> gives information on the intended audience. It also lists the various chapters covered in this User Manual.
Chapter 2	<i>Loans - An Overview</i> is a snapshot of the features that the module provides.
Chapter 3	Maintaining Details Specific to SLT explains the maintenance you have to carry out for a diary event.
Chapter 4	<i>Defining Attributes Specific to Loan</i> product talks about defining the attributes specific to setting up a loans product.
Chapter 5	<i>Disbursing a Loan</i> deals with the procedure involved in entering the details of a loan.
Chapter 6	<i>Processing Upfront Fee Accruals</i> talks about accruing upfront fee components at the time of booking the contract.

Chapter 7	<i>Defining Discount Accrual Fee Classes</i> explains the process of discount accrual for loans.
Chapter 8	<i>Processing Repayments</i> discusses the setting up of repayment schedules for the loans that are disbursed.
Chapter 9	<i>Rolling over a loan</i> is the procedure of rolling over loans that have matured.
Chapter 10	<i>Making Additional Disbursements and Rate Changes</i> deals with the additional details and changes that you can effect on a loan.
Chapter 11	<i>Automatic Processing</i> explains the processes that automatically run periodic activities.
Chapter 12	<i>Processing a Commitment</i> deals with the setting up of loan commitments and linking of a commitment to a loan.
Chapter 13	<i>Annual Rest Loans</i> deals with the processing of Annual Rest Loans.
Chapter 14	<i>Appendix A - Customer Correspondence</i> explains the types of advices and notices generated at each stage, in the life cycle of a loan.
Chapter 15	<i>Appendix B - Accounting Entries, Advices and Error Codes</i> contains a list of suggested accounting entries, advices and error codes that could be encountered for the loans module.
Chapter 16	Appendix C – Unexpected Recovery gives step-by-step instructions that you will need to follow to facilitate the system to recognize unexpected recoveries.
Chapter 17	<i>Function ID Glossary</i> has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.4 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>.


1.5 Related Documents

You may need to refer to any or all of the User Manuals while working on the Loans module:

- Core Services
- Core Entities
- Procedures
- Settlements
- Interest
- Charges and Fees
- Tax
- User Defined Field

1.6 Glossary of Icons

This User Manual may refer to all or some of the following icons:

Icons	Function
	Exit
	Add row
	Delete row
	Option List

2. Loans - An Overview

2.1 Introduction

The Loans module of Oracle Lending focuses on the corporate lending operations of a bank. It handles all types of call, notice, fixed-tenor loans, loan commitments, prepayments, manual payments, and foreclosure.

This section contains the following topics:

- [Section 2.1.1, "The Product Definition Facility"](#)
- [Section 2.1.2, "Methods of Interest Application"](#)
- [Section 2.1.3, "Flexible Repayment Schedule Set Up"](#)
- [Section 2.1.4, "Defining Grace Periods"](#)
- [Section 2.1.5, "Rolling Over a Loan"](#)
- [Section 2.1.6, "Tracking the Status of a Loan"](#)
- [Section 2.1.7, "Tax Types that are Supported"](#)
- [Section 2.1.8, "Automatic Processing of Different 'Events'"](#)
- [Section 2.1.9, "Penalties on Pre-Payment"](#)
- [Section 2.1.10, "Value Dated Amendments"](#)
- [Section 2.1.11, "Retrieving Information"](#)
- [Section 2.1.12, "About Banker's Acceptance"](#)

2.1.1 The Product Definition Facility

Defining services as Products

A Product is a specific service, or scheme, that you offer your customers. A Loans product is a specific Loan scheme that is offered to customers. For example, a bank may offer short-term corporate loans to software development companies. This scheme can be defined as a product in Oracle Lending.

When setting up the module, the bank can define the various loan schemes that it offers as products. For each product, it can also define 'attributes', or in other words, the terms and conditions. When a user at the bank actually processes a loan, it can be associated with a product. The loan acquires the terms defined for the product that it involves. The bank, however, can allow a user to change the inherited attributes of a loan, while processing, to suit a special customer.

The advantage of defining a product

When defining a scheme as a product, the bank can specify the following details:

- Tenor, rollover, and interest preferences
- The type of interest that is applicable
- The minimum, maximum, and standard rates applicable
- Penalty interest and grace days (for loans)
- The standards schedules applicable
- The ledgers to which the accounting entries must be posted (at different events such as booking, amendment, rollover, and so on.)
- The advices and reminders that have to be provided to customers at different events

The product is defined only once. Therefore, you need not specify the basic details, every time a loan is entered into Oracle Lending. This feature drastically reduces processing time, thus allowing a bank to focus on and take advantage of, the opportunities in the market.

2.1.2 **Methods of Interest Application**

In Oracle Lending, it is possible to define multiple interest and charges. That is, you can specify the interest and charge that you would like to levy at the different events in the life cycle of a loan.

Interest can be calculated based on a rate, or a flat amount. Interest rates may be:

- Fixed
- Floating
- Floating with Manual (or Automatic) Rate Revision

You can define tier and slab structures to compute charges. You can also define a minimum and a maximum charge, as well as a penalty for defaulted schedules.

Floating rate supports both Risk Free Rates and Non-Risk Free Rates. For more information on floating rate, refer to Interest User Manual.

Methods of interest calculation and payment

Oracle Lending allows computation of interest, using both Euro and US methods.

The repayment schedules for interests can be defined, for each transaction. Depending on the mode of payment, the interest is liquidated either automatically or manually, according to the schedule defined. The standard interest payment methods that are supported are:

- *Bearing* - Interest is liquidated on schedule payment date(s)
- *Discounted* - In this interest payment method, the interest is deducted at the time of initiating the loan
- *True discounted* - In this method, the bank deducts interest from the principal at the time of loan initiation
- *Amortized* - In this method, the interest is calculated for the term of the loan, clubbed with the principal and distributed into equal installments according to the frequency you specify - monthly, quarterly, and so on.
- *Commitment* - In this method, interest is calculated on a flat or a fixed percentage of the undisbursed loan amount.

Accrual of interest

The frequency of interest accrual, whether daily, monthly, quarterly, half-yearly, or annual, can be specified for a product during set up. This specification applies to the accruable components of all loans involving the product.

The Automatic Contract Update function of Oracle Lending handles accruals at the specified frequency. In addition, the interest is accrued whenever a back-dated rate change is input. An accrual, to the extent of a repayment, is automatically carried out at the time of repayment.

The module supports amendments and payments for previous accrual periods. Subsequent accruals will correct any adjustments that are to be made due to these actions.

The Loans module allows you to accrue interest at the product level. Rather than accrue interest for each loan involving a product, and then update the ledgers of the accrued interest individually, the bank can accrue interest for each contract involving the product, and pass a consolidated entry to the ledgers.

2.1.3 Flexible Repayment Schedule Set Up

Using the Loans module, you can define flexible schedules for the payment of principle, interest, commission, and fees. Schedules for the payment of the various components can be defined individually, or otherwise. The schedules can be based on one of the following types:

- Amortized contracts (Amortization based on Reducing balances and Rule of 78)
- Capitalized contracts (for capitalizing interests)
- Normal contracts (Based on Reducing Balances)

2.1.4 Defining Grace Periods

A bank using this module can define a grace period for the products it offers. This specification would apply to all contracts involving the product. A penalty interest is applied in case of default in payment, on expiry of the grace period. Penalty is not be applied if the payment is made during the grace period. In case the payment is not made, the penalty is calculated from the day the payment is outstanding.

When 'Payment Delay Days' is given, then 'Grace Period' starts from 'Pay By Date'. If payment is made after 'Grace Period', then the penalty starts from 'Pay By Date'.

2.1.5 Rolling Over a Loan

The module efficiently handles automated rollover of loans on maturity. When a loan is rolled over (renewed), it is processed in the following manner:

- The original loan is liquidated
- A new loan is initiated

A rollover can be effected with any of the following options:

- Roll-over with interest
- Roll-over with interest but deducting withholding tax
- Roll-over of the principal alone
- Roll-over into a different principal amount

The rolled-over contract bears the same reference number as the original contract. However, the number of times the contract is rolled over is recorded and always displayed. This feature facilitates tracking. A Rollover advice is automatically generated when a loan is rolled-over.

2.1.6 Tracking the Status of a Loan

The Loans module of Oracle Lending, allows you to define the various status, into which overdue loans should move. The module allows a bank to define:

- The number of overdue days from which a loan should be classified under a status
- Whether accruals should be stopped on reaching a status
- Whether accruals should be reversed for a status
- The asset account to which defaulted loans should be transferred (if they are to be reported separately)
- The notices to be generated for the benefit of the customer

Movement of a loan from one status to another can be either automatic, or manual. Loans, both regular and past due, can be *tracked*, automatically, across several user-defined status.

Back dated status change is also supported. The effect of status change is given as on the date mentioned.

2.1.7 Tax Types that are Supported

Oracle Lending supports the processing of a Withholding and an Expense type of tax.

Tax can be computed based on either the liquidation amount or the schedule amount. The bank can define tax rates as slabs or tiers and define a minimum and maximum tax amount that could apply. The bank could bear the tax (Expense) or charge the customer for it (withholding).

2.1.8 Automatic Processing of Different 'Events'

A loan contract goes through different stages in its lifecycle. These stages are referred to as events in Oracle Lending. Events can be defined as Booking, Amendment, Rollover, Liquidation, and so on.

Once a loan contract is initiated, Oracle Lending automatically processes all the events defined for it. Starting from initiation upto liquidation, or rollover, it processes the following automatically:

- Passes the appropriate accounting entries
- Generates the advices and messages specified for the event (including billing notices and delinquency notices to defaulters)
- Liquidates due schedules
- Accrues interest
- Rolls over a loan into a new one
- Applies penalty interest on default

In addition, you can automatically track overdue loans and classify them into various statuses. For each status, you can specify preferences like whether accruals should be stopped, reversed, or, if the loan should be transferred to a different asset account.

2.1.9 Penalties on Pre-Payment

You can levy a penalty on premature loan payments. This penalty can be specified both in terms of a percentage and as a flat amount.

2.1.10 Value Dated Amendments

Amendments (changes to the Maturity Date, the Principal amount, the Interest Rate, interest spreads, and so on.) are possible on any loan contract, product, or group of contracts. These amendments can take effect as of back-value or future dates.

The zero-based interest accrual methodology ensures that interest accruals are recalculated and adjusted for back-valued amendments.

2.1.11 Retrieving Information

During the day or at the end of the day, a user with the required authority can retrieve information on the various operations, related to loans. This information can be generated in the form of reports. For more information, refer to *Reports User Manual*.

The bank can also choose for the Report Writer utility that comes with Oracle Lending. With this utility, the bank can custom-define the reports that it would like to generate.

2.1.12 About Banker's Acceptance

Bankers' Acceptance (BA) is a negotiable financial instrument used to raise short term funds in the money market. This is a common short term borrowing at a fixed rate in Canadian credit facilities.

This functionality is applicable only if you select the product preferences as 'Bankers' Acceptance' and the payment type as 'Discounted' or 'True Discounted' in 'Borrower Product Definition' screen.

Limitations

The following are the limitations in BA contracts.

- You cannot link SLT trade to BA tranche/commitment contracts.
- Rate changes and value dated amendments are not applicable for BA contracts.
- Cascade Participation - N' is not applicable for the tranches where BA drawdowns are booked.
- Participant ratio amendments are not allowed where BA contracts are booked under the tranche.
- BA contracts are applicable for both LS linked OL contracts as well as standalone OL contracts (bilateral loans).
- Re-linking of OL contracts are not allowed for BA contracts since the system creates the corresponding OL contract through STP once the LS contract is authorized. If you want the OL contracts to be re-linked, you need to reverse the original contract and then re-book.
- Conversion is not applicable for the existing set of contracts.
- There is no change in the Reverse MT103 and not configured/used for these kinds of contracts.
- LS/OL consol rollover/split rollover screens/processes are not applicable for BA contracts.
- LS/OL merge reprice screen/processes are not applicable for BA contracts.
- Participant transfer transactions not supported for tranches with BA products.
- Overdue penalty feature not supported for BA products.

2.1.13 About Exponential Interest

In Brazil, loan accounts can be booked with linear or exponential interest methods with simple, amortized, discounted schedules. Linear method is same as the current method of interest calculation/accrual supported by Oracle Banking Corporate Lending. The requirements are based on interest calculation and daily recalculation of interest accrual for loans based on exponential formula.

The interest rate provided can be per month rate or a float rate based on multiple quote basis. Since per annum rate is used by Oracle Banking Corporate Lending for loan interest calculation, the system should have a provision to convert the input rate into per annum rate.

- The Oracle Banking Corporate Lending supports exponential interest for the following types of loans.
 - Bearing and Discounted method of loans.
 - Normal and amortized Schedule type of loans
 - For discounted loans it is limited to loans with bullet payment schedules
- The interest and accrual calculations should use the exponential formulae as below:
 - Bearing Normal= $\text{Principal} * ((1+r)^{(\text{No. of Days}/\text{Year})} - 1)$

- Bearing Amortized =EMI to be arrived at based on exponential calculation
- Discounted Normal= Principal Amount – PV
- Where PV = Principal / ((1 +r) ^ ((No. of Days)/Year))
- Where r is the per annum rate %
- It is supported for penalty interest (Delay Interest) component.
- The accrual amount should vary on a daily basis for an exponential loan based on the exponential formula

About Rate Conversion

- There should be a facility in the system to convert the rates to per annum.
- Based on the rate type being linear or exponential the conversion from per month rate to per annum rate should be done.

Rate Type	Conversion Formula
LinearRate Per Year	Rate Per Month * 12
ExponentialRate Per Year	(1 + Rate Per Month) ^ 12 – 1

- Float rates can be based on multiple quote basis:
 - Exponential 252
 - Linear 360
 - Exponential 365
- Interest rate calculation based on the different quote basis

Limitations

- Discounted loans with bullet schedule only is considered for Exponential interest changes.
- Discounted loan for VAMI is not applicable.
- A separate product should be used for Exponential and Linear (normal) type of contracts.
- For existing loans Exponential Interest check box method must be used in ICCF screen.
- For Exponential Interest check box can be selected only for main interest and penal component. For other interest component this check box has to be cleared.
- It is assumed that day's basis amendment for components are not done once a loan contract is created. This has to be operationally controlled.
- If partial prepayment of discounted loan is done, subsequent maturity date extension is not allowed
- The account statements and advices where the rates are being displayed continue to show the resolved rates only
- Quote basis available in 'Float Rate Maintenance' screen is applicable to loans module only. Calculation of Exponential Interest

Exponential Interest calculation for accrual

Exponential calculations are achieved by deriving the effective annual rate and applying this with daily compounding.

The derived rate is applicable for schedule types Simple, Discounted and amortized schedule.

For exponential loans, the system derives the effective annual rate (R) from the Per Annum rate (r). The derived rate is used internally by system in interest calculations.

The derived rate is arrived at using the formula

$$R = (\text{POWER}((1+r), (1/\text{YEAR})) - 1) * \text{YEAR}$$

Where r = Per Annum rate

R= Derived rate

Year = Denominator basis of Main Interest component

Example:

Consider a loan for USD 100000 with 10% interest rate per annum for 5 days.

The exponential interest calculation/accrual is required as below:

Principal	Per Annum Interest - r	No. of days	Year Basis	Derived Rate - R (((1+10%)^(1/360))-1)*360
100000	10%	5	360	9.53%

Interest required to be calculated for a Exponential Bearing loan is as below:

- Principal*(((1+r) ^ (No. of Days/Year)) - 1)
- 100000*(((1+10%)^(5/360))-1) = 132.46

The interest calculated using derived rate R (9.53%) in bearing normal method with daily compounding is as below

Day	Daily Interest	Cumulative Interest
1	26.48	26.48
2	26.49	52.96
3	26.49	79.46
4	26.50	105.96
5	26.51	132.46

Derived rate R is internally assigned for calculations using Exponential formula.

Exponential Calculation for Bearing Normal/ Bearing Amortized contracts

- A separate Loan products need to be maintained for Exponential loans.
- The main interest component to be selected for 'Exponential Interest Method'.

- The system uses derived rate for calculation for Exponential type.
- The accrual of interest based on daily compounding is currently supported in the system. The interest accrued till previous day is added to principal amount for calculating current day interest for daily compounding. This matches with exponential interest accrual required for simple and amortized loans.
- If any interest is paid in between a compounding cycle, the paid interest is not considered for further compounding in simple /amortized loans.
- Changes are done in schedule recalculation processing of amortized loans

Exponential Calculation for Discounted Normal Contract

- For discounted loans daily compounding interest is supported
- The total interest derived is based on the true discounted formula and the accruals are done on the discounted principal with daily compounding
- Existing discounted schedule formula is to be set up with compound days as 1.

Formula type	Interest Booking formula
Discounted schedules	DISC_SCH(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR,COMPOUND_VALUE)

- When the discounted schedule formula is maintained with COMPOUND_VALUE, the interest is calculated based on PV
 - $PV = P/(1+r)^{(DAYS/YEAR)}$
 - Where r –Main Interest rate
 - P- Principal
 - DAYS- Number of days
 - YEAR –denominator basis of Main Interest component
 - All the values are considered as on loan account value date
- VAMI is not allowed for discounted loans with 'Exponential Interest Method' check box in main interest component selected.
- Only bullet principal payment schedule is allowed for discounted exponential loan.
- For an exponential discounted loan, floating rate codes are not allowed.

Overdue Interest (Delay Value) in Exponential Method

- The penalty interest component has to be selected for 'Exponential Interest Method'
- The system uses derived rate for calculation for Exponential type

3. Maintaining Details Specific to SLT

3.1 Introduction

A diary event signifies occurrences (other than accounting entries being passed) in the life cycle of a contract, at which appropriate messages need to be generated.

The following sections explain the maintenance you have to carry out for a diary event.

- [Section 3.2, "Maintaining User Groups"](#)
- [Section 3.3, "Maintaining Diary Events"](#)
- [Section 3.4, "Maintaining Message Types for a Module"](#)
- [Section 3.5, "Associating Message Types to Events for a Module"](#)
- [Section 3.6, "Maintaining Market Price Details"](#)
- [Section 3.7, "Free Format Messages for Loan Contracts"](#)

3.2 Maintaining User Groups

You can identify the different types of user groups involved in loan contracts, in the 'User Group Maintenance' screen.

You can invoke the 'User Group Maintenance' screen from the application typing 'OLDUSGRP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

User Group

Specify a name for the user group, by which you can identify the same easily.

Description

Give the user group a description.

User ID

Select the ID of the user that you want to include in the group.

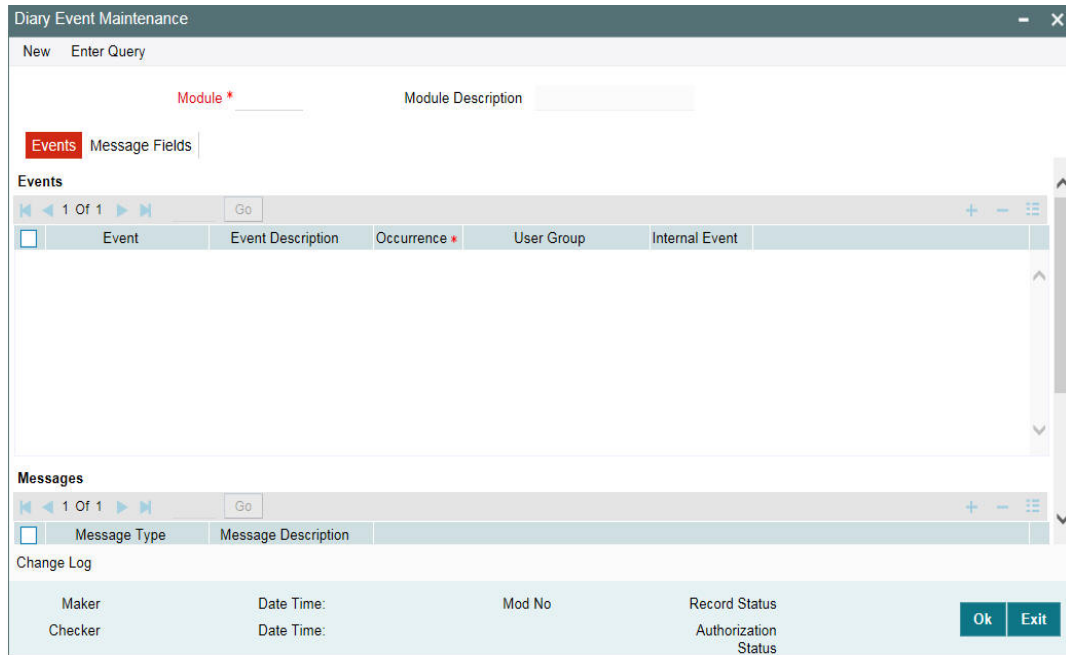
User Name

The name of the user you select will be displayed.

3.3 Maintaining Diary Events

You can define the diary events to be associated with each of the loan modules in the 'Diary Event Maintenance' screen. A diary event signifies occurrences (other than accounting entries being passed) in the life cycle of a contract, at which appropriate messages would need to be generated.

You can invoke the 'Diary Event Maintenance' screen from the application typing 'OLDDIAEV' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



After you have identified the diary events in the Diary Event Maintenance screen, you must also:

- Define the message types and message formats to be available for the module
- For each module, associate the appropriate message type to be generated at the occurrence of each diary event. You can do this in the Diary Event Messages screen, discussed later in this chapter.

In the Diary Event Maintenance screen, you must first specify the module to which the diary events you are defining, will apply.

In the Events tab of this screen, specify the following:

Event

Define the diary event that is to be applicable for contracts in the selected module.

Event Description

Give the event a description.

Occurrence

Specify whether the event occurs once or multiple times in the life cycle of a contract.

User Group

Select the user group to which the message should be sent out, from the option list provided. The option list includes all user groups you have maintained in the User Group Maintenance screen.

Internal Event

Select this box to indicate the event is an internal one.

Message Type

Specify the type of message to be generated for the module.

Message Description

Give the message type a description.

3.4 Maintaining Message Types for a Module

In the Diary Event Maintenance screen, you can maintain the message types that are to be available for generation at the occurrence of a diary event, for each loan syndication module.

The screenshot shows the 'Diary Event Maintenance' application window. At the top, there is a title bar with the text 'Diary Event Maintenance' and standard window controls. Below the title bar is a menu bar with 'New' and 'Enter Query'. The main content area has two input fields: 'Module *' and 'Module Description'. Below these is a tabbed interface with 'Events' and 'Message Fields' tabs. The 'Message Fields' tab is active, showing a list of 'Field Tags' from 1 to 28, each with an associated input field. At the bottom, there is a 'Change Log' section with columns for 'Maker', 'Checker', 'Date Time', 'Mod No', 'Record Status', and 'Authorization Status'. 'Ok' and 'Exit' buttons are located in the bottom right corner.

When you make the appropriate message types available for each module in this manner, you can associate the available message type with the appropriate diary event applicable to a contract using the module.

In the Messages section of the Events tab, you can specify the type of message that is to be available, along with a description of the message type.

You can also maintain the desired format for each of the message types that are available for a module, by specifying the appropriate field tags. Click the 'Message Fields' tab in the Diary Event Maintenance screen. You can specify up to 30 field tags.

3.4.1 Maintaining User-Defined Field Tags

In the Diary Event Maintenance screen, you can maintain field tags for user-defined information, to be available for each loans module, Up to 10 different such tags can be maintained in the User Defined Fields section of the Message Fields tab. For each field tag, you must specify:

- A serial field number and tag name, which forms the identification for the user-defined field
- The type of data that can be entered in the user-defined field, as well as the date format, if it is a date type field

3.5 Associating Message Types to Events for a Module

After you have defined the diary events to be applicable for a module, and also made available the requisite message types (in the Diary Event Maintenance) you can associate the type

message to be used to generate messages for each diary event, in the 'Diary Event Messages' screen.

To an event code, you can only associate a message type that has not been already mapped. The option list against the field 'Event' includes the external events that you have defined and maintained details for, in the Diary Event Maintenance screen.

You can invoke the 'Diary Event Messages' screen from the application typing "OLDDRYMS" in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Diary Event Messages

New Enter Query

Module *
Module Description

Event *
Event Description

Message Type *
Description

Maker Date Time: Mod No Record Status
Checker Date Time: Authorization Status

Ok Exit

3.5.1 Associating Diary Events

In the 'Events' screen, you can also specify the different diary events that needs to be processed for loan contracts using a product. Click 'Events' in the Bilateral Loans Product Definition screen (OLDPRMNT) to invoke the 'Events' screen.

The screenshot shows a software window titled "Events". At the top, there are input fields for "Product Code" and "Product Description". Below these is a section titled "Class Details" with input fields for "Class Code" and "Class Description", and a "Default From Class" button. Underneath is the "Event Details" section, which features a table with two columns: "Event Code" and "Description". The "Event Code" column has a dropdown menu currently showing "Event Code". Above the table is a navigation bar with "1 Of 1" and "Go" buttons. At the bottom of the window, there are tabs for "Accounting Entries" and "Advices", and "Ok" and "Exit" buttons.

In this screen, select the code of the diary event that you want to associate with the product, in the Event Code field.

3.5.2 Specifying Diary Events for a Contract

For a loan contract, you can specify diary events to be processed. A diary event signifies occurrences (other than accounting entries being passed) in the life cycle of a contract, at which appropriate messages need to be generated.

The details for processing diary events are defined in the Diary Event Maintenance, where the appropriate message types, formats, tags, and user-defined fields are maintained. When you maintain products for borrower contracts, you also associate the diary events to be applicable to contracts using the products.

To specify the details of processing diary events for a borrower contract, you can use the Contract Diary Event screen.

You can invoke the 'Contract Diary Events' screen from the application typing 'OLDDRYET' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

In this screen, you must select the reference number of the contract for which you want to define events. The details of the selected contract appear on the screen. You must also indicate the code of the event which you want to be processed for the contract, in the 'Diary Event' field. The option list in this field consists of diary events defined for the product that the selected contract uses. If you select an internal event, the box 'Internal Event' is selected.

Note

- Amendment of field tags, narrative and UDF values are blocked in the 'Contract Diary Event' screen if diary message is generated for one of the effective dates under the diary sequence number.
 - Amendment is allowed in the 'Contract Diary Event' screen for the field tags, narrative and UDFs until diary message is not generated for the diary sequence number. The changes are updated to the 'Contract Diary Event' screen for all the diary sub sequence numbers associated with the contract reference number and diary sequence number.
-

3.5.2.1 An Event is an Internal Event

In the Contract Diary Event screen, if you have selected Internal Event check box, then:

Only 'Main' tab details needs to be entered.

You define the following details for each internal diary event that you associate for a contract in this screen. In the 'Main' tab, specify the following details:

Frequency

You must define the frequency at which the specified diary event must be processed for the selected contract - Daily, Monthly, Quarterly, Half-yearly, Yearly, and Bullet.

If the selected event can only occur once, as specified in the Event Maintenance, the frequency is defaulted to 'Bullet' and cannot be changed.

Frequency Unit

You can specify the units in which the specified frequency is reckoned, that is, the factor by which the frequency must be multiplied to arrive at the final diary event frequency.

If the event can only occur once, as specified in the Event Maintenance, the frequency is defaulted to 'Bullet' and cannot be changed, and the frequency unit can only be specified as '1'.

Start and end dates

The start date is the date on which the specified diary event would be processed for the first time in the life cycle of the selected contract. For events with multiple occurrences (as specified in the Event Maintenance), based on the frequency, the event would be repeated as many times as possible, till the end date that you define in this screen.

Note

If you select the Frequency Unit as 'Bullet', the field End Date is disabled.

The end date is the date beyond which the selected diary event is not processed again for the selected contract. For events with multiple occurrences, as specified in the Event Maintenance, you can specify an appropriate end date which is later than the start date.

If the event can only occur once, as specified in the Event Maintenance, the end date is the same as the start date and cannot be changed.

Number of events

You can specify the number of times the specified diary event must be repeated, for the selected contract. For events with multiple occurrences (as specified in the Event Maintenance), based on the frequency, the event would be repeated as many times as specified in this field, before the end date that you define in this screen.

If the event can only occur once, as specified in the Event Maintenance, this field is blank and disabled.

Message

If you have marked the event for which you are entering details here as an internal event by selecting the Internal Event check box in the Diary Event Maintenance screen, you can enter a message here in the space provided. This message serves as an internal reminder.

3.5.2.2 An Event is not an Internal Event

Note

You are not allowed to enter details in the 'Message' section of the 'Main' tab.

Main tab

In the tab 'Main', all fields are enabled and are as explained in the previous section.

To enter a message which is to be sent to multiple borrowers, click the 'Borrower FFT MSG' button. The Free Format Messages – Multiple Borrowers screen is invoked.

Note

When you click the 'Borrower FFT MSG' to enter a message which is to be sent to borrowers, 'ProRata TAG Values' button in the Free Format Message – Multiple Borrowers screen is not enabled.

For further information on the Free Format Messages – Multiple Borrowers screen, refer to the section 'Free Format Messages for Loan Syndication Contracts' in this chapter.

Field Tags tab

The screenshot shows the 'Contract Diary Events' application window. At the top, there are 'New' and 'Enter Query' buttons. Below are several input fields: 'Contract Reference Number *', 'Diary Sequence No *', 'User Reference', 'User Sequence No', 'Diary Event *' (with a 'P' button), and 'Event Description'. There is an 'Internal Event' checkbox. A navigation bar contains 'Main', 'Field Tags' (highlighted in red), 'UDF', and 'Receiver'. Below this is a 'Field Tag List' label and a 'Populate' button. At the bottom, there is a 'Field Tags' section with a table header showing 'Field Tag Name' and 'Field Tag Value'. The table currently shows '1 Of 1' records.

Field Tag List

This field is of 1000 characters (alpha-numeric and special characters). Once you click 'Populate' the details are populated from 'Field Tags' of Diary Event Maintenance screen to 'Field Tag Name' and the details from 'Field Tag List' into the 'Field Tag Value' if field tag list is not blank.

The system systematically populates the message into field tags if 'Internal Event' is 'No'

- The text available is split and populated in one or more field tags.
- If length of the content is lesser than 35 characters then the entire content is populated in the first field tag.
- If length of the content is more than 35 characters then each field tag is populated with 35 characters.

The field tags maintained in the Diary Event Maintenance for the module are displayed in the Details tab and you can specify appropriate values for these tags, up to a maximum of 35 alphanumeric characters.

UDFs tab

You can also specify appropriate narratives, if required, for the selected diary event that you have specified for the selected contract. You can also enter information in the UDFs displayed here.

Receiver tab

You must specify the customer who would be the recipient of the messages, as well as the entities for the recipient customer (with one primary entity). You can specify the recipient customer details in the Receiver tab. These details will be defaulted in the 'Receiver' tab of the Customer Diary Status screen.

3.5.3 Generating Messages for Diary Events

After you have identified the diary events to be processed for a syndication contract, you can generate messages for diary events in the Contract Diary Status screen. You can invoke the 'Contract Diary Events Status' screen from the application typing 'OLDDRYST' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Contract Diary Event Status

Enter Query

Contract Reference _____ User Ref No _____ Diary Event Seq No _____

Event _____ Event Description _____ Diary Event Sub Seq No _____

Effective Date YYYY-MM-DD Internal Event _____ Date Sent (To Participant) YYYY-MM-DD

Status Unprocessed Generate Message? _____ Date Received (from borrower) YYYY-MM-DD

Completed _____ Message Preview

Field Tags UDFs Receiver

Field Tags

1 Of 1 Go

Field Tag Name	Field Tag Value
----------------	-----------------

View Message

Maker _____ Date Time: _____ Mod No _____ Record Status _____

Checker _____ Date Time: _____ Authorization Status _____

Exit

In this screen, enter the following details:

- Contract Reference Number
- Event
- Effective Date on which the changes will come into effect for the contract

The system will display the User Reference Number, Sequence Number and Sub-Sequence Number. The system will also display the status of the event; whether or not it has been processed for the contract as until the application date.

Note

If the status of an event is 'Unprocessed' and you want to process the same, you have to first 'Unlock' the record, and then change the status to 'Processed'. Once you have changed the status, check the box 'Gen Msg' and save the record. When the record is authorized, the event will be processed and a message generated.

Note: If the event you select is an Internal Event (if you have selected the 'Internal Event' check box in the Diary Event Maintenance screen):

- The 'Internal Event' check box is selected

- You can enter details in the 'Message' tab
- When you click the 'Message Preview' no screen is invoked.

Date Sent (To Participant)

Indicates the date on which the diary event occurred and sent to the participant.

Date Received (From Borrower)

Indicates the date on which the diary event occurred and received from borrower.

Amendment of Contract Diary Event Status screen fields

- You are allowed to amend values for field tags, narrative and UDF for the combination of contract reference number, event code, diary sequence number and diary sub sequence number every time when you unlock the diary status screen provided 'Date Received (from borrower)' is blank.
- Amendment is allowed for field tags, narrative and UDFs but the amendment is applicable only for specific diary sub sequence number associated with contract reference number, diary sequence number, and event code combination.
- Amendment performed in the diary event status screen for a contract reference, event code, diary sequence number and diary sub sequence number combination is not updated in the 'Contract Diary Event' screen.
- Amendment performed in 'Contract Diary Event Status' screen for a contract reference, event code, diary sequence number and diary sub sequence number combination is not updated for remaining diary sub sequence numbers under the same contract reference number, event code and diary sequence number combination.
- Upon amendment, only the latest details are available in the 'Contract Diary Event Status' screen for the combination of contract reference, event code, diary sequence number and diary sub sequence number and the amendment history is not available.

3.5.3.1 An Event is an Internal Event

Messages tab

This tab is enabled only if the event is an internal one (if, for the event, you have selected the 'Internal Event' check box in the 'Diary Event Maintenance' screen).

You can view the message if you have entered in the Contract Diary Event screen. This message is treated as an internal reminder. You cannot make changes to the message.

3.5.3.2 If the Event is not an Internal Event

Note

You can enter details in the 'Field Tags', 'UDF', and 'Receiver' tab. You cannot enter details in the 'Message' tab.

Field Tags tab

The field tags that you have entered through the Contract Diary Event screen are displayed here. You cannot make any changes to the same.

UDFs tab

The narratives that you have maintained through the Contract Diary Event screen is displayed here. You cannot make any changes to the same. You can, however, enter information in the UDFs displayed here.

Receiver tab

The recipients of the message that you have specified in the Contract Diary Event screen are displayed here. You can make changes to the same.

When you click the 'Borrower FFT MSG' button, the Free Format Messages – Multiple Borrowers screen is invoked. You would have entered the details of the free format message to be sent to multiple borrowers involved in the contract, by invoking this screen through the Contract Diary Event screen. You can view these details in the screen. You are allowed to make changes to the TAG values only.

For further information on the Free Format – Multiple Borrowers screen, refer to the section Free Format Messages to Multiple Borrowers in this User Manual.

3.6 Maintaining Market Price Details

You can maintain current market price ratings for all CUSIPs involved in trade, which can be used for the revaluation of the positions associated with the CUSIP.

You can capture the market price details for CUSIPs in 'Market Price Maintenance' screen.

You can invoke the 'Market Price Maintenance' screen from the application typing 'TLDPRCMT' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Market Price Maintenance

Enter Query

Price Master Code

Price Detail

1 Of 1 Go

<input type="checkbox"/>	CUSIP/ISIN	Market Price	Source
--------------------------	------------	--------------	--------

Maker Date Time: Mod No Record Status
Checker Date Time: Authorization Status

Exit

The following details are displayed in this screen:

CUSIP/ISIN

Specify the CUSIP for which you need to maintain the market price details.

Market Price

Specify the market price associated with a CUSIP.

Source

Specify the source from where the market price for the CUSIP was obtained.

Note

- If the market price gets revised, the old value is retained in the history.
 - You can maintain only one market price along with the source of the price, for a CUSIP.
 - If you enable and process the market price upload, then the price uploaded by Hammer will also be displayed.
-

3.7 Free Format Messages for Loan Contracts

You can enable the system to generate free format messages with respect to loan contracts, by using either of the following options:

- Selecting a template containing pre-defined contract tags for the message
- Specifying free format text, choosing from pre-defined tags defined for the loans module

You can generate free format for multiple borrowers.

3.7.1 Free Format Messages to Multiple Borrowers

You can enable the system to generate a normal advice, as well as custom messages to borrowers through the Free Format – Multiple Borrowers screen (OLDFMBR)

The screenshot shows the 'Free Format Messages - Multiple Borrowers' interface. It includes a header with 'New Enter Query', a 'Message Details' section with various input fields and buttons, a navigation bar with 'Main', 'Mail', 'SWIFT', 'TELEX', and 'Billing/Schedule Date', a 'Borrower Details' section with a table, and a bottom section with fields for 'Maker', 'Checker', 'Date Time', 'Mod No', 'Record Status', and 'Authorization Status', along with an 'Exit' button.

Message Type is 'Normal'. The 'TAGS' button is disabled for a 'Normal' message.

Specify the following details in this screen:

FFMT Reference No.

This is a unique reference number generated by the system for this free format message.

Module

You select 'OL' (Oracle Lending), 'LB' (Syndication Borrower), or 'LC' (Letter of Credit) module from the drop-down list.

Contract Ref. No.

Select the reference number of the contract from the option list.

Name

The name of the customer will be displayed when you select the Reference Number.

Counterparty

When you select the contract reference number, the counterparty of the contract will be displayed.

Media

Indicate the media through which the free format message should be transmitted. The media through which you can channel a free format message depends on the media types that you have maintained for your branch in the Media Maintenance screen. You can choose a media code from the option list that is available.

Receiver Type

Select the recipient of the message. If you select the option 'NONE', the message will not be sent to anyone. If you select the option 'ENTITY', you will be able to select the entities to which the message should be sent. If you select the option 'ENTITY TYPE', you will be able to select the entity types to which the message should be sent.

Hold

Select this check box to indicate the free format message should be placed on hold. Leave it unchecked to indicate that it can be generated.

If you have indicated that messages should be generated on-line the free format message will be displayed in the Outgoing Message Browser once it is saved. You can generate it from the Browser. If you indicate that the message should be put on hold, you will first have to release the message before you generate it from the Outgoing Browser.

Borrower Details

Select the borrower to whom you would like to send the message. When you enter the contract reference number, the borrowers linked to the contract will be included in the option list. To indicate you want to send a message to a borrower, check the box 'Message' places along the required borrower.

Specifying Entity details for a borrower

As mentioned above, the borrowers linked to the contract number you select, are displayed. To specify the entities of the borrower who are to be sent the message, highlight the borrower. If you have selected the option 'ENTITY' against the field 'Receiver', the option list invoked will include all the entities linked to the borrower.

If you have selected the option 'ENTITY TYPE' against the field 'Receiver', the option list invoked will include all entity types linked to the borrower.

To indicate an entity is the primary entity, check the box 'Primary'. To send a message to an entity, check the box 'Message'.

Industry Code

If you want identify a loan contract with particular industry, then you can specify the industry code here.

Message

You can enter the free format message to be sent to the recipient in this section. You have the option of using one of the templates that you have maintained in the Message Format Template Maintenance screen.

Select the option 'Template'.

You can select the template you would like to use. You can make changes to the template here.

Note

Although you are allowed to make changes to the template being used in the message, these changes will not affect the template itself. You can make changes to a template through the Message Format Template Maintenance screen alone.

3.7.1.1 Specifying Billing Date

You can specify the billing date in the 'Billing Date' screen. You can invoke this screen by clicking the 'Message Preview' or 'Generate' button in the 'Free Format Messages – Multiple Borrowers' screen.

The screenshot shows the 'Billing/Schedule Date' screen. The 'Message Details' section includes fields for FFMT Ref No, Module (QL), Contract Ref No, Receiver Type (NONE), Counterparty, Name, Entity Type, and Industry Code. The 'Billing/Schedule Date' section includes fields for Billing Date (YYYY-MM-DD), Schedule Date (YYYY-MM-DD), Fee Components, Principal Amount, and Property Code. There are also radio buttons for Prepayment and Full Payment. At the bottom, there is a 'Recall Date' section with fields for Maker, Checker, Date Time, Mod No, Record Status, and Authorization Status, and a 'Cancel' button.

Specify the following details:

Billing Date

Specify the date on which the free format message needs to be generated.

Schedule Date

A schedule date:

- Should be later than or the same as the Value Date
- You can have only one schedule for a component for a date
- It cannot be beyond the Maturity Date

Fee Components

The fee components are defined in the 'Fee Details' sub-screen of 'Loans and Commitment Product Definition' screen.

Principal Amount

Principal amount is the loan amount.

Property Code

Select the property code during Payment Notice message generation from the adjoining option list. This list displays only those property codes that are linked to the loan/drawdown selected.

This option list is enabled only if the value of 'Property Selection Required' UDF is 'Yes'. Otherwise, this option list is disabled.

The following UDFs in the 'Message Format Template Maintenance' screen are used for message generation based on the predefined parameters by the user:

UDF	Values
Property Selection Required	Yes/No
Notice Type	Payoff/Payment/Null

If the value of 'Property Selection Required' UDF is 'Yes', then system does the following:

- The 'Property Code' option list is enabled in the 'Free Format Messages - Multiple Borrowers' screen and property related details are shown in the notice.
- If the loan/drawdown is linked to the property and you do not select the 'Property Code' in the 'Free Format Messages - Multiple Borrowers' screen, then system displays an appropriate error message.
- If the loan/drawdown is not linked to any property, then system does not allow message generation and gives an appropriate error message.

If the value of 'Property Selection Required' UDF is 'No', then system does the following:

- The 'Property Code' option list is disabled during message generation and system shows all the properties linked to the loan/drawdown in the notice.
- If the loan/drawdown is not linked to any property, system does not allow message generation and gives an appropriate error message.
- The event 'PNTC' is used as a related event to generate the Payment Notice and Payoff Notice for loans and drawdowns. The event 'ZFMG' (Free Format Messaging) is triggered at the contract level for processing free format messages.
- The following points on Payment Notice are noteworthy:
- Payment Notice is a free format message generated manually, prior to the component due date. You should maintain a template for Payment Notice using 'Message Format Template Maintenance' screen.
- If only one property detail is required in the message, then you should maintain the value of 'Property Selection Required' UDF as 'Yes'. During message generation, you should select the property code that needs to be displayed in the message.
- For Payment Notice, you should maintain the value of 'Notice Type' UDF as 'Payment' in the 'Message Format Template Maintenance' screen. On selecting the Payment Notice free format template, you can define values for user input fields.
- On clicking the 'Message Preview' or 'Generate' button, you can define the property code linked to the loan, date on which the free format message needs to be generated in the 'Billing Date' screen.
- Only current dated and backdated dated payment notice generation will be allowed.
- Based on the value defined for the UDF 'Escrow Type' at the interest class level, the escrow impounding components are identified.

Escrow Type	Component
ESC1	Tax escrow component
ESC2	Insurance escrow component

ESC3	Other escrow components
------	-------------------------

If there are multiple escrow components with same 'Escrow Type', then the balance of each component is added to arrive at the escrow balance.

While generating free format messages for borrower or participant drawdown contracts, if the UDF value for 'COMPONENT-TYPE' at interest class level is 'SERVICER-FEE' for payment or rollover notices, then system does the following:

- System displays the servicer fee (interest component) details along with main interest component will in the notices.
- The total interest due for borrower message is the sum of main interest due and servicer fee amount due.
- Total interest due for participant message is the actual main interest due excluding servicer fee amount due.

Message Type is 'Custom'

You need to enter the details as described in the previous section.

Message

You can enter the free format message to be sent to the recipient in this section. You have the option of using one of the templates that you have maintained in the Message Format Template Maintenance screen.

Select the option 'Template'. You can select the template you would like to use. You can make changes to the template [here](#).

Note

Although you are allowed to make changes to the template being used in the message, these changes will not affect the template itself. You can make changes to a template through the Message Format Template Maintenance screen alone.

Select the option 'TAGS'. The TAG List screen is invoked where you can view a list of tags and select the required ones.

FFMT Ref No	<input type="text"/>	Counterparty	<input type="text"/>	Counterparty Name	<input type="text"/>
Contract Ref No	<input type="text"/>	Borrower	<input type="text"/>	Borrower Name	<input type="text"/>

1 Of 1

Tag Name	TAG Value

When you select one of the tags, it is added at the current position of the cursor in the message body under the section 'Message'

If you select the option 'Custom', the 'TAGS' button is enabled. When you click this button the 'Borrower TAG Details' screen is invoked, where you can enter the values for the tags that you have already selected from the TAG List screen.

Note

Only those Tag IDs that you have defined for the Message Type 'Custom' in the Free Format Message Tags screen will be available for use.

When a free format message specification is authorized, the pre-defined event for free format messages (ZFFT) is triggered, for the contract.

The pre-defined tags available for the loan syndication modules are:

- '_SYNREFNO_': This tag denotes the facility reference number
- '_TRREFNO_': This tag denotes the tranche reference number, and is available only for draw down contracts
- '_CREFNO_': This tag denotes the contract reference number
- '_CAMT_': This tag denotes the contract amount
- '_CCCY_': This tag denotes the contract currency
- '_CDATE_': This tag represents the contract value date
- '_DRDWNNNO_': This tag represents the sequence number of the draw down. This tag is available only for draw down contracts
- '_BRREFNO_': This tag denotes the borrower contract reference number
- '_MONTHTAG_': This tag indicates the month for which the interest amount is being credited
- '_ACNOTAG_': This tag indicates the interest amount being credited

4. Defining Attributes Specific to Loan product

This chapter contains the following sections:

- [Section 4.1, "Introduction"](#)
- [Section 4.2, "Setting Product Preferences"](#)
- [Section 4.4, "Maintaining Slab/Tier Based Spread on Loan Outstanding"](#)
- [Section 4.5, "Specifying the Logic for Currency Rounding"](#)
- [Section 4.6, "Applying Tax on Liquidated Principal"](#)
- [Section 4.7, "Classification of General Ledgers based on Transaction Codes"](#)
- [Section 4.8, "Maintaining Pool Fund Details"](#)
- [Section 4.9, "Identifying a Component as a Refinance component"](#)
- [Section 4.10, "Maintaining 1098 Parameters"](#)
- [Section 4.11, "Maintaining positive and negative threshold residual limit amount"](#)
- [Section 4.12, "Maintaining Currency Days"](#)

4.1 Introduction

In this chapter, focuses on defining the attributes specific to a Loans product.

This section contains the following topics:

- [Section 4.1.1, "Specifying Product Type"](#)
- [Section 4.1.2, "Creating a Commitment Product"](#)

You can create a loans product in the 'Bilateral Loans Product Definition' screen.

You can invoke the 'Bilateral Loans Product Definition' screen by typing 'OLDPRMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can enter basic information relating to a loans product such as the Product Code, the Description, and so on.

For any product you create in Oracle Lending, you can define generic attributes, such as branch, currency, and customer restrictions, interest details, tax details, and so on, by clicking on the appropriate icon in the horizontal array of icons in this screen. For a loans product, in addition to these generic attributes, you can specifically define other attributes.

You can define the attributes specific to a loans product in the Bilateral Loans Product Definition Main screen and the Loans Product Preferences screen. In these screens, you can specify the product type and set the product preferences respectively.

For more information on the generic attributes you define for a product, refer to the following Oracle Lending User manuals.

- Products
- Interest
- Charges and Fees
- Tax
- User Defined Fields
- Settlements

4.1.1 **Specifying Product Type**

The first attribute that you define for a product is its *type*. In the Bilateral Loans Product Definition screen, you can classify the products you create into the following types:

- Loans
- Commitments

When creating a loans product, you have to select the 'Loans' option in the Product Type field. For instance you may want to create a loan product for HFS transfer.

4.1.2 Creating a Commitment Product

In the 'Bilateral Loans Product Definition' screen, you can also define various types of commitments as products. A 'commitment' is a formal understanding between a bank and its customer that the bank is willing to advance a loan during a certain period in the future. A fee may be charged at the time of entering into this understanding. When a commitment is initiated, contingent entries are passed for the commitment amount. When a loan is disbursed against this commitment, the contingent entries are reversed and the loan-related entries are passed. However, these entries are passed only if they are defined for the product.

A commitment may be linked to more than one loan, depending on the availability of funds.

4.2 Setting Product Preferences

This section contains the following topics:

- [Section 4.2.1, "Specifying the Payment Method"](#)
- [Section 4.2.2, "Indicating the Schedule Type"](#)
- [Section 4.2.3, "Setting Billing Notice Days"](#)
- [Section 4.2.4, "Specifying Grace Days to Penalty"](#)
- [Section 4.2.5, "Indicating Values to be Rekeyed during Authorization"](#)
- [Section 4.2.6, "Setting the Accrual Frequency"](#)
- [Section 4.2.7, "Specifying Tenor Related Details"](#)
- [Section 4.2.8, "Specifying Exchange Rate Variance"](#)
- [Section 4.2.9, "Specifying if Status Processing for Contract Schedules is Required"](#)
- [Section 4.2.10, "Specifying Interest Details"](#)
- [Section 4.2.11, "Specifying Additional Preference"](#)
- [Section 4.2.12, "Identifying the Rate Code to be Used for Loans in Foreign Currency"](#)
- [Section 4.2.13, "Indicating the Rate Type"](#)
- [Section 4.2.15, "Holiday Preferences tab"](#)
- [Section 4.2.16, "Other Preferences tab"](#)
- [Section 4.2.17, "Identifying Products for Agency Contract Creation"](#)
- [Section 4.2.18, "Specifying the Reversal Transaction Type"](#)
- [Section 4.2.19, "Discounting Multiple Schedules for Discounted Loans"](#)
- [Section 4.2.20, "Indicating the Annual Effective Rate \(TEA\) for loans"](#)
- [Section 4.2.21, "Enabling the Customer Effective Loan Rate Option"](#)
- [Section 4.2.22, "Allowing Forward Dating"](#)
- [Section 4.2.23, "Prioritizing the Liquidation of Components"](#)
- [Section 4.2.24, "Tracking Status Changes for Loans"](#)
- [Section 4.2.25, "Maintaining the Disclosure Details"](#)
- [Section 4.2.26, "Mapping the Product to Disclosure Details"](#)
- [Section 4.2.27, "Specifying the Special Penalty Components"](#)
- [Section 4.2.28, "Maintaining UDFs"](#)

The attributes specific to a loan product are defined in the 'Bilateral Loans Product Preferences' screen. You can invoke this screen from the 'Bilateral Loans Product Definition' screen by clicking 'Preferences' tab.

'Preferences' are the options that are available for a loans product. The options you choose, ultimately, shape the product.

For example, you have the option of applying tax on a product or waiving it. If you specify that tax is applied on a product, a loan involving the product inherits the attribute. However, you can change this while processing the loan.

4.2.1 Specifying the Payment Method

You have to specify whether the payment method, for the main interest, is to be bearing, discounted or true discounted. This cannot be changed at the time of processing a loan.

Bearing

The interest is liquidated on scheduled payment date(s).

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme 'Short-term Loans for Individuals' at 10% interest for a year. Now, under the bearing type of interest payment method, the loan of USD 10,000 is advanced to Mr. Brian Williams and the interest on it is collected over a year, which is the tenor of the loan.

Discounted

In this interest payment method, the interest payable on the loan is deducted from the principal at the time of initiating the loan.

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme 'Short-term Loans for Industries' at 10% interest for a year.

Under the discounted type of interest payment, the total interest (USD 1,000) calculated on USD 10,000, for the tenor of the loan, is deducted from the principal (USD 10,000) and only USD 9,000 is advanced.

True discounted

In this interest payment method, the interest is calculated on the principal in a manner differing slightly from the Discounted method. The interest rate is applied on the Principal instead of the Nominal, as is done in the Discounted method.

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme 'Short-term Loans For Industries at 10%' interest for a year. Under the true discounted type of interest payment, the interest amount, in absolute terms is not USD 1,000 but less than that. This is because the interest rate of 10% is not applied on USD 10,000 but on the actual amount disbursed (derived by the system) which is USD 9090.91.

In short, in Discounted method the interest is calculated on Nominal whereas in case of True discounted method, the same is calculated on the Principal.

Allow User Input Installment

During contract maintenance, you can maintain the installment amount for an amortized contract only if this box checked at the product level. This box is enabled only for the schedule type 'Amortized'.

Allow Re-amortization

Select this check box to indicate that re-amortization is allowed. This field is enabled only if the Product schedule type is 'Amortized'.

On Rate Revision

Select the appropriate value from the drop-down box. System displays the following values:

- I - Change Installment
- B - Change Bullet schedule

This field is enabled only for Amortized products.

On Prepayment

Select an appropriate value from the drop-down list. This field will be enabled only for Amortized products. The following values are displayed:

- Change Installment
- Change Bullet

System defaults 'Change Bullet' in this field.

4.2.2 Indicating the Schedule Type

You can indicate the type of repayment schedule that you want to have for the product. It could be any one of the following:

Amortized

Amortization is another term for Equated Installments. That is, the (main) interest is calculated for the term of the loan, clubbed with the principal and distributed into equal installments according to the frequency you specify - monthly, quarterly, and so on.

Capitalized

When you indicate capitalization for the schedules and define schedules for the various components of the loan (through the schedule definitions screens), if the repayments of principal or (main) interest are not made on a particular schedule date, they are capitalized for the next schedule. If a partial payment has been made, the unpaid amount is capitalized (the unpaid interest is added to the unpaid principal and this becomes the principal for the next schedule).

Note

For capitalization only the interest component, defined as Main Interest in the Product ICCF screen is considered.

Normal

If you indicate Normal as the schedule type, you can define your own schedules through the 'Product Default Schedules' screen. Click the 'Schedules' tab to invoke this screen.

Schedule	Component	Refer *	Frequency *	Units	Month	Date
----------	-----------	---------	-------------	-------	-------	------

Note

- The schedule type applies to all loans involving the product and cannot be changed during loan processing.
 - The Component option list does not display components for which 'Special Penalty Component' is checked.
-

4.2.3 Setting Billing Notice Days

You have to specify the number of calendar days before the repayment date, when a Billing Notice has to be generated for the customer (as a reminder of the payment).

The billing advice is generated for the mail medium. This notice is generated for repayment of all components.

Example

If a payment has been scheduled for 30 June 1997 for Mr. Brian Williams loan of USD 10,000 at 15%, you could send him a notice 10 days before the payment is due, on 20 June 1997 as a reminder of his payment which is due on 30 June 1997.

If you have specified that a notice is to be generated on a certain day and it happens to be a holiday, then the notice will be generated depending on your holiday handling specifications in the Branch Parameters screen:

- If you have specified that automatic processes are to be carried out for holidays on the last working day, the notices slated for generation on the holiday is generated during end-of-day processing on the last working day before the holiday.
- If you have specified that the automatic processes are to be carried out on the next working day, notices slated for generation on the holiday is generated on the first working day that immediately follows the holiday, during beginning-of-day processing.

Example

Assume that the current system date is 20 June 1997, and 21 June 1997 is a holiday. You indicate that the payment notices should be generated 10 days in advance.

The notices for payments that are due on 30 June is generated, at the beginning of day (by the Automatic Contract Update function), on 20 June.

Notices meant for payments due on 1 July 1997 is generated during end-of-day processing on 20 June, if you specified that all automatic processes falling due right up to the next working date are to be processed on the System Date (today's date). If not, the notices meant for 1 July is generated during beginning-of-day processing, on the working day immediately after the holiday, that is, 22 June.

4.2.4 Specifying Grace Days to Penalty

The 'grace period' specifies the period within which the penalty interest (if one has been defined for the product) is *not* applied, even if the repayment is made after the due date. This period is defined as a specific number of days and begins from the date the repayment becomes due.

Penalty interest will be applied on repayments made after the grace period. However, the penalty interest will be calculated for the entire period it has been outstanding (that is, from the date the payment was due).

When 'Payment Delay Days' is given, then 'Grace Period' starts from 'Pay By Date'. If payment is made after 'Grace Period', then the penalty starts from 'Pay By Date'.

Example

An interest repayment on Mr. Brian Williams loan is due on 15 June 1998. You have specified a grace period of 5 days, after which a penalty interest of 2% is imposed.

Now, if Mr. Williams makes the interest payment on 18 June, which falls within the grace period, he need not have to pay penal interest.

But if he makes the payment after the expiry of the grace period, that is, after 20 June, then he is charged penal interest right from 16 June and not from 20 June, the day the grace period expires.

If the payment is made within the grace period, normal interest is applied as of the scheduled repayment date.

4.2.5 Indicating Values to be Rekeyed during Authorization

You can specify the values that the authorizer of a deposit contract has to rekey when authorizing it.

All operations on a loan (input, modification, reversal, manual liquidation or manual rollover) have to be authorized:

- By a user other than the one who carried out the operation
- Before you can begin the end-of-day operations

When you invoke a loan for authorization – as a cross-checking mechanism, to ensure that you are calling the right loan – you can specify that the values of certain fields should be entered before the other details are displayed. The complete details of the loan is displayed only after the values to these fields are entered. This is called the “re-key” option. The fields for which the values have to be given are called the “re-key” fields.

If no re-key fields have been defined, the details of the loan is displayed immediately once the authorizer calls the loan for authorization.

The re-key option also serves as a means of ensuring the accuracy of inputs.

Example

At the ABC Corporation, Mr. Trevor Atkins inputs a loan of 1M USD, which has an interest of 20% and a tenor of one month. The loan involves a product for which the re-key fields assigned are the loan amount and the currency. Now, Mr. Atkins makes a mistake and enters the loan amount as 10 M USD.

When Mr. Jeffrey Hunt, who has rights to authorize the loan, selects the loan for authorization and indicates the re-key fields of loan amount and currency as 1M, and USD respectively (based on the loan document), the loan details will not be displayed.

The loan details are not be displayed if:

- The value in the field that has to be re-keyed has been entered wrongly at the time of loan processing
- The re-key value is input wrongly at the time of authorization

Now, if Mr. Trevor Atkins had input the loan currency as GBP instead of USD, then also, Mr. Jeffrey Hunt would have been denied access to the loan when he attempted to call it by entering the *correct* data in the re-key fields. When this happens, Mr. Hunt can inform Mr. Atkins of the mistake and have it rectified.

It could also be that Mr. Atkins has correctly captured the principal of the loan as 1M and the authorizer and Mr. Hunt makes an error while entering the re-key value. Assume Mr. Hunt enters the value as 10 M. In such a case also, the details of the loan is *not* displayed for authorization.

You can specify any or all of the following as re-key fields:

- Main

- Currency
- Value Date
- Contract Amount
- Maturity Date
- Counter Party
- Interest Rate/Amount
- Accrual Fee
 - Currency
 - Fee Amount
 - Refund Amount
 - Value Date
 - Start Date
 - End Date
- Rollover
 - Currency
 - Value Date
 - Rollover Amount
 - Maturity Date
 - Interest Rate
 - Refinance Rate

Click the 'Rekeys' tab in the Preferences screen to invoke the 'Authorization Rekey Fields' screen.

The screenshot shows a dialog box titled "Authorization Rekey Fields" with a close button (X) in the top right corner. The dialog is divided into three sections: "Main", "Accrual Fee", and "Rollover".

- Main:**
 - Currency
 - Value Date
 - Contract Amount
 - Maturity Date
 - Counter Party
 - Interest Rate / Amount
- Accrual Fee:**
 - Currency
 - Fee Amount
 - Refund Amount
 - Value Date
 - Start Date
 - End Date
- Rollover:**
 - Currency
 - Value Date
 - Rollover Amount
 - Refinance Rate
 - Maturity Date
 - Interest Rate

At the bottom right of the dialog, there are two buttons: "Ok" and "Cancel".

4.2.6 Setting the Accrual Frequency

Apart from the principal, you can have other components for a loan. The 'other' components of a loan, apart from the principal, could be the interest, charge or fees and they can be accrued over the tenor of the loan before being realized into the income account.

You can define the frequency at which you would like to accrue these components as part of the preferences that you specify.

The attributes of these 'other' components are defined in the ICCF sub-system of Oracle Lending. For components that have been marked for accrual, the frequency is specified in this screen (Product Preferences screen).

When you run the Automatic Contract Update function at the end of day, the system carries out the accruals according to the frequency that you specified. However, if the accrual date falls on a holiday, then the accruals are done as per your holiday handling specifications in the Branch Parameters screen. That is:

- If you have specified that automatic events are to be processed for a holiday(s) on the working day before the holiday, the accruals falling due on a holiday(s) are processed during end-of-day processing on the last working day before the holiday.
- If you have specified that the automatic events are to be processed for a holiday(s) on the working day following the holiday, the automatic events falling due on a holiday(s) are processed on the next working day, during the beginning-of-day processing.

The frequency can be one of the following:

- Daily
- Monthly
- Quarterly
- Half yearly
- Yearly

In the case of monthly, quarterly, half yearly or yearly accruals, you should specify the date on which the accruals have to be done. For example, if you specify the date as '30', accruals are carried out on the 30th of the month, according to the frequency that you have defined.

If you want to fix the accrual date for the last working day of the month, you should specify the date as '31' and indicate the frequency. If you indicate the frequency as monthly, the accruals are done at the end of every month - that is, on 31st for months with 31 days, on 30th for months with 30 days and on 28th or 29th, as the case may be, for February.

If you specify the frequency as quarterly and fix the accrual date as the last day of the month, then the accruals are done on the last day of the month at the end of every quarter. It works in a similar fashion for half-yearly accrual frequency.

If you set the accrual frequency as quarterly, half yearly or yearly, you have to specify the **month** in which the *first* accrual has to begin, besides the date.

Example

If you specify the frequency as half yearly, the start date as 31, and the start month as June, the system accrues the interest for the first time on 30 June 1997 for the period from 1 January to 30 June 1997, and for the second time on 31 December 1997, for the period from 1 July 1997 to 31 December 1997.

4.2.7 Specifying Tenor Related Details

You can set the minimum and maximum tenor limits for a loan product that you are creating. You can also specify a standard tenor or a default tenor.

Example

You have a product 'Short-term Loans for the Manufacturing industry' - ML10. This product is for short-term loans for manufacturers of iron and steel, chemicals, textiles, and so on. The loans involving this product will have a tenor of three months, six months, and so on. For such a product you can set a minimum tenor of one month and a maximum tenor of one year.

The 'default tenor' is the tenor that is associated with a loan involving this product. However, the default tenor applied on a loan can be changed during loan processing.

Example

You can define a default tenor for the product we just discussed, say, six months. This tenor is applicable to all contracts involving the product. However, you are allowed to specify a different tenor at the contract level.

Note

In case of rollover, if contract tenor is more than maximum aggregate tenor of the loan then appropriate override message appears.

4.2.8 Specifying Exchange Rate Variance

When a loan involves a currency conversion the rates defined for the Rate Type, that has been specified for the product, it is taken up by default (examples for Rate Type could be cash rate, borrowing rate, lending rate, and so on). This default can be changed.

You can impose some restrictions on this changed rate, as follows:

Normal variance

If the exchange rate variance exceeds the exchange rate for the Rate Type by this value (normal variance), then the system asks you for an override before proceeding to apply the exchange rate.

Maximum variance

You cannot apply an exchange rate on a loan, involving the product that you are creating, that is greater than the value that you specify as the Maximum Variance. If the exchange rate exceeds the standard rate by the maximum variance you have defined for the product, then the system does not allow you to store the contract.

Example

You have specified the normal variance as 3% and the maximum variance as 6% for Product LD01.

Now, if you apply an exchange rate on a loan involving LD01 that varies from the applicable rate maintained for the day by less than 3%, the system does NOT display an override message.

If you apply an exchange rate on a loan involving LD01 that varies from the Standard Rate by between 3% and 6%, the system displays an override message.

If you apply an exchange rate on a loan involving LD01 that varies from the day's rate by more than 6%, the system does not store the loan.

Note

The exchange rate variance is a percentage.

4.2.9 Specifying if Status Processing for Contract Schedules is Required

The status of a loan contract depends on repayments made on the loan. A repayment could mean a change in status.

Each status applicable for a contract is defined in the system. For movement to each status, you can define processing parameters, such as whether further accruals may be stopped, or accruals already made must be reversed out, and if the reporting GL must be changed when the status changes.

You can also process individual statuses and status changes for each schedule defined for a contract. In such a case, for each schedule, the accrued component amounts on the schedule that has fallen overdue, resulting in a change of status, would be moved to the transfer GL's defined for the status.

To enable such schedule-level status processing, select the Schedule Level Status Change check box.

4.2.10 Specifying Interest Details

Alternative Risk-Free Rates Preferences

The options of 'Alternative Risk-Free Rates Preferences' are defaulted from 'Interest Class Maintenance' screen (LFDINTCL). If required, you can modify

For more information, refer to *Interest* User Manual.

Moratorium Interest Details

No of Schedules

Specify the no of moratorium interest schedules.

Frequency

You can select the moratorium frequency as one of the following:

- Daily
- Monthly/
- Yearly

Type

You can select the moratorium type as one of the following:

- Liquidate Immediate
- Liquidate with First schedule
- Across schedule
- Capitalize
- Consumer Credit

Note

In 'Product Definition -Interest Class Maintenance' screen, once you select the 'Component' which is created in 'Interest Class Code' screen and click 'Default from Class', then system automatically defaults moratorium interest class code.

Exponential Interest Details

Rate Basis

This value gets defaulted from the 'Interest Class Maintenance' screen. If required, you can modify the value. You can select the options.

- Per Month – This option is used for fixed per month rate.
- Per Annum/Not Applicable – This option is used for annual rate input. The value input is considered as resolved rate.
- Quote Basis – This option is used for float rate input for all quote basis.

Exponential Interest Method

This value gets defaulted from the 'Interest Class Maintenance' screen. If required, you can modify the value.

For more information about exponential interest, refer to 'About Exponential Interest' section in this User Manual.

Exponential Factor Percentage

By default, the 'Exponential Factor Percentage' is 100% for exponential interest and non-exponential interest method.

In case of exponential interest method, you can change the 'Exponential Factor Percentage' value. In case of non-exponential interest method an override appears saying for non-exponential interest method the factor percentage is considered as 100%.

Allow Reporting Only and Reporting Component Type

'Allow Reporting Only' and 'Reporting Component Type' are defaulted from 'Interest Class Maintenance' (LFDINTCL) screen and you cannot modify this fields as they are read-only fields.

Penal Compounding on Rate Revision

The 'Penal Compounding on Rate Revision' check box is available in the 'Interest' tab of 'Product Preferences' screen. You select or clear for penalty products. It allows you to add back the unpaid amount at the end of every schedule to the basis amount for penalty calculation for the next month during rate revision.

4.2.11 Specifying Additional Preference

You can specify additional preferences in the 'Additional Preferences' screen. Click 'Preferences' and then click 'Additional Preferences' tab in the 'Bilateral Loans Product Preferences' screen.

Note

You can select rate fixing type as automatic or manual. By default, it is automatic
 For more information on rate fixing, refer to *Interest User Manual*.

Specifying the Mode of Liquidation

Components of a loan can be liquidated automatically or manually. You should indicate whether the mode of liquidation of repayment schedules is to be automatic or manual. You can also indicate that certain specific components must be liquidated automatically.

If you opt for automatic liquidation, a schedule is automatically liquidated on the day it falls due, during beginning-of-day processing (by the Automatic Contract Update function). Specify **Auto** liquidation if you want all the components of a loan involving this product to be liquidated automatically.

If you opt for manual liquidation you have to give specific instructions for liquidation through the Manual Liquidation screen on the day you want to liquidate the schedule. Specify **Manual** liquidation if you want to perform a manual liquidation for all components of a loan involving this product.

If you want some specific components to be liquidated automatically in a certain prioritized order, you can specify **Component** liquidation. When you choose this option, you can select the components that must be liquidated automatically, and define the order in which they will be liquidated automatically. In such a case, the components not selected must be liquidated manually, by entering the payment in the Manual Liquidation screen.

Note

You can select components to be automatically liquidated only if the liquidation type chosen for the product is 'Component'.

Allowing Partial Liquidation

Select the 'Partial Liquidation Allowed' check box to allow partial payment of amounts due on a schedule date. If this box is unchecked, then system does not allow partial settlement of components that are due. If the payment amount(s) is less than the amount(s) due, then system does not allow the payment to be saved and system displays the following error message:

'Partial payment not allowed'.

This check box is also applicable in case of manual liquidation.

Product Restrictions

When you create a product, you can provide product restrictions. That is, you can specify the branches of your bank that can offer this product, the currencies that are allowed or disallowed and the customers who can avail the product. You can set preferences as 'Allowed/Disallowed' in this screen and the same is defaulted to 'Bilateral Loan and Commitment Restrictions' screen.

Auto Liquidation Retry Counter

You can enter the number of days in 'Auto Liquidation Retry Days' field at the product level.

During auto liquidation of a contract, the system initiates an ECA call, to validate account balance. If DDA system rejects the ECA request due to insufficient balance or any invalid status of the account, then on subsequent batch / day system re-triggers the ECA & tries to liquidate the schedule. This re-try is done up to the number days specified on this parameter. This number of days is on calendar days basis. When the CL batch is configured on both BOD and EOD, liquidation for the schedule is tried on both slots, however the number of days is considered as 1.

Example

A loan with a value of USD 100,000 is value dated 1st January 2020 and matures on 1st May 2020 and CASA account having balance of zero. The payment schedules are on 1st February 2020, 1st March 2020 and 1st April 2020.

Auto Liquidation Retry Counter is 3 and Schedule date is Feb 1 2020

The system checks the amount in 1st, 2nd and 3rd Feb. From 4th Feb the schedule gets skipped until next schedule.

Schedule	Processing date	
1	1st February 2020	Check the due amount in CASA
2	2nd February 2020	Check the due amount in CASA
3	3rd February 2020	Check the due amount in CASA
4	4th February 2020	Skip the schedule

5	1 st March 2020	Check the due amount in CASA
6	2nd March 2020	Check the due amount
7	3rd March 2020	Check the due amount in CASA
8	4th March 2020	Skip the schedule
9	1st April 2020	Check the due amount in CASA

Processing Prepayment Schedule

You can select the below options based on your prepayment schedule requirement.

- FIFO
- LIFO
- Prorata
- Retain Payment Schedule Frequency
- Reduce Tenor

FIFO and LIFO

Select this check box to retain the payment schedule on the basis of LIFO and FIFO if prepayment is done on loan contract.

Note

'FIFO' and 'LIFO' fields are enabled for loan products and only if the above field is checked.

If prepayment is done on a loan contract, then the schedule is rebuilt on the basis of FIFO and LIFO logic.

FIFO

Select this option to rebuild the schedule on the basis of FIFO logic.

For example

Say that a loan contract is booked on a monthly and bullet frequency with schedules 11 and 1 respectively. Consider that the principal amount is USD 12000000, the value date is 01 March 2005 and the maturity date is 01 March 2006. This is shown in the table below:

Start Date	Component	Frequency	No Of Schedules	Unit	Amount
1 April 2005	Interest	Monthly	11	1	
1 April 2005	Principal	Monthly	11	1	1000000
1 March 2006	Interest	Bullet	1	1	
1 March 2006	Principal	Bullet	1	1	1000000

If you select the Prepayment Schedule as FIFO, then during prepayment made on 15 April 2005 for USD1600000 the schedules are built as given below

Start Date	Component	Frequency	No Of Schedules	Unit	Amount
1 April 2005	Interest	Monthly	11	1	
1 April 2005	Principal	Monthly	1	1	1000000
15 April 2005	Principal	Monthly	1	1	1600000
1 June 2005	Principal	Monthly	1	1	400000
1 July 05	Principal	Monthly	8	1	1000000
1 March 2006	Interest	Bullet	1	1	
1 March 2006	Principal	Bullet	1	1	1000000

LIFO

Select this option to rebuild the schedule on the basis of LIFO logic.

For example

Let us consider the same example as above and if LIFO is selected during the payment made on 15 April 2005, the schedules will be built as given below:

Start Date	Component	Frequency	No Of Schedules	Unit	Amount
1 April 2005	Interest	Monthly	11	1	
1 April 2005	Principal	Monthly	1	1	1000000
15 April 2005	Principal	Monthly	1	1	1600000
1 May 2005	Principal	Monthly	9	1	1000000
1 February 2006	Principal	Monthly	1	1	400000
1 March 2006	Interest	Bullet	1	1	
1 March 2006	PRINCIPAL	Bullet	1	1	0

Prorata

Select this option if you want prorata as a payment schedule processing for a product.

In prorata, schedules and tenor remain does not change and the outstanding balance is equally calculated on total number schedules. The prorata amount is calculated based on the below calculation.

Prorata amount = Outstanding principal amount after prepayment/ Number of contract schedules in amount due for principal component after value date.

Example

Let us consider the below example of schedule details for a back date contract during loan booking.

- Loan amount - 120,000.00
- Value date - 2015-06-01
- Loan booking date - 2015-07-21
- Maturity date - 2016-07-20

Start Date	Component	Frequency	Number of schedules	Unit	Amount
1-Jul-15	Principal	Monthly	13	1	8,572.00
20-Jul-16	Principal	Bullet	1	1	8,564.00

Schedule details after prepayment

Start Date	Component	Frequency	Number of schedules	Unit	Amount
1-Jul-15	Principal	Monthly	13	1	8,572.00
21-Jul-16	Principal	Bullet	1	1	40,000.00
3-Aug-15	Principal	Monthly	12	1	5,494.46
20-Jul-16	Principal	Bullet	1	1	5,494.48

Retain Payment Schedule Frequency

If you have selected this option at the product level, the schedule frequency is retained as is. That is, you cannot change the schedule frequency from daily to monthly, monthly to quarterly, quarterly to half-yearly and so on.

Reduce Tenor

This option is applicable only if the pre-payment schedule is selected as 'LIFO' with 'Reduce Tenor'. If you select 'Reduce Tenor' option at product level, the maturity date of a loan is automatically calculated based on the 'Amount Due' value.

The system calculates maximum due date as maturity date for non-zero amount due.

Note

On reversal or deletion of payment, schedules get defaulted and maturity date changes to original maturity date.

The following table shows the maturity date changes for pre-payment schedule.

Schedule	Maturity Date
Before pre-payment schedule	1 st April 2018
After pre-payment schedule of 6 months	1 th September 2017

Schedule Cutoff Days

Schedule Cutoff Days is supported for Normal and Capitalized schedule type. Reporting component's accrual and liquidation is also supported. By default, 'Schedule Cutoff Days' is 0.

If there is a prepayment of any schedule and the difference between the schedule and the payment date is less than the 'Schedule Cutoff Days' provided at contract level then the due amount for the residual days is shifted to the next schedule date.

4.2.11.1 Financial Operations Tax

Financial operations tax also called as IOF is a Brazilian tax applied on some financial transactions. These transactions include foreign exchange, loans, insurance, investments, and securities.

It is applicable for corporate lending operations. It is required to compute IOF based on the principal schedule amount and the period between value date and schedule due date.

IOF Payment Method

You can either select 'Advance Payment', 'Capitalization' from the drop-down list. By default, nothing is selected.

If you have selected 'Advance Payment' option, then IOF is collected upfront when loan is disbursed.

If you have selected 'Capitalization' option, then IOF is capitalized along with the principal amount.

Note

- If IOF payment method is defined at the product level, then this option is not available at the contract level.
- IOF is applicable for 'Bearing', 'Discounted', and 'True discounted' method of loans.
- IOF is applicable for 'Normal' and 'Amortized' schedule type of loans.
- IOF commutation available for 'True Discounted' loan methods are limited to loans with bullet payment schedules.
- IOF is not recomputed or collected during any prepayment related activities. For example, normal prepayment, partial prepayment, pre-closure, and so on.
- IOF 'Advance Payment' method is applicable for 'Bearing Normal', 'Bearing Amortized', 'Discounted' and 'True Discounted'.

- IOF 'Capitalization' payment method is allowed only for 'Bearing Normal' and 'Bearing Amortized Loans' only.
-

Accounting Entries

1. <Component>_AMT accounting entries should be configured for the event DSBR at the product level for advance payment.
2. <Component>_CAP accounting entries should be configured for the event DSBR at the product level for Capitalization payment.
3. <Component>_AMT accounting entries should be configured during the event VAMI at the product level
4. <Component>_AMT accounting entries should be configured during the event ROLL at the product level for advance payment.
5. <Component>_CAP accounting entries should be configured during the event ROLL at the product level for capitalization payment.
6. For Late Payment <Component>_AMT accounting entries should be configured during the event LIQD.

IOF Advance Payment

IOF Advance Payment (IOF at concession)

7. In Advance Payment method, IOF amount must be calculated and collected from the customer in advance.
8. If moratorium interest capitalization is applicable then IOF must be calculated on principal schedule amounts which include the capitalized interest.

IOF Capitalization (IOF Lending)

It must be possible to capitalize the IOF value to the principal.

In case of IOF lending, the computation must be done in three steps process depending on the formulae maintained for the component.

1. The IOF needs to be computed on original principal schedule amounts.

If moratorium period compounding (moratorium interest capitalization) is applicable then principal schedule value should include this also.

2. The result from the step 1 is used to compute the net IOF value for lending using the below formula;

$$[(((PrincipalValue \times TotalIOFValue)) / ((PrincipalValue - TotalIOFValue))]$$

3. The result from step 2 is compounded into the Principal.
The system must have the ability to support calculation of IOF on late payment.

Apply Book Rate for VAMI

If this check box is selected, then contract booking IOF tax rate it taken instead of VAMI maintained rate.

Limitations

- Accrual is not applicable for IOF component.

- IOF computation for True Discounted loan is limited to loans with bullet payment/ disbursement schedule and discounted schedule formula.
- For a discounted loan, on multiple manual disbursement or principal increase VAMI, IOF is re-calculated considering Principal amount effective from the value date of the loan not from the disbursement/amendment date.
- There is no impact on IOF as part of status change.
- Additional rate is not applicable for late payment of principal component.

For more information, refer to *Maintaining Financial Operations Tax (IOF)* section in this User Manual.

4.2.12 Identifying the Rate Code to be Used for Loans in Foreign Currency

For loans involving currency conversions you have to identify the Rate Code, which is to be used for arriving at the conversion rate. The options available are:

- Mid Rate
- Buy/Sell rate

Your specifications apply to all contracts associated with the product. You are not allowed to change it for a specific loan.

4.2.13 Indicating the Rate Type

Specify the rate type in this field. This value is used to convert fee and charge amount from charge/fee currency to contract currency.

4.2.14 Open Line Loan Details

Open Line Loan

Select this check box to allow the loan to remain active even at zero balance (without maintaining any balance).

Note

- Open loans should have maturity type as 'Fixed' and maturity date is mandatory.
 - For open loan the contract remains active if the bank wants to disburse more amount to the customer, then VAMI principal increase needs to be done.
 - On repayment of the entire principal, the loan should not be in 'Liquidated' status.
 - Operations such as VAMI can be performed on the 'Active' loan status.
 - Similarly, VAMI for redefining the schedules for such should be made available.
 - The system should add all new principal increases/disbursements to the principal bullet schedule unless it is re-scheduled.
 - Interest is calculated based on schedule defined in the loan account for the disbursed / outstanding amount.
-

Revolving Type Open Loan

Select this check box if you want the paid amount to be re-disbursed to your account during the contract lifecycle. You can disburse the paid amount either fully or partially (from the payment date to maturity date) using 'Manual Disbursement' (OLDMNDSB) screen. The total due amount should not be greater than that of the amount financed for the contract.

Note

Revolving type open loans should be kept open and active even after the loan is fully paid and the customer can redraw the loan after the payment.

Bilateral Loans Product Definition

Preferences ✕

Product Code Product Description

Main Preferences **Additional Preference** Other

Product Restrictions

Branch Restrictions Disallowed Allowed

Currency Restrictions Disallowed Allowed

Categories List Disallowed Allowed

Open Line Loan

Open Line Loan Revolving Type Open Loan

Int/Fee Distribution Lender of Actuals Lender of Records

Other Preferences

Packing Credit Product Loan Against Bill Advance By Loan

Rate Fixing Type

Rate Fixing Type ▾

Rekey Fields | Installment Details | Liquidation Order | Rollover Details | Schedules | Holiday Preferences | Linkage Preferences | ▲

4.2.15 Holiday Preferences tab

The value date or schedule date or revision date or the maturity date of a contract might fall on a local holiday defined for your branch or on a holiday specified for the currency involved in the contract.

The screenshot shows the 'Holiday Preferences' dialog box. It features a title bar with the text 'Holiday Preferences' and a close button. Below the title bar, there are two input fields: 'Product Code' and 'Product Description'. Underneath these fields are four tabs: 'Disbursement/Payment Schedules' (which is highlighted in red), 'Revision Schedules', 'Maturity Schedules', and 'Principal Schedules'. The 'Disbursement/Payment Schedules' tab contains several options: 'Ignore Holidays' (checkbox), 'Holiday Check' (dropdown menu), 'Holiday Currency' (text field), and two radio buttons: 'Move Forward' (selected) and 'Move Backward'. To the right of these options are five unchecked checkboxes: 'Check Rate Code Ccy Holidays', 'Move Across Month', 'Cascade Schedules', 'Separate Holiday Treatment for Principal', and 'Apply Fin Centre Holiday Treatment'. At the bottom of the dialog, there is a 'Go' button, a table with columns 'Financial Centre' and 'Financial Centre Description', and 'Ok' and 'Exit' buttons.

The parameter that has to be considered for holiday treatment is specified in the 'Holiday Check' field. The options available are:

- Currency

Select this option if you want the system to check whether the schedule date of a contract falls on a holiday defined for the currency involved in a contract.

If you select this option, you need to specify the holiday currency code. The system checks the holiday table for that particular currency. If the system encounters a contract whose currency is same as that of holiday currency, holiday handling is done according to the specified holiday handling preferences.

- Local

Select this option if you want the system to check whether the schedule date of a contract falls on a local holiday defined for your branch. If you select this option, you are not be allowed to enter the holiday currency.

- Both

Select this option if you want the system to check for both currency and local holidays of your bank. You need to indicate the holiday currency if you select this option.

Note

The default holiday check is 'Currency'.

-

4.2.15.1 Holiday Treatment for Disbursement/Payment/Revision/Maturity Schedules

You also have the option of specifying holiday handling preferences if the maturity date of a contract falls on a holiday. You can select one of the following options if either the schedule date or the maturity date falls on a holiday:

- Ignore the holiday
- Specify preferences for the movement of the maturity date

Moving the schedule date/maturity date forward or backward

If you have indicated that a currency holiday should not be ignored for the contract, you need to specify whether the schedule date/maturity date should move forward to the next working day or move backward to the previous working day.

Check with the appropriate field to indicate your preference.

Move Across Months

If you have chosen to move the schedule date/maturity date of a contract falling due on a currency holiday, either forward or backward to a working day and it crosses over into a different month, the schedule date/maturity date is moved to the next month only if you indicate so in this field.

Select this field to allow movement of schedule date/maturity date of the contract across months.

Select it deselected to indicate that the loan should mature/schedule should be paid within the same month on the last or first working day of the month, depending on whether the schedule date/maturity date is over the month-end or the beginning of the month.

Note

You are also be prompted to specify holiday handling preferences in the following circumstances:

- If you amend the Maturity Date of a contract and the new date falls on a holiday
 - If you manually rollover a loan and the new maturity date falls on a holiday
-

Cascade Schedules

The due date arrived at by the holiday treatment will be considered as the start date for the due dates for the subsequent schedules.

Apply Payment Holiday Treatment:

When this option is selected, the system considers the holiday parameter defined for payment schedules.

The derived 'Pay By Date' also considers this holiday preference.

4.2.15.2 Holiday Treatment for Principal Schedules

You can maintain separate holiday treatment for the principal and interest components interim payment schedules.

Select the 'Separate Holiday Treatment for Principal' check box to maintain separate holiday treatment for the principal and interest components. Button 'P' is enabled when you check this option.

You can define the holiday preferences for the principal interim payment schedules in 'Holiday Treatment for Principal Schedules' screen. You need to specify the following options for holiday treatment of the principal component:

- Ignore Holidays – No holiday treatment for the Principal component
 - Cascade Schedules – The due date arrived at by the holiday treatment will be considered as the start date for the due dates for the subsequent schedules.
 - Move Across Months – Allows movement of schedule date of the contract across months.
 - Move Backward – If a due date is a holiday, then the due date is moved backward to the previous working day.
 - Move Forward – If a due date is a holiday, then the due date is advanced to the next working day
 - The holiday check as "LOCAL", "CCY" and "BOTH" is displayed from the Product Level
-

Apply Financial Centre Holiday Treatment

This check box allows you to enable financial centre holiday treatment and add the financial centres for the holiday treatment. This option is available for Disbursement/Payment Schedules, Rate Revision Schedules, Maturity Schedules and Principal Schedules tabs of 'Holiday Preferences' screen.

4.2.16 Other Preferences tab

Specifying Payment of Past Schedules

Using 'Pay Past Schedules' option you can indicate whether for a back-dated loan that has schedules prior to today's date, those schedules have to be liquidated when the loan is initiated. A back dated loan is one with a Value Date (initiation date) that is earlier than the date on which it is booked.

Example

Loans can be initiated as of

- Today
- A date in the future
- A date in the past

Today's date is 15 October 1997. Suppose you initiate a loan of 15,000 USD today, with the Value Date (date on which the loan comes into effect) as 15 September 1997, the system passes accounting entries for initiation as of 15 September 1997.

But if there had been an interest payment schedule for 30 September 1997, for 500 USD, then if you specify that back valued schedules should be liquidated, you can make the system pass accounting entries to liquidate this schedule also, when the loan is initiated. If you specify that back dated schedules are not to be liquidated, only accrual entries will be passed till today.

Note that the entries associated with each event (initiation and liquidation in this case) are passed only if they have been defined for the product. Further, the accounts used are the ones defined for each entry.

Allowing a Change of the Settlement Account

Select the 'Allow Settlement Account Change' check box to indicate the settlement account that you specify for a contract (in the 'Loan and Commitment - Contract Input' screen) booked under this product, can be changed.

Liquidation of Interest on Prepaid Principal

If you select the 'Liqd of Int on Prepaid Principal' check box, you are not allowed to enter the 'Amount' for interest liquidation. The amount is computed and liquidated by the system. In addition, in case of prepayment, the rate is recomputed based on the contract currency, tenor and amount. You can change the preference you have specified here, in the OL Schedule Payment screen.

Allowing Partial Prepayment

Select the 'Partial Prepayment Allowed' check box to indicate a partial prepayment can be made.

Restricting the Generation of Settlement Messages

Oracle Lending generates the settlement messages associated with loan contracts only if you opt for generation of settlement messages at the time of defining a product. At the time of creating a product, you can indicate whether you want to generate settlement messages for contracts, which you want to process under the product that you are defining.

Select the option 'SGEN Required', if you want to allow generation of settlement messages. Consequently, Oracle Lending generates settlement messages for contracts associated with the product. You have to specify the number of calendar days before the repayment date, when a settlement message has to be generated for the customer (as a reminder of the payment), if you have opted for generation of settlement messages. This is specified as 'Notice Days' in the 'Preferences' screen. The system checks for the settlement days prior to the due date against the currency holiday calendar and accordingly execute the holiday treatment, if the settlement date falls on a currency holiday.

Anniversary Billing

Select this check box to specify that billing notices should be generated after the maturity date of the contract and on every anniversary date of maturity, if there is any amount due from the counter party.

Note

- The billing notices are generated on all anniversaries of the maturity date till the contract is completely liquidated.
 - The billing is applicable only for the overdue amount and for all the components (principal, interest and fee).
 - Anniversary billing option is applicable only for the fixed maturity type of loans.
-

Allowing Rollover

You should specify whether a loan, involving the product you are defining, can be rolled over into a new loan if it is not liquidated on its Maturity Date.

If you specify that rollover is allowed for the product, it is applicable to all the loans involving the product. However, at the time of processing a specific loan involving this product, you can indicate that rollover is not allowed.

However, if you specify that rollover is not allowed for a product, you cannot rollover loans involving the product.

The terms of a rolled over loan can be the same as those of the original loan or they can be different. If the terms should be different, they should be specified during loan processing.

Track Pay/Receive

Select this check box to specify that back valued activity should be tracked through Pay / Receive infrastructure.

Note

As part of discounted schedules changes, 'Track Pay/Receive' is mandatory for non-bearing products.

Example

Consider a loan of 200,000 USD given to AIRBUS on December 01, 2007 with principal payment on every first of the month. The maturity date of the loan was 01-Mar-2008, Last payment was done on 01-Feb-2008 and the current scenario is depicted below:.

Schedule date	Amount Due(USD)	Amount Settled (USD)
1-Jan-08	10,000.00	10,000.00
1-Feb-08	10,000.00	10,000.00
1-Mar-08	10,000.00	0.00

Current System date is 15-Feb-08 and a back valued VAMI with a value date as 15-Dec-2007 is done to increase the rate such that amount due for the interest gets changed. As a result of the VAMI the amount settled is adjusted automatically. The scenario after the VAMI is depicted below:

Schedule date	Amount Due(USD)	Amount Settled(USD)	Pay/Receive
1-Jan-08	11,000.00	10,000.00	1000.00
1-Feb-08	11,000.00	10,000.00	0.00
1-Mar-08	11,000.00	0.00	0.00

Prepayment After Maturity

Select this check box to specify if the value date of the payment exceeds the maturity date of the contract. You can specify a date beyond the next schedule date if the next immediate schedule date is the maturity date of the contract.

The value date of the pre-closure instruction can cross the maturity date of the contract if the contract is marked for rollover and rollover instruction of the contract is captured with Rollover mechanism as new version. The system will default the value date of the pre-closure instruction based on the holiday treatment preferences maintained for the contract.

Note

This check box is enabled only for deposit products.

Overpayment & Auto-Sch Adjustment

Select this check box to specify that overpayment and back valued activities should be allowed for a product. If amount due is changed due to rate change or back valued activities, then the amount settled is adjusted automatically by the system according to amount due. By default this check box is not selected.

Example

Consider a loan of 200,000 USD given to AIRBUS on December 01, 2007 with principal payment on every first of the month. The maturity date of the loan was 01-Feb-2008, Last payment was done on 01-Feb-2008 and the current scenario is depicted below:

Schedule date	Amount Due(USD)	Amount Settled (USD)
1-Jan-08	10,000.00	10,000.00
1-Feb-08	10,000.00	10,000.00

The contract status is liquidated and the rate for the underlying rate code is changed for the effective date of 15-Dec-2007 such that amount due for the interest gets changed. As a result of the rate change, system adjusts the liquidated schedules automatically. The scenario after the VAMI is depicted below:

Schedule date	Amount Due(USD)	Amount Settled(USD)
1-Jan-08	11,000.00	11,000.00
1-Feb-08	11,000.00	9,000.00

Rate change for Liquidated Schedules

Consider a loan of 200,000 USD given to AIRBUS on December 01, 2007 with principal payment on every first of the month. The maturity date of the loan was 01-Mar-2008, Last payment was done on 01-Feb-2008 and the current scenario is depicted below:

Schedule date	Amount Due(USD)	Amount Settled (USD)
1-Jan-08	10,000.00	10,000.00
1-Feb-08	10,000.00	10,000.00
1-Mar-08	10,000.00	0.00

Current System date is 15-Feb-08 and a back valued VAMI with a value date as 15-Dec-2007 is done to increase the rate such that amount due for the interest gets changed. As a result of the VAMI the amount to be settled is adjusted automatically. The scenario after the VAMI is depicted below:

Schedule date	Amount Due (USD)	Amount Settled (USD)
1-Jan-08	11,000.00	11,000.00
1-Feb-08	11,000.00	9,000.00
1-Mar-08	11,000.00	0.00

Note

Both 'Track Pay/Receive' and 'Overpayment & Auto-Sch Adjustment' options cannot be checked simultaneously.

On selecting the 'Overpayment & Auto-Sch Adjustment' check box, the system performs the following:

- Payments are allowed beyond the amendment date.
- Payments beyond any rate revision or rate fixing date can be done. If the total interest to be liquidated changes due to this, then the amount settled is adjusted automatically based on the net interest period.
- Payments beyond payment can be done. Due to this payment, if the amount due is effected then the schedules are adjusted based on the net interest paid (Amount paid-refund amount-amount reversed) automatically.
- Value dated amendment beyond rate revision/rate fixing date (only for principal increase and spread change).

Confirming the Status of Loan Products

Select the 'Confirm' check box to indicate the confirmed status for loan products. This check box is enabled only if 'Product Type' is 'Loan'. By default, this check box is selected.

You can amend the 'Confirm' check box at the product definition level. However, this amendment does not propagate to active/liquidated contracts except for new loan booking and future processing like rollover and Value Dated Amendment (VAMI).

Applying a Block on the Limit of a Credit Line

You can block the limit of the credit line of a commitment contract to the extent of the amount of the commitment contract, by selecting the 'Apply Limits Block' check box.

Note

This is enabled only for commitment products.

Reprice Product

You can specify whether the amortized amount of the contract with the selected product can be transferred to a child contract.

Select 'Reprice Product' check box to indicate any contract booked under this product can be re-priced.

This field is enabled only if:

- The product is a Loan product
- You have selected the option 'Bearing' against the field 'Payment Type', the option 'Normal' against the field 'Schedule Type'

When you enter a contract under a product that allows re-pricing, you have to do so through the Re-price Transaction screens. Such products are not available for contract booking through the OL Contract Online screen. You cannot transfer the unamortized amount if this option is not selected here.

Specifying whether the Product Is an Intra-Day Product

Select the 'Intra-Day Product' check box to indicate the product, for which you are specifying preferences, is an intra-day product. Once you select this box for a product, you can only enter

intra-day deals under it. An intra-day deal is one wherein the Value Date and Maturity Date fall on the same day. The interest is calculated for one day.

Note

- When you enter a contract that uses an intra-day product, the fields 'Contract Value Date' and 'Maturity Date' are set to the system date in the OL Contract Online screen.
 - If you select the 'Intra-Day Product' check box, the check box 'Pay Past Schedules' is deselected and disabled.
-

Banker's Acceptance

This check box is enabled only if the payment type is 'Discounted' or 'True Discounted' for the drawdown product. Ensure to deselect 'Liqd of Interest. on Prepaid Principal' and 'Allow Rollover' before selecting 'Bankers Acceptance'.

Allow schedules for discounted

This check box is allowed for 'Discounted' products. If this check box is selected, then you can define interim schedules for the main interest component.

If this check box is selected, then the new interest schedules are derived. Interest schedules are derived starting from the value date till the maturity date.

Interest amount is collected upfront on the schedule date and subsequent amount is updated for the next schedules based on principal. Interest calculation is always advance in discounted schedules.

If the interest recalculated is greater than the previous interest due, then the extra interest is debited from the customer. If the interest recalculated is less than the previous interest due, the extra interest collected needs to be credited to the customer.

Override Subsequent Rates

If this check box is selected, then all the future date amendments, that is greater value date amendments are overridden with the rate/spread change. If this check box is not selected, then rate/spread applied till the next date amendment of value date.

This is applicable for Discounted, Bearing, and Amortized type of loan products.

Allow FX Variation

If this check box is selected the system converts all FCY loans and displays the amount fields in LCY. The system calculates the tax, charges, IOF and displays the amount in local currency in 'Local Currency Equivalent' and 'Exchange Rate fields' of contract Charge/Tax screens. By default, this check box is disabled.

LMA Participation

The 'LMA Participation' check box is enabled only for the loan products.

Note

If the 'LMA Participation' check box is selected, then the OL product is considered as LMA product

You are not allowed clear the check box once the product is selected and authorized with selection. The value of the check box is copied when you copy an existing loan product with the check box selected.

4.2.16.1 Indicating the Automatic Schedule Movement for Holiday Treatment

You can choose to change maturity date whenever changes are made to the holiday calendar (for instance, a holiday is made a working day or vice versa). To specify the change in maturity date, choose the following options:

Change Maturity Schedules

In case the maturity date falls on a holiday, you can choose to change future maturity date by choosing this option.

Calendar Change affecting contracts

Whenever changes are made to the holiday calendar, you can specify the manner in which the maturity date is to be considered by choosing any one of the following options:

- From working to holiday
- From holiday to working

For adhoc holiday treatment, all the fields under 'Automatic Schedule Movement' needs to be maintained. In 'Holiday Preferences' screen, the various fields available for Disbursement/ Payment Schedules, Rate Revision Schedules, Maturity Schedules and Principal Schedules tabs are applicable for adhoc holiday treatment. You can select any of these fields.

Adhoc holiday treatment changes the schedule date during EOD. If you change working day to holiday or holiday to working day in any of the holiday maintenances screens - Local Holiday Maintenance (STDLOCHL), Currency Holiday Maintenance (STDCCHOL), or Financial Centre Holiday Maintenance (OLDFCHOL) screens, the system changes the next working /previous working day based on the holiday parameters during EOD in Disbursement/ Payment Schedules, Revision Schedules, Maturity Schedules, Principal Schedules tabs.

For more information on holiday maintenance screens, refer to Common Core - Core Entities and Services and Product Definition User Manual.

4.2.16.2 Specifying Loan Statement Generation Preferences

As part of the preferences you define for a product, you can indicate if a loan statement report needs to be generated for contracts involving the product. If loan statements are to be generated, you can indicate if the loan statements should be in a summary or detailed format.

If loan statements are to be generated for contracts involving the product, you have to indicate the frequency of statement generation. You can set the frequency to any one of the following options:

- Annual
- Semi-Annual
- Quarterly
- Monthly
- Fortnightly
- Weekly
- Daily

Based on the frequency that you specify, you can also indicate the month/weekday for the generation of the statement. Thus, if you have set the loan statement generation frequency to Annual, Semi-Annual, or Quarterly, you have to indicate the month in which the first statement is to be generated.

Similarly, if you have indicated that statement generation is to be on a fortnightly or weekly basis, you should specify the day of the week on which the statement is to be generated. For

instance, if you indicate that a weekly generation should be done on Thursday, the statement is generated every week on Thursdays.

When the frequency is set to monthly, then by default, the statement is generated on the last day of every month. You can also select a different day from the drop-down menu.

Note

The product preferences that you indicate applies to all contracts involving the product. However, you can change these preferences while processing a specific contract.

4.2.17 Identifying Products for Agency Contract Creation

You have to identify the loan products that can be used to facilitate automatic creation (Straight Through Processing - STP) of the corresponding commitment/loan contract for the tranche/drawdown booked on the agency side (LB module).

Select 'Agency Contract' box to identify the products. This value defaults to all contracts booked under the product. It helps in distinguishing a normal loan from an agency contract. However, if required, you can deselect this check box for a contract.

If you select this check box for the product, you have to ensure the following:

- Associate only those interest components with the loan product (in the 'ICCF Details' screen) for which 'Rate Type' is 'Fixed' and 'Fixed Rate Type' is 'Agency'.
- Link only those fee components with the loan product for which 'Basis Amount Tag' is 'User Input'.

For details on defining interest components, refer the section titled 'Defining Interest Details' in the 'Interest' User Manual.

The agency products defined here are available for mapping with LB products (in the 'LB OL Product and Component Mapping' screen).

For more details, refer the 'Straight Through Processing' chapter of this User Manual.

Specifying whether the Product is a Fed Rate Product

Select the 'Rolling Loan' check box to indicate the product is a Fed Rate product. The fed rate of contracts booked under Fed Rate products, changes everyday. Even if a loan has been liquidated, the option of drawing an additional loan amount is available. The contract is thus kept alive. The option of repaying an outstanding loan amount partially or fully is also available.

For a Fed Rate loan, you have to enter the Contractual Maturity Date and Contractual Effective Date in the OL Contract Online screen.

When you liquidate such contracts manually, the system displays an override message if, as a result of the transaction, the outstanding balance is reduced to zero. The contract can remain 'Active' despite the outstanding balance being reduced to zero as a result of the transaction.

Specifying whether the Contracts to be Included in 1098 Statement

Select the 'Include in 1098 Stmt' check box to indicate whether the underlying contracts of the Product should be included in 1098 Statement.

This value, you specify here, is not defaulted to the Contract level.

Allowing Prepayment along with Overdue Schedules

You can indicate whether you would like to accept payments for overdue schedules along with the pre-payments or whether you would like to split the payments.

Example

Let us assume that you have loaned a USD 10,000 to Mr. Silas Marnar, a customer of your bank at 10% interest. This loan has been initiated under the Short Term Personal Loans for regular customers' scheme.

Mr. Marnar's monthly EMI works out to USD 1010. The tenor of the loan is for a year, from January 2001 to January 2002.

In the month of March, Silas Marnar informs your bank that since he will not be able to pay the amount in March, he would like to make the payment in the April schedule, along with the schedule amount due for April.

If you select this check box, you are allowed to accept the overdue amount for the month of March, along with the prepayment amount for April. If you leave this check box deselected, you are allowed to process the overdue and pre-payment amounts separately.

Note

Your specification is made applicable to all the contracts associated with this product.

Tracking Accrued Interest for Credit Utilization

You have to specify whether the accrued interest of loans (that has not been paid) should also be considered as the 'utilized amount' for the purpose of credit administration. (You could have more than one interest type of component applicable on a product. In such a case, you should designate one as the 'main' interest).

Note

For tracked accrued interest, in Branch Parameter (OLDBRPRM) screen, the 'Accrual Level' must be selected as 'Contract'.

The following example illustrates how this concept works.

Example

Mr. Brian Williams has taken a loan of USD 10,000 under 'Short-term Loans for Individuals' from you, on 1 June 1997 at 20% interest. The loan is to be liquidated on Maturity on 31 May 1998. This customer's central liability limit is USD 11,000.

Now, Mr. Brian Williams approaches you for another loan of USD 1,000 on 31 December 1997. If you have opted to track the accrued interest, his total liability on 31 December 1997 is USD 11,167 (USD 10,000 + USD 1,167 as of 31 December – Interest calculation method Actual/365). And since the 'utilized amount' is above his central liability limit (USD 11,000), he is not be eligible for the second loan of USD 1,000.

However, if you have opted not to track the accrued interest on his loan, then he can go for the second loan of USD 1,000 as only the principal amount is considered as the utilized amount.

If you opt to 'track' accrued interest, then the interest accrued on loans is added on to the amount utilized by the customer, for credit administration.

The utilization is shown as the sum of the principal and the accrued interest in the reports generated by the credit administration (Limits) sub-system. Outstanding interest, if any, is also be shown in these reports.

Applying Prepayment Penalty

A prepayment is a repayment that is made before it is due. When creating a product you can indicate whether a penalty can be applied on a loan if there is a prepayment. If a principal repayment is done before the schedule date, you can charge a higher interest on the amount that is repaid before it is due. The following example explains a 'prepayment'.

Example

Parivallal Express Services has taken a loan of USD 10,000 at 14% interest on 1 January 1998. The loan is to mature on 31 March 1998. There are three monthly payment schedules for the interest and the principal is to be paid at maturity. Now, Parivallal repays the entire principal on 31 January 1998, that is, on the first schedule date of the interest. This amounts to a prepayment.

You have advanced the loan for a period of three months and interest would have accrued on the principal for this period. But since, the principal itself has been repaid, you will be able to charge interest only for one month. You have the option of charging a prepayment penalty on the principal that was paid back before it was due. This could be in the form of a higher rate of interest (higher than 14%) for the one-month period, applied on the amount repaid in advance. Alternatively, it can be a flat amount.

For the amount that is paid before it is due, the penalty interest (it can be the rate that has to be applied in addition to the normal interest rate or a flat amount) should be specified when the repayment is being processed for the loan.

Here is another example to explain the concept:

Example

Ms. Yvonne Cousteau has a loan contract with you. The terms of this contract are as follows:

- Principal USD 10,000
- Value Date of the contract 01/01/97
- Maturity Date of the contract 31/03/97
- Interest Rate 10%

Payment schedules Principal and interest paid on maturity

If Ms. Cousteau wants to repay a part of the principal, say USD 4,000 on 15/01/97, you may want to charge a higher interest rate on this part of the principal. Let us assume you want to charge 12% interest on USD 4,000, which was prepaid on 15/01/97.

When the prepayment is done on 15/01/97, the interest amount is calculated as follows:

USD 4,000 at 12% (the amount that is prepaid) for a period from 01/01/97 to 14/01/97

USD 6,000 continues to be processed at 10% interest.

(You can specify the 'penalty rate', which is the percentage of interest that has to be increased from the earlier contract rate or a penalty amount as the case may be, through the manual liquidation screen. In this example, the 'penalty rate' is 2%.)

When defining the preferences for a product, you can *only* indicate whether penalty can be applied on loans involving the product. The actual penalty rate or the amount can be specified when the repayment is processed.

Specifying whether Prepayment of Loans is Allowed

Before indicating your preference for prepayment penalty, you need to specify whether payment of the principal before a loan schedule is allowed for the product.

If you specify that prepayment is not applicable to the product, the system does not allow prepayment of loans schedule. During manual liquidation process, the system verifies that the limit date is greater than the Application date. Subsequently, the system displays an error message.

Note

If the value date of the pre-closure instruction crosses the maturity date of the contract, then the Limit date should be blank.

Specifying whether Cost of Credit is Allowed

Select this check box to indicate that the system should accept cost of credit valuations from RAPID. If this is selected, the system derives the cost of credit valuations and apply these on the loans and commitments created using this product. This is applicable only to commitment products. You can change this value at the commitment level before it is authorized. After authorization, you can select this option at the commitment level if you have not selected it before. However, if you have selected it, you cannot deselect it at the product/commitment level after the authorization

Propagating Statuses to Loans

You can propagate the user-defined status that has been assigned to a commitment to all the active underlying loans by selecting this option at the product level. This is available only for commitment products and applicable only if the mode of changing status for the commitment and the underlying loan is manual.

If this option is selected and a new non-performing commitment is booked, the system assigns the non-performing status to any loan that is booked under this commitment. The system does not allow you to change the status to performing for the booked loan. Similarly, a loan that is booked under a commitment with status 'performing' is also assigned the same status, even if you have selected a non-performing status for the loan. You cannot change this status for the loan to non-performing.

If this preference is checked for a commitment, you can change it only if there are no active contracts for the commitment with the 'Propagate Status' preference selected. If there are such loans, then the system does not allow you to deselect the preference to 'No' at the commitment level.

If multiple statuses are maintained for the commitment and the underlying loans, the following need to be considered:

- The number of user defined statuses should be the same for the commitment and the loans under it. This facilitates the propagation of the last status assigned to the commitment to all the underlying loans of the commitment.
- In case of multiple status changes to the commitment contract during the same day, then during batch process the system will apply the latest status assigned to the commitment to the underlying loans
- The status change at the loan level is based on the 'Status Sequence Number' you have maintained for the product

Re-computing Schedules after a Prepayment

When defining the preferences for a product, you have to specify whether the interest on the future schedules of a loan (involving the product) has to be recalculated in case of a prepayment on a schedule (that is, when a repayment is made before its due date).

Example

You have specified repayment schedules for Parivallal Express Services for a USD 300,000 loan at 14% interest for three months as follows:

- USD 100,000 with interest on 1 January 1998
- USD 100,000 with interest on 1 February 1998
- USD 100,000 with interest on 1 March 1998

Now, Parivallal Express Services repays USD 150,000 on 1 February 1998. This leaves only USD 50,000 principal to be paid back with interest.

However, the interest would have been calculated with the expected balance of USD 100,000 on the third schedule and not the present USD 50,000. When defining the product preferences, you can opt to re-compute schedule amounts for the interest component automatically to be in tune with the principal pre-payment.

If you do not specify that schedules have to be recomputed, the interest recalculation in view of the advance payment will not be done. Parivallal will have to pay the same interest that it would have had to pay, if it had kept up with the original schedule.

Hold Prepayments in Intellect Browser

Select this check box to indicate that the prepayments of all those contracts done under this product are held in Intellect browser for you to enter the Break cost and then release to Intellect. You need to select this option for all those products for which Break cost is required to be input before handing off the details to Intellect.

Note

This is applicable only for the contracts through STP from Agency to Originations.

Specifying if Installment Schedules should be Allowed

Your bank may need to define a flexible repayment schedule for some customers who avail loans. The customer may need to repay fixed amounts on certain schedules, which you must adjust towards both interest and principal.

For such customers, for a loan contract with payment method as bearing, and normal schedules, you can define installment schedules. The amount repaid on the due date of an installment schedule is considered as inclusive of interest computed on the main component.

It is possible to have more than one installment schedule for a contract.

To define installment schedules, you must:

- Specify installment schedules as allowable, for the product in the Installment Preferences screen. Select the 'Allow Installment' option. When you do this, for any loan contract involving the product, you can define installment schedules.
- When you enter a loan contract using the product for which installment schedules are allowable, in the Contract Schedules screen, select "Installment" as the component, and specify the fixed amount being repaid. The interest payable on the main component is computed and deducted from the fixed amount, and the remaining portion is appropriated towards repayment of principal.

Click the 'Installment Details', to specify the Installment Preferences.

The screenshot shows a dialog box titled "Installment Preferences". At the top left, there is a checkbox labeled "Installment Loan". Below it are five dropdown menus: "Rate Type", "Rate Code", "Int Calc Type", "Borrow Lend Indicator", and "Interest Basis". The "Rate Code" field has a magnifying glass icon to its right. At the bottom right of the dialog, there are two buttons: "Ok" and "Cancel".

An example of a contract with installment schedules is shown below:

Example

The calculation of amounts due for principal and interest for main component is explained below with an example.

You have issued a loan to one of your customers, with a Value Date of 1st January 2003, which matures on 1st November 2003. The amount of the loan is 10,000 USD, the interest being charged at 10.00%, calculated on 'Actual / 360' basis.

Schedules for principal and interest on the loan are shown in the table below. The customer has requested you to define monthly fixed amount schedules from 1st May 2003 to 1st July 2003, and also between 1st September 2003 and 1st November 2003, when the loan matures.

Component	Start Date	Number of schedules	Frequency	Amount
PRINCIPAL	01-FEB-2003	3	Monthly	500.00
INTEREST	01-FEB-2003	3	Monthly	
INSTALLMENT	01-MAY-2003	2	Monthly	1,000.00
PRINCIPAL	01-JUL-2003	1	Daily	1,000.00

INTEREST	01-AUG-2003	1	Daily	
INSTALLMENT	01-SEP-2003	2	Monthly	1,500.00
PRINCIPAL	01-NOV-2003	1	Bullet	
INTEREST	01-NOV-2003	1	Bullet	

For each schedule due date, the amount due for the interest and principal components, as computed by the system, are shown below (the installment schedules are marked):

Schedule	Component	Due Date	Amount
	INTEREST	01-Feb-2003	86.11
	PRINCIPAL	01-Feb-2003	500.00
	INTEREST	01-Mar-2003	73.89
	PRINCIPAL	01-Mar-2003	500.00
	INTEREST	01-Apr-2003	77.50
	PRINCIPAL	01-Apr-2003	500.00
Installment	INTEREST	01-May-2003	70.83
	PRINCIPAL	01-May-2003	929.17
Installment	INTEREST	01-Jun-2003	65.19
	PRINCIPAL	01-Jun-2003	934.81
	PRINCIPAL	01-Jul-2003	1,000.00
	INTEREST	01-Aug-2003	103.83
Installment	INTEREST	01-Sep-2003	48.53
	PRINCIPAL	01-Sep-2003	1,451.47
Installment	INTEREST	01-Oct-2003	34.87
	PRINCIPAL	01-Oct-2003	1,465.13
	INTEREST	01-Nov-2003	23.42
	PRINCIPAL	01-Nov-2003	2,719.42

For the installment schedules, the amount repaid is adjusted towards interest and principal.

Details of the calculation of interest on the various due dates, based on the principal being repaid are shown below:

Due Date	Start Date	End Date	Days	Basis Amount	Interest
01-Feb-2001	01-Jan-2001	01-Feb-2001	31	10,000.00	86.11
01-Mar-2001	01-Feb-2001	01-Mar-2001	28	9,500.00	73.89
01-Apr-2001	01-Mar-2001	01-Apr-2001	31	9,000.00	77.50
01-May-2001	01-Apr-2001	01-May-2001	30	8,500.00	70.83
01-Jun-2001	01-May-2001	01-Jun-2001	31	7,570.83	65.19
01-Aug-2001	01-Jun-2001	01-Jul-2001	30	6,636.02	55.30
01-Aug-2001	01-Jul-2001	01-Aug-2001	31	5,636.02	48.53
01-Sep-2001	01-Aug-2001	01-Sep-2001	31	5,636.02	48.53
01-Oct-2001	01-Sep-2001	01-Oct-2001	30	4,184.55	34.87
01-Nov-2001	01-Oct-2001	01-Nov-2001	31	2,719.42	23.42

Pool Funding

Pool Funding Required

Select the check box to indicate that Pool funding reference number is mandatory for contracts linked to this product.

Master Funding Required

Select the check box to indicate that Master funding reference number is mandatory for contracts linked to this product.

Note

- The check-boxes, Pool Funding Required and Master Funding Required are enabled only for products of type 'Commitment'. By default, these check-boxes are deselected.
 - For product types other than type 'Commitment', these check-boxes are deselected and disabled.
-

4.2.18 Specifying the Reversal Transaction Type

When you reverse a contract, the event-wise accounting entries of the original contract is reversed. You can specify a reversal transaction type as default transaction type for all contract or payment reversals,

All the reversal transaction types you have maintained through the Reversal Type Maintenance screen is displayed in the option list. Choose the preferred transaction type.

Revision Notice Days

Specify the notice days for rate revision to generate the rollover advice.

Note

'LD_BRVN_ADV' message is created along with an advice format which is attached to the event BRVN at the Product level. BRVN event gets activated when Auto Rollover Advice is generated before the rate revision date. The advice format is attached to this event.

4.2.19 **Discounting Multiple Schedules for Discounted Loans**

While purchasing a portfolio of discounted loans you need to discount multiple schedules. Oracle Lending allows you to combine multiple principal schedules, each having an independent amount and repayment date, in one contract.

All the principal amounts are discounted from repayment date to payment date by using the same discounting rate. The combined amount is then liquidated in parts during each repayment schedule.

Note

The interest at the end of each schedule is calculated on the installment schedule amount rather than the total outstanding principal in that schedule.

Example

A customer of portfolio purchase has a discounted loan with the following attributes:

- Loan Amount - USD 9,000
- Interest Rate - 10% p.a.
- Discounted Amount-USD 8,854.83
- Repayment schedule-3 installments of USD 3000 each
- Origin Date - January 01, 2002
- Repayment Dates -1st of each month

For portfolio purchase, the chronogram will be:

Due Date	Days	Principal Liquidated	Interest Liquidated	Total
01-Feb-2002	31	USD 2,974.74	USD 25.26	USD 3,000
01-Mar-2002	59	USD 2,952.28	USD 47.72	USD 3,000
01-Apr-2002	90	USD 2,927.81	USD 72.19	USD 3,000
TOTALS		USD 8,854.83	USD 145.17	USD 9,000.00

To enable the process of discounting multiple schedules while purchasing a portfolio of discounted loans you need to enable the **Interest On Schedule Amount** option in the Additional Preferences screen.

4.2.20 Indicating the Annual Effective Rate (TEA) for loans

The Annual Effective Rate of interest is computed in the following manner:

Annual Effective Loan Rate (TEA) =

$$\left[\left(1 + \left(i * \frac{PPI}{360} \right) \right)^{\frac{360}{PPI}} / (1 - or) \right] - 1$$

(In this case we have used 360 as the denominator. The other options available are 365 days, Actuals or Currency. The denominator is defaulted from your specification in the Branch Conditions screen.)

Where the following are the abbreviations used.

- TEA – Annual Effective Loan Rate
- i - Annual Nominal Rate
- PPI – Interest payment periodicity
- or – Other surcharges expressed in percentage

Note

The financial charges that are not recurring, for example a flat commission charged to disbursement, are accumulated and divided by the principal amount and are included in that percentage in the 'or' term.

The TEA can be used for reporting in customer statements and to regulatory authorities. For printing the effective loan rate in customer advices and central bank reports you can enable the Effective Loan Rate option.

Additionally you will also need to enable this option in the MM/Loans and Deposits Branch Conditions screen.

The TEA rates are calculated during:

- Takedown
- Value Dated Amendments
- Contract amendments resulting in change of cash flows
- Partial or full liquidation or pre-payment
- Rollover

Example I

Case I

Mr. Franco Gonzalvis borrowed a sum of USD 10,000 under a Loan Scheme wherein the interest is paid by the borrower at the beginning of every month, while the principal is repaid at the end of the loan tenure. The bank charged a nominal interest of 12% p.a. Mr. Franco Gonzalvis availed of the loan on 1st Jan 2002 and agreed to repay the entire principal on 1st Jan 2003. The Bank charged a processing fee of USD 100 .In this case the TEA calculation would be as follows:

$$\left[\left(1 + \left(i * \frac{PPI}{360} \right) \right)^{\frac{360}{PPI}} / (1 - or) \right] - 1$$

PPI or the interest payment periodicity = Duration of the contract (365 days) divided by the number of interest payments (12). (i.e., 365 / 12)

Therefore the above formula TEP=

$$[[\{1 + (.12 * (365/12)/360)\} \text{ power } (360/(365/12))]/(1-.01)] - 1 = 0.138198$$

Note

PPI is always computed as the duration of the Contract (deposit) divided by the number of interest payments (Even if the interest payment periods are not at periodic intervals).

Case II – Prepayment of Entire Loan Amount

Suppose Mr. Gonzalvis repays the entire Loan amount on 02-Dec-2002. Then the TEA computation Repayment of the loan would be as follows:

The number of days between 1st Jan 2002 and 02 Dec-2002 =335

The number of interest payments = 12 (11 monthly payments from 1st Feb to 1st Nov and an interest payment on 2nd Dec for one day). Therefore PPI= 335/12

Thus TEP =

$$[[\{1 + (.12 * (335/12)/360)\} \text{ power } (360/(335/12))]/(1-.01)] - 1=0.138254$$

Example II

Rate Change

Mr. Marco Van Basten borrowed a sum of USD10000 under the Loan scheme wherein the interest payments are made by the borrower on the first of every month. He borrowed the sum on the 1st of Jan 2002 when the rate was 12%. The loan repayment date is 1st Jan 2003. After 2 months on the 1st of March the rate changes to 15% (the terms of the loan– i.e. interest payment periodicity remain unaltered). Other surcharges are waived. (I.e. OS is zero)

In such cases the Nominal interest that is to be used in the above mentioned formula is computed as follows:

$$\begin{aligned} \text{Nominal Interest Rate} &= \text{Interest Paid /Average Deposit amount} \\ &= ((10000*0.12*2/12) + (10000*0.15*10/12))/10000 \\ &=1450/10000 \\ &=14.5\% \end{aligned}$$

The TEA for the above example =

$$[[\{1 + (.145 * (335/12)/360)\} \text{ power } (360/ (335/12))]/ (1-0)] - 1=0.155022=15.5022\%$$

Derivation of Nominal rate in case of Discounted or true discounted deposits In case of Discounted and True discounted deposits the Nominal rate of Interest is computed as follows:

$$\text{Nominal Rate} = (\text{Interest Payable} \times 360)/$$

$$((\text{Principal-Interest Payable}) \times \text{Duration of contract})$$

(In case of discounted and true discounted the duration of the contract is equal to the interest payment periodicity)

The Nominal Rate so computed is then used to compute TEA

Example III

Discounted Loan

Mr. Andrez Sacoli borrowed a sum of USD 10000 under a Discounted Loan Scheme. At the time of the initiating the loan the prevailing interest rate was 12% for a loan of one year.). Other surcharges are waived. (I.e. OS is zero)

TEA would be computed as follows:

The nominal Rate = $(1200 \times 360) / (10000 - 1200) \times 365 = 13.449564\%$

TEA= $[[\{1 + (.13449564 * (335/12)/360)\} \text{ power } (360/ (335/12))]/ (1-0)] - 1$
 $= 0.134375 = 13.4375\%$

Example IV

True Discounted Loan

In the case of a True discounted loan the computation will be as follows:

The Nominal Rate = $(1071.43 \times 360) / (10000 - 1071.43) \times 365 = 0.118356 = 11.8356\%$

TEA=

$[[\{1 + (.118356 * (335/12)/360)\} \text{ power } (360/ (335/12))]/ (1-0)] - 1$
 $= 0.118263 = 11.8263\%$

Note

In addition to enabling this option for the loan product you need to enable it for your branch through the MM/OL Branch Conditions screen.

For further details refer to the *Automatic Processing* chapter of this manual.

4.2.21 Enabling the Customer Effective Loan Rate Option

The Customer Effective Loan Rate (TEAC) is computed using the following formula:

$$\sum_{k=m}^1 ((D_k) / ((1 + (e_k * r)) * ((1 + r) \text{ power } q_k))) =$$

$$\sum_{j=n}^1 ((P_n) / ((1 + (f_j * r)) * ((1 + r) \text{ power } t_j)))$$

Where:

- r = TEAC
- D_k = amount of the Kth disbursements (m disbursements)
- q_k = number of complete periods from the first credit transaction date to kth disbursement
- e_k = fraction of period in the time interval from the first credit transaction until the kth disbursement

$$e_k = ((DD_k - DD_1) / DP) - ((int (DD_k - DD_1)) / DP)$$

Where:

- DD_k = Date of the k^{th} disbursement
- DP = number of days in a payment period. This is computed by dividing the duration of the contract by the number of payments and rounding the result to the nearest number which divides 360 without leaving a remainder.
- int = Integer value.
- m = number of disbursements.
- P_j = Payment amount j.
- f_j = fraction of period in the time interval from the credit transaction until payment j =

$$f_j = ((PD_1 - DD_1) / DP) - ((\text{int} (PD_j - DD_1)) / DP)$$

Where:

- DD_{kj} = Date of the k^{th} disbursement
- DP = number of days of the payment period. This is computed by dividing the duration of the contract by the number of payments and rounding the result to the nearest number which divides 360 without leaving a remainder.
- PD_j = date of the j^{th} payment
- int = integer
- n = number of payments

The TEAC can be used for reporting in all the loan liquidation advices to the customer. For printing the customer effective loan rate in customer advices you can enable the Customer Effective Loan Rate option.

Additionally you will also need to enable this option in the MM/Loans and Deposits Branch Conditions screen. The TEAC rates are computed during:

- Takedown
- Value Dated Amendments
- Contract amendments resulting in change of cash flows
- Partial or full pre-payment

Refer to the examples given in Accounting Entries and Advices Chapter to view examples of how the TEAC is calculated.

4.2.22 Allowing Forward Dating

The Value Date of a loan (that is, the date on which it is initiated) can be:

- The date on which it is issued (booked)
- A date in the past
- A date in the future

You should indicate whether a loan involving a product can have a Value Date in the future. A loan can have a value date in the future only if you have allowed it for the product which it involves. An initiation date in the past, or today, can be indicated for any loan.

When a loan with a Value Date in the future is stored, no accounting entries are passed on the date of input. The loan is initiated by the Automatic Contract Update function during the Beginning of Day (BOD) processes on the Value Date (initiation date). All the necessary accounting entries are passed on this date.

However, if the initiation date (Value Date) falls on a holiday, the loan is initiated as per your holiday handling specifications in the Branch Parameters screen:

- If you have specified that automatic processes are to be carried out for holidays, the loan slated for initiation on the holiday is initiated during end-of-day processing on the last working day before the holiday.
- If you have specified that the automatic processes are to be carried out only till the System Date (today's date), the loan slated for initiation on the holiday is initiated on the next working day, immediately after the holiday, during beginning-of-day processing.

4.2.23 Prioritizing the Liquidation of Components

Oracle Lending allows you to define the order of liquidation for the various loan components. You can invoke the 'Component Liquidation Order' screen from the Loan and Commitment Product Preferences' screen by clicking the 'Liquidation Order' tab.

The screenshot shows a software window titled "Component Liquidation Order". At the top, there are input fields for "Product Code" and "Product Description". Below these is a "Status" field with the value "NORM". The main area is titled "Liquidation Order" and contains a table with the following columns: "Component", "No.", "Auto Liq", and "Generate Message". The table is currently empty. Above the table, there are navigation controls including "1 Of 1", a "Go" button, and list management icons (+, -, and a grid icon). At the bottom right of the window, there are "Ok" and "Cancel" buttons.

For a loan with automatic liquidation, the order of liquidation becomes important when funds are insufficient in the repayment account on the day of liquidation and more than one component has a schedule falling due on that day and has the same settlement account.

Under such circumstances, you may want to allot priority to the recovery of certain components. For example, you may want to recover the interest (or interest type of components) first and then the principal. The aging analysis function takes over once a component is overdue and an appropriate penalty is applied. For a component on which penalty interest has been applied, you may want to recover penalty interest first, the interest next and finally the principal.

For a loan defined with manual liquidation of components, the Liquidation Order is considered when a payment has to be automatically distributed among the various outstanding components.

Note

You can specify the liquidation order for all the interest type of components and the principal.

If you have chosen the 'Component' liquidation type to be applied to loans involving the product, you must select the components that must be liquidated automatically.

In the Component Liquidation Order screen, you can select the 'Auto Liq' box for those components that you want to be automatically liquidated. These selected components are automatically liquidated in the order assigned in this screen.

Any components for which you do not select the 'Auto Liq' box must be liquidated manually.

Example

For instance, in the Component Liquidation Order screen shown above, the components that will be liquidated automatically are:

- PRN-PENAL (Penalty on Principal)
- PRINCIPAL (Loan Principal)

The Penalty on Principal is liquidated first, and then the Loan Principal.

The other components, INR-PENAL (Penalty Interest) and INR (Interest) must be liquidated manually, independent of the other components.

If you do not specify the liquidation order, the components are liquidated in the following order:

1. Penalty Interest
2. Interest
3. Principal

Note

Specifications of component-wise liquidation order made as part of Product Preferences maintenance hold true for a loan as long as it is in the NORMAL status. For each adverse status of a loan, you need to maintain the liquidation order separately.

Refer to the *Products User Manual* for details on maintaining liquidation order for loans in adverse status.

4.2.24 Tracking Status Changes for Loans

Oracle Lending allows you to process loan status changes by defining a separate GL/MIS reporting structure for accruals under delinquent loans. For normal loans, the following entries are passed during interest accrual:

- Debit IENC
- Credit Income

At liquidation, the entries passed are:

- Credit IENC
- Debit Customer Account

When a contract's status deteriorates from Normal, all contracts involving the customer can be made to accrue into a different set of GLs, which are also referred to as Memo GLs instead of the regular IENC GL. When the loan moves from normal to a delinquent status you have the option of stopping accruals and redirecting future accruals into Memo GLs. Accruals in Memo GLs will have the following entries:

- Debit Memo Accrual
- Credit Memo Accrual Offset

Real accruals can also be reversed, with catch-up taking place in Memo GLs. On normalization of contracts, memo accruals get reversed and the corresponding accrual amounts get booked into Real GLs, based on contract status rules.

If you are enabling this option for a loan product that you are defining ensure that you enable this option for your branch as well.

When the status of a loan is changed from NORM to a non performing status, the system transfer the HFS (Held for Sale) balance for the asset GL & HFS GL to the new GLs applicable for the status. And all the entries related to HFS balance are posted to the new GLs.

For details of how to set up Status Rules and associate a set of status codes with a product you can refer to the Products User Manual.

4.2.25 Maintaining the Disclosure Details

The Disclosure code is defined in the 'Disclosure Maintenance' screen. You can invoke the 'Disclosure Maintenance' screen by typing 'OLDDSMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows a software window titled "Disclosure Maintenance". At the top left, there are buttons for "New" and "Enter Query". The main content area has three input fields: "Disclosure Code *" (with a red asterisk), "Disclosure Description", and "UCC Code" (with a dropdown menu showing "UCC"). At the bottom of the window, there are several fields: "Maker", "Date Time:", "Mod No", "Record Status", "Checker", "Date Time:", and "Authorization Status". In the bottom right corner, there are "Ok" and "Exit" buttons.

Here you can maintain the following details:

Disclosure Code

Specify the code for the reporting requirement. The reporting requirement is captured as disclosure code.

Disclosure Description

Specify the description of the reporting requirement.

UCC Code

Select this check box if the disclosure code is considered a Uniform Commercial Code (UCC). If selected, the 'UCC' button gets enabled.

Note

Once this check box is selected for a disclosure code and authorized, this check box is disabled and you cannot amend this check box by unlocking the record.

4.2.25.1 Maintaining UCC Details

You can maintain UCC details pertaining to a disclosure code using the 'UCC Details' screen. To invoke this screen, click on 'UCC' button on the 'Disclosure Maintenance' screen.

The screenshot shows a window titled "UCC Details" with a close button (X) in the top right corner. The window contains the following fields and controls:

- Expiry Date: A date input field with a calendar icon and a placeholder "YYYY-MM-DD".
- Refilling Date: A date input field with a calendar icon and a placeholder "YYYY-MM-DD".
- UCC Type: A text input field.
- UCC Customer Name: A text input field.
- UCC Filing County: A text input field.
- UCC Filing State: A text input field.
- Org Registration No: A text input field.
- Curr Registration No: A text input field.
- Propagation Required: A checkbox.
- Ok and Cancel buttons: Located at the bottom right of the window.

You can maintain the following details in this screen:

Expiry Date

Specify the expiry date of the UCC code. Input to this field is mandatory if you select the 'UCC Code' check box on the 'Disclosure Maintenance' screen.

Propagation Required

Select this check box if expiry date is to be propagated to all linked contracts when expiry date of UCC is modified.

All the fields can be amended on the 'UCC Details' screen by unlocking the Disclosure Maintenance record and clicking the 'UCC' button.

Note

If the UCC is not linked to any contracts, there will be no contract level impact of such amendments. If the UCC is linked to contracts, on authorization of the amendment, the

new expiry date is automatically propagated to existing contracts if the 'Propagation Required' check box is selected. If this check box is deselected during modification, then the new expiry date is not propagated to the existing contracts.

4.2.26 **Mapping the Product to Disclosure Details**

Disclosure codes can be mapped to product through the 'Product Disclosure Mapping' screen in 'Product Preferences' screen. Click 'Disclosure Details' in the 'Bilateral Loans Product Definition Preferences' screen

The screenshot shows a web application window titled "Product Disclosure Mapping". At the top, there are two input fields: "Product Code" and "Product Description". Below these fields is a table with two columns: "Disclosure Code" and "Disclosure Description". The table is currently empty. At the bottom right of the window, there are two buttons: "Ok" and "Exit".

You can specify the following details here:

Disclosure Code

Specify the disclosure code (reporting requirements) that should be mapped. The adjoining option list displays the disclosure codes that can be associated with product. Select the required disclosure code which needs to be mapped to the product.

Disclosure Description

The system displays the description of the disclosure codes.

4.2.27 **Specifying the Special Penalty Components**

You can select components to which late payment charges are applicable using the 'Special Penalty Components' screen. To invoke this screen, click the 'Special Penalty' tab in 'Loans and Commitment – Product Preferences' screen.

Special Penalty Components

Product Code Product Description

Special Penalty Components

1 Of 1 Go

Component	Apply Special Penalty

Ok Exit

Specify the following details:

Product Details

System displays the product code and a brief description of the product.

Component

By default, system displays all components defined in the 'Interest' screen for the loan product. For commitment products, system defaults all components defined in the 'Interest' and 'Fee' screens (with exception of the generic component 'PRINCIPAL'). However, you can specify the components and select the adjoining 'Apply Special Penalty' check box for which late payment charges are applicable.

You can amend the components list for a product by unlocking the product maintenance. This amendment does not impact the list of late payment charge components defined for existing contracts under this product. The change does not impact late payment charges already calculated based on the list of components defined at contract level.

While calculating the basis amount for late payment charges, system does not consider the excluded components even if they remain unpaid after expiry of grace period.

If you recalculate the already calculated late payment charges due to back value dated change of interest rate or principal, then during recalculation system considers the latest late payment charge components at the contract level. Therefore, the late payment charges are recalculated considering the changed rate but not the changed list of components at the product level.

Apply Special Penalty

Select this check box to indicate that system should apply special charges to the penalty component. By default, this check box is selected.

4.2.28 Maintaining UDFs

You can maintain the UDFs pertaining to the loan using the 'Field Name to Value Definition' screen.

You can maintain the following UDFs for loan products in this screen:

UDF Name	Default Value	Maximum Field Length
INTELLECTSOURCE	WF	8
BROKERNAME	CUST	12

You should maintain these UDFs for loan products and system default these UDFs to all contracts booked under that product.

While sending the intellect message, system picks the appropriate values for the UDFs 'INTELLECTSOURCE' and 'BROKERNAME'. System then sends these values to Intellect. These values are displayed as Source and Broker Name respectively in the message.

The UDF 'PAYOFF-FEE' attached to loan and commitment products is used to determine the flat fee amount. The value maintained for this UDF for the commitment contract is inherited to all linked loan contracts during contract booking. If required, you can modify this value. If the defaulted UDF value is overwritten at the loan level, then the commitment and loan UDF values are different. In this case, the subsequent UDF changes at the commitment contract level is not propagate to the loan.

If a standalone loan is booked and linked to a commitment manually, then the UDF value at the commitment level is defaulted to the linked loan contract. However, you can modify this value at the loan level.

4.2.29 UDF Upload

You can invoke the 'UDF Upload' screen from the application typing 'OLDUDFUL' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

- For UDF upload, you should enter the below fields in the .csv file to be uploaded
 - Function ID / Contract Reference Number
 - Field Name
 - Field Value
 - Record Key

Note

If you want to upload UDF values for contracts, the Contract Reference Number should be entered in the column (Function ID / Contract Reference Number) and the column (Record Key) needs to be left blank.

- UDF values can be uploaded for maintenances such as customer screen and limits maintenance screen. When uploading UDF values for maintenances, 'Record Key' should be given in the .csv file to be uploaded.
- You can click 'New' and select the .csv file name using the LOV in the search block field 'XL File to be uploaded' and upload the file.
- After uploading the file, you should click the save button in the screen.
- The system performs the below validations during the save of UDF upload and appropriate error messages are displayed if any validation is failed.
 - Header format of the uploaded.csv file should be in accordance with the upload template.
 - Format of the individual line items must be in accordance with the upload template.
- Record is saved upon successful validation and the system displays a message saying the upload is successful; the uploaded records are updated in the detailed block and enabled for authorization.
- Once the records are populated in the detailed block, you are not allowed to delete any record individually.
- In cases you have to delete some of the records, you should delete the upload and perform a new upload.

Authorizing UDF Upload

You can invoke the 'UDF Upload Authorization' screen from the application typing 'OLDUDFAT' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

- Authorization of UDF upload fails if any of the following validations are failed.
 - The values given in the 'Function ID / Contract Reference Number' field should be valid
 - The values given in 'Field Name' field should be function ID UDFs and not product level UDFs for product UDF upload
 - The values given in the 'Field Name' field should be attached to the function ID or the contract reference number.
- UDF upload may contain multiple UDFs and so the validations are done UDF name-wise in the order of the uploaded csv file.
- In case of any error during authorization, exception is logged and the authorization of the UDF upload is failed. You can view the exception in sub screen for error log.
- When there are multiple UDFs in the upload, out of which, some are validated successfully and some are failed, the system processes the validated UDFs and reject the failed UDFs with appropriate error messages.
- If you have to re-upload the rejected UDFs, then you should manually remove the UDFs which were processed earlier in the csv file (since system does not know if the UDF is new or existing).
- The existing validations associated with the UDF values continue to exist during the updation in the contract / maintenance
- Update on the contract / maintenance is processed for the records once the authorization is successful in the UDF upload screen. The maker and checker details are updated in the respective contract or product definition screen.
- In the case of contracts, CAMD event is triggered for the UDF update and version number is incremented. In case of maintenance, the mod number is updated.

4.3 Maintaining Financial Operations Tax (IOF)

For IOF component the below formulae with the conditions needs to be defined if IOF payment type is IOF Advance payment at product level. It is applicable to 'Bearing Normal' / 'Bearing Amortized' type of loans.

Formula Name	Condition	Formula	Interim Formula
IOF_CALC_FRM_1	SCH_DAYS<=364	((PRINCIPAL_S-CHAMT*(IOF_DLY_RATE/100) *SCH_DAYS)	No
IOF_CALC_FRM_1	SCH_DAYS>364	((PRINCIPAL_S-CHAMT*(MAX_IOF_RATE/100))	No

Finally add the current disbursement tax amount which is calculated based on the additional rate by using the below formulae.

Formula Name	Condition	Formula	Interim Formula
IOF_CALC_-FRM_3	No	(AMOUNT * (ADDL_RATE/100))	No

For discounted/true discounted loans IOF needs to be calculated based on present value, that is, Principal Schedule Amount – Interest Amount.

The formulae for discounted loans need to be defined as below:

Formula Name	Condition	Formula	Interim Formula
IOF_CALC-C_FRM_1	SCH_DAYS<=364	(((PRINCIPAL_SCHAMT – MAIN_INT_CURVAL) *(IOF_D- LY_RATE/100)*SCH_DAYS)	No
IOF_CALC_-FRM_1	SCH_DAYS>364	((((PRINCIPAL_SCHAMT- MAIN_INT_CURVAL)*(MAX_I- OF_RATE/100))	No

Finally add the current disbursement tax amount which is calculated based on the additional rate by using the below formulae.

Formula Name	Condition	Formula	Interim Formula
IOF_CALC_-FRM_3	No	(AMOUNT * (ADDL_RATE/ 100))	No

-
- The IOF will be collected from the customer and credited into the IOF GL.
- IOF will not be recalculated during any payment/prepayment of the loan.
- Following accounting entries will have to be maintained for DSBR event:

Dr/Cr	Accounting Role	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_LIQD	<IOF Amount calculated- IOF already collected>
Cr	IOF_PAY_ACC	<Component>_LIQD	<IOF Amount calculated- IOF already collected >

- ** PRINCIPAL_SCHAMT - will fetch the principal schedule amount schedule wise for Normal/Amortized type of loans
- **SCH_DAYS will be calculated as calendar days between loan value date and schedule end date for each schedule

- **MAIN_INT_CURVAL – Interest accrual for discounted/true discounted loans
- **IOF_DLY_RATE – IOF rate maintained in tax rule maintenance
- **ADDL_RATE – IOF additional rate maintained in tax rule maintenance
- **MAX_IOF_RATE – maximum IOF rate maintained in tax rule maintenance

4.3.0.1 IOF Capitalization (IOF Lending)

IOF Capitalization is applicable for Bearing Normal/Bearing Amortized type of loans

If IOF Payment Method is chosen as 'Capitalization' at product level, the calculation of IOF amount will be done in 3 steps.

Step#1: The IOF needs to be computed on original principal value.

Step#2: The result from the step#1 will be used to compute the net IOF value for lending using the below formula;

$$\frac{[(PrincipalValue \times TotalIOFValue)]}{[(PrincipalValue - TotalIOFValue)]}$$

Step#3: The result from step#2 will be capitalized into the Principal and schedule is recalculated with new principal value.

IOF is collected into the IOF GL during contract initiation.

Following accounting entries have to be maintained for DSBR event:

Dr/Cr	Accounting Role	Amount Tag	Amount
Dr	Asset GL	<Component>_CAP	<IOF Amount>
Cr	IOF_PAY_ACC	<Component>_CAP	<IOF Amount>

** PrincipalValue – Total contract principal amount

** TotalIOFValue – IOF value based on calculation

4.3.0.2 IOF Calculation for Value Dated Amendments

- IOF recalculation happens only if value dated amendment is done for maturity extension or principal increase.
-
- System recalculates the IOF value based on the principal schedule outstanding amount and VAMI value date unpaid schedules.(PREV_IOF_TAX_AMT)
- System calculates the IOF value based on the new principal schedule outstanding and VAMI value dates. When the principal increase happens then you can calculate IOF tax for principal increase. It gets calculated based on the additional rate by using the below formulae.(CURR_IOF_TAX_AMT)

Formula Name	Condition	Formula	Interim Formula
IOF_CALC_-FRM_3	No	(PRINCIPAL_INCREASE * (ADDL_RATE/100))	No

- Finally IOF_TAX = (CURR_IOF_TAX_AMT- PREV_IOF_TAX_AMT) Then IOF_TAX > 0 that amount is the final tax amount for VAMI principal increase.
- In VAMI event, if the principal increase (new disbursement) does not happen then the IOF Additional tax amount is not calculated and not added to CURR_IOF_TAX_AMT. IOF rates used for recalculation is the same IOF rates populated during the loan initiation.
- No refund is given to the customer if the newly calculated amount is less than the already liquidated IOF amounts.
- In case IOF Capitalization IOF computed as part of value dated amendment is not capitalized even if the IOF Payment Method is capitalization. It is collected from the customer during VAMI. Below accounting is posted in case of IOF payment during VAMI

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_LIQD	<Difference in IOF amount>
Cr	IOF_PAY_ACC	<Component>_LIQD	<Difference in IOF amount>

- If schedule amount is recalculated as a result of value dated amendment, IOF recalculation for that schedule for the entire schedule period is based on the new schedule amount. There is no split IOF calculation based on the schedule amount before and after amendment.
- For a future date amendment, the IOF calculation happens on VAMI along with amendment initiation.
- IOF is not recomputed as part of rate revision or rate change by value dated amendment

4.3.0.3 IOF Calculation for Normal Rollover/Split Rollover/Consolidated rollover

- When a loan is rolled over during consolidated or normal rollover, IOF is calculated based on the new loan schedule details.
- System recalculates the IOF value based on the principal schedule outstanding amounts based on ROLLOVER dates unpaid schedules.(PREV_IOF_TAX_AMT)
- System calculates the IOF value based on the new principal schedule outstanding based on ROLLOVER dates. If the Additional disbursement happens then you can calculate IOF tax for principal increase. It is calculated based on the additional rate by using the below formulae. (CURR_IOF_TAX_AMT)

Formula Name	Condition	Formula	Interim Formula
IOF_CALC_-FRM_3	No	(PRINCIPAL_INCREASE * (ADDL_RATE/100))	No

- Finally $IOF_TAX = (CURR_IOF_TAX_AMT - PREV_IOF_TAX_AMT)$ Then $IOF_TAX > 0$ that amount is the final tax amount for normal rollover, Then the final IOF tax amount is on ROLL event.,
- When a loan is rolled over during SPWN NORMAL ROLLOVER, IOF is calculated based on the new loan schedule for the new contract ref no.
- System recalculates the IOF value based on the principal schedule outstanding amounts based on ROLLOVER dates unpaid schedules for the parent contract ref no (PREV_IOF_TAX_AMT).
- System calculates the IOF value based on the new principal schedule outstanding based on ROLLOVER dates for the new child contract ref no. The additional disbursement happens then you can calculate IOF tax for principal increase. It is calculated based on the additional rate by using the below formulae.
(CURR_IOF_TAX_AMT)

Formula Name	Condition	Formula	Interim Formula
IOF_CALC_-FRM_3	No	(PRINCIPAL_INCREASE * (ADDL_RATE/100))	No

- Finally $IOF_TAX = (CURR_IOF_TAX_AMT - PREV_IOF_TAX_AMT)$ Then $IOF_TAX > 0$ that amount is the final tax amount for normal rollover, Then the final IOF tax amount is on new child contract ref no DSBREVENT.
- Same method is followed on SPWN SPLIT ROLLOVER, IOF tax calculation.
- When a loan is rolled over during CONSOL ROLLOVER, IOF is calculated based on the new loan schedule details.
- System recalculates the IOF value based on the principal schedule outstanding amounts based on ROLLOVER dates unpaid schedules.(PREV_IOF_TAX_AMT).
- System calculates the IOF value based on the new principal schedule outstanding based on ROLLOVER dates and the previous outstanding amount percentage (CURR_IOF_TAX_AMT)
- For example when two contracts can be rollover, first calculate PREV_IOF_TAX_AMT_1, PREV_IOF_TAX_AMT_2.
- Then system calculates CURR_IOF_TAX_AMT_1, CURR_IOF_TAX_AMT_2 by using below formulae.,

Formula Name	Condition	Formula	Interim Formula
CURR_I-OF_TAX_AMT_1	SCH_-DAYS<=364	((PRINCIPAL_S-CHAMT*ROLL_PERCENT-AGE_1)*(IOF_DLY_RATE/100) *SCH_DAYS)	No
CURR_I-OF_TAX_AMT_1	SCH_-DAYS>364	((PRINCIPAL_S-CHAMT*ROLL_PERCENT-AGE_1)*(MAX_IOF_RATE/100)	No

**ROLL_PERCENTAGE_1 = (PREV_OUTSTANDING_AMT_1
NEW_CONTRACT_DSBR_AMT)*100.

- IOF tax for principal increase is calculated based on the additional rate by using the below formulae. (ADDITIONAL_TAX_NEW_DSBR_1).

Formula Name	Condition	Formula	Interim Formula
ADDITIONAL_TAX_NEW_DSBR_1	No	((NEW_CONTRACT_DSBR_AMT * ROLL_PERCENTAGE_1)(ADDL_RATE/100))	No

- Finally the IOF tax for primary contract_ref_no is IOF_TAX_AMT_1 = ((CURR_IOF_TAX_AMT_1 + ADDITIONAL_TAX_NEW_DSBR_1) - PREV_IOF_TAX_AMT_1),
- Then same is followed for secondary contract i.e. IOF_TAX_AMT_2.
- Finally IOF tax for consol rollover is IOF_TAX = (IOF_TAX_AMT_1 + IOF_TAX_AMT_2) Then the final IOF tax amount is on NEW contract DSBR event.
- If consolidated rollover is done with a new product the product preference of the new product will be considered Depending on the product preference IOF is collected in advance during Normal/ Split/consolidated rollover or IOF amount is capitalized.
- If the Loan product preference is for IOF Capitalization, then during normal/split/ consolidated rollover the flag 'Funding during rollover'/'Fund during DSBR respectively will get automatically checked. System will capitalize the IOF amount during normal/ split/consolidated rollover.
- There is no adjustment done for the IOF amounts already collected during the life cycle of the loan(s) being rolled over.
- Normal Rollover :ROLL event is to be linked to the IOF accounting entries are to be defined.

For IOF Advance Payment type of product

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_AMT	<IOF amount calculated for Rollover>
Cr	IOF_PAY_ACC	<Component>_AMT	<IOF amount calculated for Rollver >

For IOF Capitalization type of product

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	Expense GL	<Component>_CAP	<IOF amount calculated for Rollover>
Cr	IOF_PAY_ACC	<Component>_CAP	< IOF amount calculated for Rollover>

Split Rollover: DSBR event is to be linked to the IOF accounting entries are to be defined.

For IOF Advance Payment type of product ,

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_AMT	<IOF amount calculated for Split Rollover>
Cr	IOF_PAY_ACC	<Component>_AMT	<IOF amount calculated for Split Rollover>

For IOF Capitalization type of product,

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_CAP	<IOF amount calculated for Split Rollover>
Cr	IOF_PAY_ACC	<Component>_CAP	<IOF amount calculated for Split Rollover>

Consolidated Rollover: DSBR event is to be linked to the IOF accounting entries are to be defined.

For IOF Advance Payment type of product

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_AMT	<IOF amount calculated for Consolidated Roll over>
Cr	IOF_PAY_ACC	<Component>_AMT	<IOF amount calculated for Consolidated Roll over>

For IOF Capitalization type of product,

Dr/Cr	Account/GL	Amount Tag	Amount
Dr	CUSTOMER GL	<Component>_CAP	<IOF amount calculated for Consolidated Roll over>
Cr	IOF_PAY_ACC	<Component>_CAP	<IOF amount calculated for Consolidated Roll over>

4.4 Maintaining Slab/Tier Based Spread on Loan Outstanding

Oracle Lending facilitates maintaining spread for a given client, branch, product, and currency combination. You are allowed to define spread for a product by choosing the spread type either 'Flat' or 'Slab/Tier' based spread type.

To maintain Slab/Tier based spread on loan outstanding, invoke the 'Spread Maintenance' screen from the Application Browser.

You can invoke the 'Spread Maintenance' screen by typing 'OLDSPMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

This section contains the following topics:

- [Section 4.4.1, "Specifying Contract Details"](#)
- [Section 4.4.2, "Specifying Currency Details"](#)
- [Section 4.4.3, "Specifying Effective Date"](#)
- [Section 4.4.4, "Specifying the Spread Details"](#)
- [Section 4.4.5, "Impact of Loan Outstanding on Spread"](#)

4.4.1 Specifying Contract Details

Contract Reference Number

Select the contract reference number from the adjoining option list. This field is applicable only for a contract. It is not applicable for maintenance at the Product/ Customer Number/ Currency level.

Customer Number

Select the customer number from the adjoining option list. The system populates the customer name when you select the customer number.

Product

Select the product from the adjoining option list. The system displays only those products with spread type as Slab / Tier. The system populates the product description when you select the product.

Spread/Margin Type

Indicate the type of spread maintained for the product. You can select one of the following options:

- Slab
- Tier

Amount Type

Indicate the amount type maintained for the product. You can select one of the following options:

- Amount
- Percent

4.4.2 Specifying Currency Details**Currency**

Select the appropriate currency for the contract from the adjoining option list.

Currency Description

The system defaults the currency description according to the currency selected.

4.4.3 Specifying Effective Date

Specify the effective date of the spread rate maintenance for the given combination of customer, product, branch, and currency.

4.4.4 Specifying the Spread Details**To Basis Amount**

Specify the To Amount for the slab/tier based spread.

Spread Rate

Specify the effective spread rate for the slab/tier based spread.

You can view the same details in the 'Loans and Commitment - Contract Input' screen for the combination of customer, product, and branch, click the 'ICCF'. From the 'ICCF Details' screen, click 'Spread Maintenance'.

For details on defining interest components, refer to the *Interest User Manual*.

Here the spread is defaulted based on the maintenance done for the specific combination. You are allowed to modify the spread rate and the amount slab. This spread is considered for building the schedules for the contract.

You can use the spread maintenance screen to amend the spread maintenance after the first authorization of the contract. You cannot amend it through contract amendment. The system triggers an event called 'SPFX', if the spread for a contract is changed due to new rate maintenance or change in the rate maintenance.

Note

The system does not trigger the event 'SPFX', when the spread of the contract changes due to an activity performed on the loan which impacts the loan balance and there by changing the spread.

4.4.5 **Impact of Loan Outstanding on Spread**

For any change in the loan outstanding balance, the system will re-pick spread rates based on the latest outstanding amount. The loan outstanding balance will undergo changes in the following scenarios:

- VAMI – To Increase the Principal Amount
- VAMR – Vami Reversal
- LIQD – Principal payment / prepayment done
- REVP – Reversal of Payment

Note

The change in spread rate impacts the schedules of the underlying contract, as the effective interest rate changes with the change in the spread.

Example

Let us assume that a contract is booked with the following details:

- Principal Amount - 12000000
- Interest Rate – 5%
- Value Date – 28-Sep-05
- Maturity Date – 28-May-06

The spread maintained for the borrower, branch, product, and currency combination with the latest effective date with the component type as 'Slab' is as follows:

From Amount	To Amount	Spread Rate
0	1000000	2%
1000000	10000000	3%
10000000	11000000	4%
11000000	9999999999	5%

Initially when the contract is booked the spread picked up is 5%. The principal amount due of 2000000 along with the Interest amount of 100000 is paid on 28-Oct-2005. As a result of the payment the remaining schedules are recomputed using the spread rate of 4%.

The schedules are recomputed in the following ways:

Principal	Interest Rate	Start Date	End Date	No of Days	Interest Amount	Daily Avg Amount
1200000 0	10%	28-Sep-05	28-Oct-05	30	100000	3333.333 333
1000000 0	9%	28-Oct-05	28-Nov-05	31	77500	2500
1000000 0	9%	28-Nov-05	28-Dec-05	30	75000	2500
1000000 0	9%	28-Dec-05	28-Jan-06	31	77500	2500
1000000 0	9%	28-Jan-06	28-Feb-06	31	77500	2500
1000000 0	9%	28-Feb-06	28-May-06	89	222500	2500

Similarly if the spread basis is tier, then the schedules of the contract is formed in the following manner:

Principal	Effective Rate	Start Date	End Date	No of Days	Interest Amount	Daily Avg Amount
12000000	8.167%	28-Sep-05	28-Oct-05	30	81666.67	2722.222
12000000	8.167%	28-Oct-05	28-Nov-05	31	84388.89	2722.222
12000000	8.167%	28-Nov-05	28-Dec-05	30	81666.67	2722.222
12000000	8.167%	28-Dec-05	28-Jan-06	31	84388.89	2722.222
12000000	8.167%	28-Jan-06	28-Feb-06	31	84388.89	2722.222
12000000	8.167%	28-Feb-06	28-May-06	89	242277.8	2722.222

The effective rate of 8.167% is arrived using the weighted average logic:

The weighted rate will be calculated as below

$$((1000000*7\%+9000000*8\%+1000000*9\%+1000000*10\%)/12000000)*100$$

The result rate is used for computation of interest.

Similarly the schedules undergo changes if there is a principal payment which changes the loan balance and the effective spread rate.

The schedules built are as follows:

Principal	Effective Rate	Start Date	End Date	No of Days	Interest Amount	Daily Avg Amount
12000000	8.167%	28-Sep-05	28-Oct-05	30	81666.67	2722.222
10000000	8.3%	28-Oct-05	28-Nov-05	31	71472.22	2305.555
10000000	8.3%	28-Nov-05	28-Dec-05	30	69166.67	2305.556
10000000	8.3%	28-Dec-05	28-Jan-06	31	71472.22	2305.555
10000000	8.3%	28-Jan-06	28-Feb-06	31	71472.22	2305.555

10000000	8.3%	28-Feb-06	28-May-06	89	205194.44	2305.556
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The effective rate of 8.3% is arrived using the weighted average logic explained below:

The weighted rate is calculated as below:

$$((8000000*8\%+1000000*9\%+1000000*10\%)/10000000)*100$$

The resultant rate is used for computation of interest.

Note

- Defaulting of spread is done only once. Any subsequent changes in spread are done through ‘Spread Maintenance’ screen.
 - It is applicable only for LCY Loans.
 - The tier basis is always amount based.
 - In case the spread maintenance is not available then the system defaults the spread as ‘0’.
-

4.5 Specifying the Logic for Currency Rounding

You can maintain tenor based, currency-wise interest limits for a combination of Product and Interest Component through the ‘Interest Limits’ screen.

When an interest class for which currency-wise interest limits have been maintained is associated with a Loans product (in the Interest Definition screen), the product inherits the limits, by default. Such default limits can be modified if required, when the interest limits for the product and branch combination are maintained, in the Interest Limits screen.

For details about the Interest Limits screen, refer to the *Interest User Manual*.

For loans products, you can also define the following currency rounding rules in the Interest Limits screen:

- How the interest amounts in respect of the interest component in the specified currency are to be rounded – truncated, rounded up, rounded down, or rounded near
- If truncation is opted for, the number of digits after the decimal place, to which interest amounts in respect of the interest component in the specified currency must be truncated. The number of digits specified for truncation cannot exceed the allowed decimal places for the specified currency. If not specified, the number of decimals indicated in the Currency Definition for the specified currency is taken by the system.
- For the Round Up, Round Down, and Round Near options, the rounding unit, which is the lowest possible measure in which the interest amounts in respect of the interest component in the specified currency can be considered. This value cannot be less than the rounding unit for the specified currency in the Currency Definition. If not specified, the rounding unit indicated in the Currency Definition for the specified currency is taken by the system.

Note

When generic interest limits are being defined for all currencies in the 'Interest Limits' screen (that is, the ALL option has been selected in the Currency field), the fields relating to rounding rules are not available for definition.

4.6 Applying Tax on Liquidated Principal

Your bank may need to deduct tax on principal that is liquidated on each schedule date, for a loan. The tax may also need to be applied on any interest as well as penalty interest earned on the repaid principal.

To specify the deduction of such tax on liquidated principal, you must:

- Define a tax rule for application of the tax, and associate the rule with a tax class. You must then link the tax class to a tax scheme.
- You must then link the tax scheme defined for the application of the tax to a product, and associate the amount tag PRINCIPAL_LIQD in the 'Product Tax Linkage Definition' screen, as an attribute for the loan product. For any loan contracts involving the product, tax would be computed and deducted based on the liquidated principal amount.

In such a case, the basis amount that would be considered for the computation of the tax is arrived at as follows:

Basis amount = principal liquidated + interest earned on the liquidated principal amount + penalty interest earned due to non-payment of principal.

4.7 Classification of General Ledgers based on Transaction Codes

When the GL under which a component is reported is changed, along with the status of a loan, an accounting entry is passed. This accounting entry transfers the component from one GL to another.

A Transaction Code, the description of which indicates the type of accounting entry, is associated with every accounting entry in Oracle Lending. You should indicate the Transaction Code to be used for the GL transfer entries, involved in the status change.

4.8 Maintaining Pool Fund Details

You can capture the funding details using the 'Pool Fund Maintenance' screen.

You can invoke the 'Pool Fund Maintenance' screen by typing 'OLDPOOLF' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Specify the following details:

Branch Code

System defaults the branch code of the current branch. You can query records pertaining to the current branch only.

Funding Reference Number

System generates and displays the funding reference number consisting of 16 characters.

External Ref. No

System defaults the funding ref number in this field. However, you can enter the legacy system funding reference number as free text.

Pool Description

Specify a brief description of the pool fund here.

Funding Ccy

Specify the funding currency.

Funding Amount

Specify the funding amount. The funding amount must be greater than zero.

Pool Available Amount

System calculates and displays the Pool Available Amount.

Counterparty

Specify the counterparty.

Facility Name

Specify the name of the facility. It is mandatory to specify the facility name.

Funding Type

Specify the funding type.

Revolving Funding

Select the check box to indicate that the funding is of 'Revolving' type.

Note

- After you link a funding maintenance to a commitment, you cannot modify the 'Revolving funding', 'Funding currency', 'Funding Amount', and 'Funding Type' values. This validation also applies even after the commitment matures.
 - Existing funding maintenance cannot be closed if there are active commitment contracts linked to it.
 - The status (active or closed) of a Funding reference can be tracked using the 'Record status' field available in the audit trail.
-

4.9 Identifying a Component as a Refinance component

While creating a loan product you have the option of indicating whether the accruals/ liquidations involving a particular component should be tracked for refinancing. If you enable the 'Refinancing Required' option for a particular GL, you have to identify the actual component for the refinance component.

Note

The system creates a dummy loan product for every deposit product that you maintain and vice versa. Each time you book a loan to a customer, the corresponding deposit is initiated with the following entries:

Accounting Role	Amount Tag	Dr./Cr. Indicator
LAIBGL_REF	PRINCIPAL	Credit
LAIB-GL_REF_OFF	PRINCIPAL	Debit

Similarly, each time you book a deposit from a customer, the corresponding loan is initiated with the following entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL_REF	PRINCIPAL	Debit
ASSET-GL_REF_OFF	PRINCIPAL	Credit

Note

For details on Upfront Fee Accrual, refer to the chapter *Processing Upfront Fee Accruals* in this User Manual.

4.9.1 Capturing the Reversal Transaction Type

In some occasions, you might have to reverse a contract due to insufficient funds. When you reverse a contract, the event-wise accounting entries of the original contract are reversed. You can maintain such accounting entries under a specific transaction code for all contract or payment reversals.

For this you need to maintain unique transaction codes for such reversals in Oracle Lending. This can be done through the 'Reversal Type Maintenance' screen.

You can invoke the 'Reversal Type Maintenance' screen by typing 'OLDREVTP' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Reversal Type Maintenance

New Enter Query

Transaction Type * _____ Description _____

Module * _____

Maker Date Time: Mod No Record Status

Checker Date Time: Authorization Status

Exit

In this screen, you should capture the following reversal type details for a product:

Module

Indicate the module for which you want to maintain the transaction types. Reversal types you define through this screen is applicable to the product for which you have specified only.

Reversal Type

This is a unique Code for the reversal type.

Description

Enter a description for the transaction type that you are maintaining. This is captured for information purpose only.

4.10 Maintaining 1098 Parameters

This section contains the following topics:

- [Section 4.10.1, "Generating ASCII File"](#)
- [Section 4.10.2, "Generating 1098 Forms"](#)

You can maintain 1098 Parameter details using '1098' Parameter' screen.

You can invoke the '1098' Parameter' screen by typing 'OLDSTMTP' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

1098 Parameter

New Enter Query

Branch Code* 000

Tax Year*

Transmitter TIN

Transmitter Name

Trans. Control Code

Threshold Limit

1098 ASCII File Path

Test Tape Indicator

1098 FORM Path

Company Details

Company Name

Company City

Contact Name

Company State

Contact Number

Company Zip Code

Company Address

E-mail Address

Payer Details

First Payer Name

Payer State

Second Payer Name

Payer Zip Code

Payer Ship Address

Payer Phone

Payer City

Maker

Date Time:

Mod No

Record Status

Checker

Date Time:

Authorization Status

Ok Exit

You have to specify the following details in this screen:

Branch Code

The code of the current branch is displayed in this field.

Tax Year

Specify the tax year for which 1098 statement is generated.

Transmitter TIN

Specify the Branch TIN.

Transmitter Name

Specify the name of the transmitter.

Transmitter Control Code

Specify the transmitter control code.

Threshold Limit

Specify the threshold limit on the interest paid by the customer.

Test Tape Indicator

Select 'T' in case you require Test File generation for verification purposes. In case you do not select anything the system generates the file for uploading.

Company name

Specify the name of the company which is associated with the address to where the correspondence should be sent.

Company Address

Specify the address for correspondence.

Company City

Specify the city in which the company is located.

Company State

Specify the state in which the company is located.

Company ZIP Code

Specify the ZIP Code of the company.

Contact Name

Specify the name of the contact person in the bank.

Contact Number

Specify the contact number of the contact person in the bank.

Email Address

Specify the Email Address of the contact person in the bank.

First Payer Name

Specify the name of the bank.

Second Payer Name

Specify the name of the department in charge of 1098 form generation.

Payer Ship Address

Specify the address of the payer.

Payer City

Specify the city in which the payer is located.

Payer State

Specify the state in which the payer is located.

Payer ZIP Code

Specify the ZIP code of the payer.

Payer Phone

Specify the payer's phone number.

1098 ASCII File Path

Specify the path for the generation of 1098 ASCII File.

1098 FORM Path

Specify the path for the generation of 1098 FORM.

4.10.1 Generating ASCII File

You can generate the ASCII File using, 'ASCII File generation' screen.

You can invoke the 'ASCII File generation' screen by typing 'OLDASTMT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The following details of the Advice are displayed.

- Customer - This is defaulted to 'ALL' and you are not allowed to amend this value.
- Contract Ref No - This is defaulted to 'ALL' and you are not allowed to amend this value.

4.10.1.1 Details

The details are displayed.

- Borrower Name
- Borrower SSN
- Interest Paid
- Refund Amount

Click 'Generate' to generate the ASCII file across all the borrowers and across all contracts.

Note

Only those contracts booked under products with 'Include in 1098 Statement' selected and with the interest paid for the year greater than the threshold limit are considered for the ASCII file generation.

4.10.2 Generating 1098 Forms

You can generate 1098 forms using, '1098 Form' screen.

You can invoke the '1098 Form' screen by typing 'OLDFSTMT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The following fields are displayed in this screen:

- Customer - Individual Customer Number is displayed.
- Contract Reference No – The contract for that particular customer number is displayed.
- Branch Code – The code of the current branch is displayed.

Details

The following fields are displayed in this section:

- Contract Ref No
- Branch Code
- Borrower Name
- Borrower SSN
- Interest Paid
- Refund Amount

Generate All

Select this field to generate 1098 Form for all the contracts.

Note

Only those contracts booked under products with 'Include in 1098 Statement' selected and with the interest paid for the year greater than the threshold limit are considered for the 1098 Form generation.

Generate

Generates the 1098 form for the selected contracts.

You can override the amount paid by the borrower for a particular contract using, '1098 Override Interest Paid' screen.

You can invoke the '1098 Override Interest Paid' screen by typing 'OLDOSTMT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Maker	Date Time:	Mod No	Record Status
Checker	Date Time:		Authorization Status

Contract Reference No

Specify the reference number of the contract whose amount you want to override. You can choose the appropriate contract reference number from the option list as well.

Total Interest Payment

The system displays the total interest paid for the previous year. However, you can modify this amount.

Note

The interest displayed is based on the book date of the payment (Transaction Date) and not on the schedule due date of the payment. The total amount is for all the interest components.

The following fields are displayed in this screen:

- Borrower Name
- Value date
- Maturity Date

4.11 Maintaining positive and negative threshold residual limit amount

In the 'Bilateral Loans and Commitment Restrictions' screen, the 'Residual Threshold' section captures Positive/Negative Residual threshold limit for each currency.

An excess or lower payment treatment is available if residual threshold limits are maintained for account currency at product level.

- In case of excess payment, that is payment is greater than the amount due, then is considered as 'Negative Threshold' amount.
- In case of lower payment, that is payment is lower than the amount due, then is considered as 'Positive Threshold' amount.

You can invoke the 'Bilateral Loans and Commitment Restrictions' screen by typing 'OLDPRDRS' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Maker	Date Time:	Mod No	Record Status
Checker	Date Time:		Authorization Status

Any changes to the residual threshold limit is applicable only for payments done after the residual threshold was changed at the product. In case changes to residual threshold is not value dated and the changes comes to an effect when changes are authorized.

Note

In 'Nostro Account Restriction' tab you can disallow the products of customers those are specific to NOSTRO accounts. In Loan and Commitment -Contract Input (OLDTRONL), NOSTRO accounts which are disallowed does not appear in the 'SSI Mnemonic', 'Sequence No', 'Account' field LOVs. In 'Settlement' screen of 'Loan and Commitment -Contract Input', 'Loan and Commitment - Value Dated Amendment', and 'Manual Payment'

the NOSTRO accounts which are disallowed does not appear in the 'Pay Receive' and 'Account' field LOVs.

4.12 Maintaining Currency Days

Using 'Currency Days Maintenance' screen, you maintain the following:

- You can maintain spot days for the various currencies at your branch level
- You can maintain number of settlement days for specific currencies

You can invoke the 'Currency Days Maintenance' screen from the application typing 'OLDCCDAYS' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Currency Days Maintenance

New Enter Query

Branch Code * 000

Currency Code * _____

Spot Days _____

Interest Spot Days _____

Settlement Recv Days _____

Currency Description _____

Settlement Days _____

Security Days _____

Settlement Days(Same CCY) _____

Change Log

Maker	Date Time:	Mod No	Record Status
Checker	Date Time:		Authorization Status

Exit

Branch Code

The system displays the current branch code. Since this maintenance is applicable for a branch, the code of the current branch from which the maintenance is done is defaulted. You cannot change it.

Currency Code

Specify the currency for which you are defining the settlement days. The option list displays all valid currency codes maintained in the system.

Spot Days

Specify the spot days.

- For each currency, spot days can be maintained for FX contracts and security deals
- Interest Spot Days used for arriving at the treasury interest rates
- Pay Settlement Days is maintained for the generation of Payment messages prior to settlement date

The number of working days is arrived at by using the currency calendar.

If you do not perform this maintenance, the system considers the spot days required for contracts as well as the Pay/Receive settlement message days from the specifications in the 'Currency Definition' screen for the currency.

Settlement Recv Days

Specify the settlement days for the messages on receipt of payments. The system uses this information for deriving the settlement message date.

Settlement Days

Specify the settlement days for messages on payments. The system uses this information for deriving the settlement message date.

Security Days

Specify the number of settlement days.

Settlement Days (Same CCY)

Specify the number of settlement days in case of transactions using the same currency.

After saving the maintenance details, the system derives the settlement message date based on the number of days specified in the fields 'Settlement Recv Days' and 'Settlement Days'. For example, if you define 2 as the settlement days for a particular branch/currency, the system considers the settlement message date as two working days prior to the actual payment.

In case you do not define currency settlement days preferences at the branch level, then the existing currency level settlement preference is used.

If currency settlement days are defined at the branch as well as currency definition levels, the system considers the details defined at the branch level. The settlement days defined at the currency definition level is ignored.

5. Disbursing a Loan

This chapter contains the following sections.

- [Section 5.1, "Introduction"](#)
- [Section 5.2, "Capturing Loan Disbursement Details"](#)
- [Section 5.3, "Preferences for a Loan"](#)
- [Section 5.4, "Linking a Loan to Commitments"](#)
- [Section 5.5, "Levying Transaction Charges on a Loan"](#)
- [Section 5.6, "Posting the Manual Journal Entries"](#)
- [Section 5.7, "Uploading Loan Contracts through OL Upload Screen"](#)
- [Section 5.8, "Error Log Details"](#)
- [Section 5.9, "Viewing Event Details"](#)
- [Section 5.10, "Levying Tax on a Loan Contract"](#)
- [Section 5.11, "Specifying the Interest Details"](#)
- [Section 5.12, "Maintaining Transaction-specific MIS Refinancing Rates"](#)
- [Section 5.13, "Maintaining Overwrite Settlement Details"](#)
- [Section 5.14, "Viewing Effective Rate \(ER\) of Interest for a Loan"](#)
- [Section 5.15, "Interest Rates History"](#)
- [Section 5.16, "Repayment Details"](#)
- [Section 5.17, "Changing the Status of a Loan"](#)
- [Section 5.18, "Maintaining Status Code"](#)
- [Section 5.19, "Enquiry for Interest and Principal Projections"](#)
- [Section 5.20, "Viewing the Settlement Details during Contract Authorization"](#)
- [Section 5.21, "Viewing the Different Versions of a Loan"](#)
- [Section 5.22, "Viewing the Accrual Fee Details for a Loan"](#)
- [Section 5.23, "Viewing Entity Details"](#)
- [Section 5.24, "Viewing the Effective Interest Details for a loan"](#)
- [Section 5.25, "Specifying the Installment Preferences for a Loan"](#)
- [Section 5.26, "Capturing customer relationships for every loan"](#)
- [Section 5.27, "Specifying the Special Penalty Components"](#)
- [Section 5.28, "Maintaining Floor and Ceiling Initial Details"](#)
- [Section 5.29, "Booking Re-Price Transactions"](#)
- [Section 5.30, "Consolidating Re-Price Transactions"](#)
- [Section 5.31, "Maintaining Loan Loss Reserve"](#)
- [Section 5.32, "Amending the Exchange Rate"](#)
- [Section 5.33, "Classifying LC Sublimit"](#)
- [Section 5.34, "Maintaining Special Penalty Component Waiver Details"](#)
- [Section 5.35, "Viewing the Waiver Details of Special Penalty Components"](#)
- [Section 5.36, "Maintaining Floor and Ceiling Details"](#)
- [Section 5.37, "Specifying the Disclosure Schedule Details"](#)
- [Section 5.38, "Viewing the Contract Disclosure Schedule Status Details"](#)
- [Section 5.39, "Viewing Summary Details of a Loan"](#)
- [Section 5.40, "Dual Authorization"](#)

- [Section 5.41, "Multi-level Authorization"](#)
- [Section 5.42, "Simulating Loans"](#)

5.1 Introduction

A product is a specific service that you offer your customers. For example, you may offer loans.

These types of loans are examples of specific services that you offer. In Oracle Lending, you can define a specific type of service as a product.

Defining a loans product, first of all, helps you classify the loans that you issue according to broad groups or categories. Therefore, you can easily retrieve information relating to loans of a specific category.

The other advantage is that, when building a product, you set up it up with attributes generic to loans of a particular type. All loans processed under a product acquire its attributes.

Therefore, when disbursing loans, you do not have to capture these generic details every time; loan disbursement is remarkably automated in Oracle Lending.

Note

The attributes you define for a product default to all loans processed under it. However, to suit the requirements of a loan, you can change these default attributes.

Apart from the general attributes that a loan acquires from a product, you have to capture some information specific to a loan, such as the loan amount, the repayment account, and so on during contract input. You can capture such information in the Loan Disbursement screens.

You can use the 'ELCM Block Details' screen for viewing blocked funds of facility, liability, collateral,

In OBCL, when a loan is created and attached to a limit managed in ELCM, the amount financed but not disbursed must be automatically blocked on the limit. At the same time, the full funded amount should no longer be available on the limit. The amount blocked on the limit have to be unblocked automatically as and when disbursements are made.

By doing this, you can identify the amount blocked and available. It is made available both at the level of the loan and at the level of the limit to which the loan is attached. This is applicable for only OL modules and applicable only if 'ENABLE ELCM BLOCKING DURING BOOKING' check box is selected in 'Loan Parameters' screen. For more information about 'ELCM Block Details' screen, refer to *Loan Syndication User Manual*.

5.1.1 Invoking the Loan Disbursement Screens

You can capture the details of a loan in the following screens:

- Contract details
- Contract Preferences
- Contract Linkage details
- Contract Schedule Definition details
- Contract Rollover details

You can invoke the 'Contract and Commitment - Contract Input' screen from the application typing 'OLDTRONL' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

In the Contract and Commitment - Contract Input screen, you can see five tabs, each representing a section:

Tabs	Screen
Contract	Indicates the contract main section
Preferences	Indicates the contract preferences section
Schedules	Indicates the contract schedule definition section
Linkage	Indicates the linkage details section
Rollover	Indicates the contract rollover section

5.2 Capturing Loan Disbursement Details

This section contains the following topics:

- [Section 5.2.1, "The Facility Name"](#)
- [Section 5.2.2, "Specifying the LC Sublimit Amount"](#)

- Section 5.2.3, "Contra GL Balance Details"
- Section 5.2.4, "Net Outstanding Amt"
- Section 5.2.5, "Current Exposure Details"
- Section 5.2.6, "Specifying the Currency"
- Section 5.2.7, "Specifying the Loan Amount"
- Section 5.2.8, "Specifying the Line Code"
- Section 5.2.9, "Specifying the Settlement Account"
- Section 5.2.10, "Specifying the Related Reference Number"
- Section 5.2.11, "Capturing Details of Amendments to Loan Agreements"
- Section 5.2.12, "Specifying the Tenor"
- Section 5.2.13, "Last Availability Date"
- Section 5.2.14, "Specifying the Loan Status"
- Section 5.2.15, "The Payment Method"
- Section 5.2.16, "Specifying the Maturity Type"
- Section 5.2.18, "Specifying the ICCF Details"
- Section 5.2.19, "Allowing Rollover"
- Section 5.2.20, "Viewing Messages using Message Preview"
- Section 5.2.21, "Specifying Preferences Tab"
- Section 5.2.22, ".Identifying an Agency Contract"
- Section 5.2.23, "Rollover Count"
- Section 5.2.24, "Confirming the Status of Loan Products"
- Section 5.2.25, "Tax Scheme"
- Section 5.2.26, "Entering Internal Remarks"
- Section 5.2.27, "Enabling the Reprogramming Counter"
- Section 5.2.28, "Enabling Auto Extension"
- Section 5.2.30, "Indexed Loans"
- Section 5.2.31, "Interpolation"

Using a template to disburse a loan

A template can be described as

a sample contract that has attributes common to many loans in a category (that is, involving a particular product). Once a template is defined, it can be used as a base to enter a loan and only attributes that are specific to the loan you are processing need to be changed. This simplifies the input of disbursement details of a loan.

To use a template you should enter the details of a loan by specifying the template ID of your choice in the OL Contract Details screen.

Entering disbursement details without using a template

If you do not want to use a template, do not specify a Template ID. Enter values into all the mandatory fields and save the loan details.

Whenever a loan is booked and if the UDF 'RATE-VARIANCE' is maintained as a non-zero value for a commitment contract to which the loan is linked, dual authorization is required.

For more information on dual authorization, refer to the *Dual Authorization* in this manual.

The Contract Reference Number

The Contract Reference Number identifies a loan. It is automatically generated by the system for each loan. The Contract Reference Number is a combination of the branch code, the product code, the date on which the loan is booked (in Julian format) and a running serial number for the booking date.

The Reference Number consists of a three-digit branch code, a four-character product code, a five-digit Julian Date, and a four-digit serial number.

The Julian Date has the following format:

- YYDDD

Here, YY stands for the last two digits of the year and DDD for the number of day(s) that has/have elapsed, in the year.

Example

January 31, 1998 translates into the Julian Date: 98031. Similarly, February 5, 1998 becomes 98036 in the Julian format. Here, 036 is arrived at by adding the number of days elapsed in January with those that elapsed in February (31+5=36).

The User Reference Number

You can enter any reference number for a loan that you issue. The loan is identified through this number in addition to the Contract Reference Number generated by the system. Two loans cannot have the same User Reference Number. By default, the Contract Reference Number generated by the system is taken as the User Reference Number. You can use this number, besides the loan Reference Number, to retrieve information relating to a loan.

Specifying the Product Code

Every loan that you issue, would involve a specific service that you offer (which you defined as a product). When disbursing a loan, you should specify the product that it involves.

All the attributes of the product that you specify applies to the loan. However, you can change some of these attributes while entering the details of the contract. When you specify the product, the product type, loan or commitment is displayed.

5.2.1 The Facility Name

If you are entering the details of a commitment contract, the field Facility Name will be enabled. You have the option of entering the name of the facility here. When you save the commitment contract, the name that you have entered is displayed alongside the screen name and customer name.

The Facility Name entered for a commitment is also displayed for a loan contract booked under it.

Note

- It is not mandatory that you enter the Facility Name for a commitment contract
 - When you carry out a search for a contract using the Summary screen, you can do so with the Facility Name. All commitment and loan contracts linked to the name is displayed.
 - You are allowed to amend the Facility Name for a commitment contract and if you do so, all loan contracts linked to the commitment contract carries the new Facility Name.
-

Potential Available Commitment

The system displays the potential commitment availability balances on the value date of the forward dated loan. This field is applicable for commitment contract only.

The formula for potential available commitment is the actual commitment available balance minus the sum of future dated uninitiated loan contract amount in commitment currency. While booking a new loan the system validates the commitment availability based on potential available commitment.

Note

- As part of new forward dated Loan input, you can link the loan to the commitment in order to identify the reporting commitment and for performing the possible validations.
 - However, the system does not trigger the LINK event at the commitment level as part of the Loan Booking (BOOK event) activity on the booking date of the loan. Hence, the Commitment availability balance is not reduced during the Forward dated Loan Booking.
 - The LINK event triggers at the commitment level during the Forward dated Loan Initiation (INIT event) activity as part of the BOD batch process on the value date of the forward dated Loan. Hence, the commitment availability balances are updated on the value date of the forward dated loan
 - To consider the possible impact of the future dated loan utilizations, which affect the commitment available balances, the system considers the utilization of the uninitiated forward dated loan contracts along with the actual utilization of the already initiated loans for the potential available balance verifications.
 - If the future-dated loan contract and the commitment contract are of different currencies, then the system updates the commitment availability, applying the provided exchange rate, from the value date of the loan contract.
-

Specifying the Customer

When entering the details of a loan, you should specify the customer to whom you are issuing it. The category of customers (or the customers themselves) that can be counterparty to a loan is defined for the product. Specify the code of an authorized customer, who falls into a category allowed for the product.

Specifying the Agent CIF

You can select the Agent CIF from the option list. If, for a contract, you specify the Agent CIF, settlement instructions are taken based on this number instead of the Customer code. If you do not specify the Agent CIF, the Customer code is used during settlement.

Note

- If you select an Agent CIF, you have to specify the Settlement Sequence Number (explained later), based on which the settlement instructions are taken.
 - If you do not select an Agent CIF and specify, instead, a Customer, you can either enter the Settlement Sequence Number or the Settlement Account, based on which the settlement instructions are taken. If you specify both, the Settlement Sequence Number and the Settlement Account, the Settlement Account takes precedence.
-

SSI Mnemonic

The system displays the SSI mnemonic along with settlement sequence number.

Specifying EG Number

The Entitlement Group Number gets displayed here.

Specifying the CUSIP No.

Enter the CUSIP No. for the customer. This number will help track the securities of the customer.

Note

- It is not mandatory that you enter the CUSIP number for a commitment contract.
 - You are allowed to amend the CUSIP No. for a commitment contract and if you do so, all loan contracts linked to the commitment contract carries the new CUSIP number.
 - You cannot amend the CUSIP number for a loan contract. The field CUSIP No. in the loan contract screen displays the CUSIP No. that you have entered for the commitment contract.
-

Specifying the External CUSIP/ISIN

Specify the external CUSIP/ISIN of the customer.

Ext Deal CUSIP/ISIN

System displays the external deal CUSIP/ISIN of the customer.

System displays a value for the commitment, only if the commitment was created as part of STP, and the Tranche has external deal CUSIP/ISIN associated with it.

5.2.2 Specifying the LC Sublimit Amount

Specify the LC sublimit amount for the loan in commitment contracts. The system tracks the LC sub limit balance and unused commitment amount based on the LC sublimit amount you specify here.

Note

- You can amend the LC sublimit amount during the contract life cycle.
 - The system uses the following logic to arrive at the Change in LC Sub Limit Amount on various activities on the Loans and commitments such as Value dated amendment, Payments, and so on.
 - $\text{Unfunded Commitment Amount} = \text{Total Commitment Amount} - (\text{Outstanding Normal loan amount} + \text{Outstanding LC loan Amount})$
 - $\text{New LC Sublimit amount} = \text{Minimum of } (\text{Unfunded Commitment Amount}, (\text{Contractual LC Limit} - \text{Outstanding LC amount}))$
 - $\text{Change In LC Sub Limit amount} = \text{New LC sublimit amount} - \text{Old LC sublimit Amount}$
-

FAS114 Reserve Amt

The system displays the funded FAS114 Reserve amount for a loan and the unfunded FAS114 Reserve amount for a commitment in this field.

Write off Amount

The system displays the amount written off for the loan.

Recovery Amount

The system displays the amount recovered for the loan.

5.2.3 Contra GL Balance Details

If there is a balance amount in the Contra GL, the same is displayed in the field 'Contra GL Bal'. The reserve amount is also displayed in the field 'Reserve Amount'.

Note

- For the Contra GL balance details to be displayed, you should have, for the Product, indicated the applicability of Contra Accounting by selecting the box 'Contra Accounting Applicable' and select the Contra GL from the option list against the field 'Contra GL' in the Status Maintenance screen.
 - If the contract, for which you are entering details, moves from a status other than 'NORMAL' back to 'NORMAL', the system displays a configurable override.
-

5.2.4 Net Outstanding Amt

Oracle Lending calculates and displays the net outstanding amount here, based on the commitment available. This commitment is dependent on revolving and non revolving type.

Examples

Current value for revolving commitment is calculated as follows:

Revolving	Contract Amount	Commitment Outstanding	Commitment Available	Commitment Net Outstanding Amt field in contract online screen
Commitment 1	100,000	0	100,000	100,000
Loan1 -- INIT	10,000	10,000	90,000	100,000
Loan2 -- INIT	9,000	19,000	81,000	100,000
Loan1 -- LIQD	4,000	15,000	85,000	100,000

Current value for non-revolving commitment is calculated as follows:

Non Revolving	Contract Amount	Commitment Outstanding	Commitment Available	Commitment Net Outstanding Amt field in contract online screen
Commitment 2	100,000	0	100,000	100,000
Loan1 -- INIT	10,000	10,000	90,000	100,000
Loan2 -- INIT	9,000	19,000	81,000	100,000
Loan1 -- LIQD	4,000	15,000	81,000	96,000

5.2.5 Current Exposure Details

This indicates the sum of commitment availability and the total outstanding amount on active loans under the commitment as on current date. This is applicable for commitment contracts.

You can view the payment details using the 'Payment Summary' screen by clicking on the 'PS' button on the right hand side of the 'OL Contract Online' screen.

5.2.6 Specifying the Currency

You should specify the currency of the loan when issuing it to a customer. You can select any currency that is allowed for the product, which the loan involves.

5.2.7 Specifying the Loan Amount

If a product has bearing or discounted type of interest, you should enter the principal of the loan in this screen. For a loan involving a true discounted product, you should enter the face value (nominal) of the loan. You can enter T or M to indicate thousand and million, respectively. For example, 10T means 10,000 and 10M means 10 million.

Note

The amount, which you enter, would be assumed to be in the currency specified for the loan.

5.2.8 Specifying the Line Code

By default, you can view the loans credit line, defined for the customer. You can change over to another authorized credit line, if you want to track the loan under a different line.

If you are entering a loan contract linked to a commitment, the credit line of the commitment is displayed in the 'COMM' field.

Note

If you specify a credit line and then link the loan contract to a commitment, the credit line that you have selected is deleted by the system, and the one linked to the commitment, is displayed in the 'COMM' field. The Credit Line field is blank.

5.2.9 Specifying the Settlement Account

You have to specify the settlement account if Settlement Instructions have not been defined for the customer.

The settlement account that you specify, is the account through which:

- The loan disbursement would be drawn down
- The repayment for ALL the components would be done

If Settlement Instructions have been defined for the customer, the settlement accounts are taken from those instructions. While entering the loan disbursement details, you can change the Settlement Instructions for the loan.

If a settlement account has been specified, in the settlement instructions for the customer, and a different account has been specified for the loan, the account specified for the loan takes precedence.

In the Settlement Instruction screen, you would have maintained settlement instructions for a Branch-Product-Currency-Counterparty-Module combination. Each set of instructions for this combination carries a unique sequence number. You can also select the 'Settlement

Sequence Number' based on which the settlement instructions taken for the Customer or the Agent CIF.

Note

It is mandatory for you to select a Settlement Sequence Number if you select an Agent CIF.

LC Contract

Select this field to identify the loan under commitment as LC Loan (which defaults from the Product). You are allowed to amend this before the first authorization.

5.2.9.1 Cross Currency Settlement

If the contract currency of a loan is different from that of the settlement account, you can specify the exchange rate as well as the spread applicable for the component in the Settlements screen while capturing the contract details.

If you just specify the spread, the system picks the standard currency rate and applies the spread defined here.

The settlement function derives the effective rate by taking into account the exchange rate, spread and pay or receive indicator. When the quotation method for the currency pair is direct, the spread is subtracted from the exchange rate in case of a Pay component. However, for a Receive component, the spread is added to the exchange rate. When the quotation method is indirect, the spread is added to the exchange rate for a pay component and subtracted for a receive component in order to get the effective exchange rate.

5.2.10 Specifying the Related Reference Number

In a scenario where your customer is tracking a loan issued to her, in her system, she would probably assign it, a unique reference number. If she offers the number for reference purposes, it can be recorded in this screen. This reference number is printed on the advices sent to the customer to enable her to identify and track, the loan with ease.

5.2.11 Capturing Details of Amendments to Loan Agreements

You can record whether there has been any amendment to the loan agreement after it was initiated. If you record that there has been an amendment, you have to specify the date on which such an amendment was made.

The details that you specify in these fields are stored as part of that particular version of the contract. You, therefore, need to enter these details afresh each time you amend the contract.

These details are incorporated in the contract confirmation advice and amendment confirmation advice that is sent to the customer.

5.2.12 Specifying the Tenor**5.2.12.1 Booking Date**

The date on which the loan disbursement details are entered would be displayed in this screen. This defaults to the system date (today's date). This date is for information purposes only. The accounting entries are passed as of the Value Date of the loan (initiation date of the loan).

5.2.12.2 Value Date

This is the date on which a loan takes effect. The accounting entries for the disbursement of the loan is passed as of this date. The tenor of the loan begins from this date. Calculations for interest and all the other components based on tenor is from this date onwards.

The system defaults to today's date. You can enter a Value Date of your choice. The date that you enter can be any one of the following:

- Today's date
- A date in the past
- A date in the future (you can enter a date in the future only if Future Dating has been allowed for the product)

The Value Date should not be earlier than the Start Date or later than the End Date, defined for the product involved in the loan.

If the liquidation date for any component falls before today's date, the liquidation entries (as defined by you for the product) are passed if specified to do so, for the product. If the Maturity Date of a loan is earlier than today, maturity entries are also be passed.

Once the loan disbursement details have been stored and authorized, this date can be amended only if the loan has bearing type of interest and NO schedule has been liquidated.

Note

An override is sought if the Value Date falls on a holiday, in the country of the loan currency.

The maturity date of a loan is automatically calculated using the value date and tenor that you specify for the product associated with the loan. If the product to which the loan is associated is defined with a Standard Tenor, it is defaulted here. You have the option to change the defaulted tenor.

If you enter the maturity date, the tenor of the loan is automatically calculated using the value date and the maturity date.

For a loan with Fixed Maturity Type, the tenor can either be extended or brought backward through the Value Dated Changes function, once the loan has been initiated.

Initiating a Loan with a Value Date in the Future

A future-dated loan is one that has a Value Date later than the date on which it is booked. The Automatic Contract Update function initiates the loan on the Value Date of the loan.

A future Value Date falling on a holiday is initiated either on the previous working day or on the next, depending on your definition for automatic processing at your branch.

All the initiation-related entries specified for the product involved in the loan is passed automatically. If currency conversions are involved, the conversion rates as of the date on which the loan is initiated is taken from the Currency Table.

If the loan is linked to a commitment, the commitment utilization is updated. In addition, the contingent entries passed when the commitment was initiated is reversed to the extent of the loan amount linked (provided this entry is defined for the product). If the available balance in the commitment is not enough to cover the entire loan amount linked, the loan is not initiated. This is reported in the Exception Report.

If there is a rate revision applicable for the future dated loan, on the day it is initiated (that is, on the future Value Date), the rate revision is applied on the loan also. This rate revision could either be due a Floating Rate change or a Value Dated Change.

5.2.12.3 Original Start Date

For a loan that has been rolled-over, this is the date on which the loan was originally initiated. If a loan has been rolled-over more than once, this is the date on which the first loan was initiated.

If you are entering a loan that has already been initiated, you should enter the date on which the loan began. In this case, the date is for information purposes only and for all accounting purposes the Value Date is considered as the date on which the loan was initiated.

5.2.12.4 Contractual Maturity Date

This field is enabled in the OL Contract Online screen, if the product is a Fed Rate product (if, for the product, you have selected the 'Rolling Loan' check box in the Loans and Deposits – Product Preferences screen).

You can enter the Maturity Date of the contract here. The principal schedule is based on the contractual maturity date that you enter here.

A new schedule for a contract booked under a Fed Rate product can be defined by amending and extending the Contractual Maturity Date.

5.2.12.5 Contractual Effective Date

This field is enabled in the 'Loans and Commitment- Contract Input' screen, if the product is a Fed Rate product (if, for the product, you have selected the 'Rolling Loan' check box in the 'Loans and Commitment – Product Preferences' screen).

Enter the date on which a new disbursement has been made to the customer involved in the loan contract.

Note

- Future dated liquidation is not allowed on these loans. Only forward dated value dated amendment is allowed.
 - The value date of future dated value dated amendment cannot be beyond the contractual maturity date provided by the user for a contract.
-

5.2.13 Last Availability Date

The system defaults the contract maturity date as the last availability date. You can specify a new 'Last availability date' of the commitment contract to disallow the commitment availability beyond this date.

The last availability date, you specify here, should be later than the value date and on or prior to, the maturity date of the commitment contract.

Note

- You can amend the last availability date as part of contract amendment only before the 'Last Availability Date'.

- The system does not allow the following activities for this contract, beyond the last availability date of the commitment:
 - Disbursements of new loan contracts
 - Value dated amendment for the increase in loan principal
 - Value dated amendment for the commitment principal change
 - As part of value dated amendment for the commitment, if the maturity date is extended, then the system displays the message stating the current value of Last Available date. You should make changes to the Last Available date as part of contract amendment activity subsequently.
 - The commitment availability becomes zero on crossing the expiry date.
-

5.2.14 Specifying the Loan Status

The status of a loan is indicative of the status of repayments on it. If you have specified automatic status movement for the loan, it is moved automatically to the various statuses as per your definition. However, if you indicated that the status change is made manually on the loan, you can change the status manually in this screen. Even if you have defined a loan with automatic status movement, you can still change the status manually, before the automatic status change is due.

There may be another scenario, where you may have defined a loan with automatic status movement forward and the manual status movement however, in the reverse direction. When the conditions for a loan to be in a particular status no longer exist and, if you have specified manual reverse movement, then you will have to manually move the loan to the appropriate status.

The different status codes applicable to a loan are defined for the product it involves. By default a loan acquires these status codes.

When you are capturing loan disbursement details, the system allots the status of Active by default. You may change it to any of the status codes you have defined.

The following status codes are available:

1. Active
2. Past Due
3. Non-accrual
4. Write-off

You can move from one status to the other by bypassing an intermediate status. For instance, you can change the status of a loan from Active to Non-accrual by skipping the intermediate status 'Past Due'. If a status change has been defined with a change in the GL, the entries are passed for the GL movement.

Derived Status

The 'Derived Status' is added at loan level which holds the actual status as derived from the rules. This field is used for tracking the intermediate status and normal status processing. 'User Defined Status' displays the worst status of the customer.

The 'Derived Status' field gets populated only if the 'Group Status Change' check box is enabled at Branch level (Loan Parameter) and Customer level. If this is not enabled, 'User Defined Status' shows the actual status and the 'Derived Status' field shows empty.

5.2.15 The Payment Method

The payment method, specified for the main interest of the product (whether bearing, discounted or true discounted), applies to the contract as well. The method defined for the product is displayed here.

Bearing

Interest is liquidated on schedule payment date(s).

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme Short Term Loans For Individuals at 10% interest for a year.

Under the bearing type of interest payment method, the nominal (USD 10,000), which becomes the principal in this case, is advanced to Mr. Williams. The interest on it is collected over one year, which is the tenor of the loan.

Discounted

In this interest payment method, the interest is deducted at the time of initiating the loan.

Example

You have issued a loan of USD 10,000, under the scheme Short Term Loans For Individuals, at 10% interest for a year, to Mr. Brian Williams.

Under the discounted type of interest payment, the total interest calculated for the tenor of the loan, (USD 1,000), is deducted from the nominal (USD 10,000) and only USD 9,000 is advanced. This forms the principal of the loan.

True discounted

In this interest payment method, the interest is calculated on the principal of the loan and not on the nominal. All the same, like the discounted method, the interest is deducted from the principal at the time of initiation of the loan.

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme Short Term Loans For Individuals at 10% interest for a year.

Under the true discounted type of interest payment, the interest amount in absolute terms is not USD 1,000 but less than that. This is because the interest rate of 10% is not applied on USD 10,000 but on the actual amount disbursed (derived by the system) which is USD 9090.91.

5.2.16 Specifying the Maturity Type

The Maturity Type you have specified for the product is displayed by default, in the screen. However, you can change it to one of the following:

Fixed	The loan has a fixed Maturity Date. This date should be specified in the screen
Call	The Maturity Date is not fixed. The loan can be liquidated any time. It indicates the contract is a demand loan.

Notice	The loan will be liquidated after a certain period of notice. The number of days of notice should be specified in the screen
Fed Rate Loan	The name of the section is displayed as 'Rolling Loan (Fixed). The Maturity Date is not displayed.

For a loan with a Fixed Maturity, this date can either be postponed or advanced, through the Value Dated Changes function.

Maturity Date

If the Maturity Type is fixed (that is, the Maturity Date of the loan is known when the loan is disbursed), specify the Maturity Date when entering the loan. This date should be later than the Start Date of the product. If the product has a Standard Tenor, this date is defaulted, based on the tenor and the From Date of the contract. If this date is changed an override should be given when you store the loan.

For a loan with Call or Notice type of maturity, the Maturity Date should be entered in the screen once it is known. This date should be later than the Start Date of the product. You can unlock the record and add the date.

Oracle Lending maintains an internal parameter 'Default Fee end tenor' to indicate the end period for a demand loan fee on a monthly basis. This tenor is used to arrive at the end date for calculation of accrual amount (only for Straight Line method type) of advance type of fees.

When the end date is maintained, the system facilitates you to maintain provision to specify rate revision schedules for a demand loan. You can set up the following demand loans:

- Floating-Auto
- Floating-Periodic-Auto
- Floating-Periodic-Manual

During the life cycle of the loan contract, you are allowed to modify the revision method only for Floating-Periodic type of demand loans.

Note

You are not allowed to amend rate revision method on the day rate revision.

You can define the rate revision schedules in a similar way as defined for normal fixed maturity type of loans. In case if the current revision schedules are over, you can maintain the new revision schedules by means of contract amendment.

If the product has a Standard Tenor, this date will be defaulted based on the tenor and the From Date of the contract. If you change this date, you have to give an override when you store the loan.

If you have specified auto liquidation for the loan, liquidation is done automatically on that date. If manual liquidation has been specified, you have to manually liquidate the loan through the Manual Liquidation function.

For a loan with Fixed Maturity Type, this date can either be extended or brought backwards through the Value Dated Changes function, once the loan has been initiated.

When a contract is booked under an 'Intra-Day Product' (a product for which the box 'Intra-Day Product' is checked in the Loans and Deposits Product – Preferences screen), the Maturity Date is the system date.

Note

- For a Fed Rate loan, the Maturity Date is not displayed.
 - In case of an Intra day loan, the value date and the maturity date is the same and the interest is calculated for one day.
-

Value Date

This date is displayed only for a contract which is booked under an 'Intra-Day Product' (a product for which the 'Intra-Day Product' check box is selected in the Loans and Deposits Product – Preferences screen). The Value Date is the System Date.

Notice Days

For a contract maturing at notice, you should enter the notice period (in days). This is for information purposes only. When the notice to repay is issued to the counterparty, you should indicate the Maturity Date of the loan in this screen. You can unlock the record and add the date.

If you have specified auto liquidation for the loan, liquidation is done automatically on that date. If it is manual, you have to manually liquidate the loan, through the Manual Liquidation function.

Extending the maturity date of a contract after expiry

You can choose to extend the maturity date of a contract after the maturity date has passed. In such a case, any penalty accruals for the maturity schedule are reversed. The due date for the bullet schedule is changed to the new maturity date, and any interest that would accrue from the old maturity date to the changed date is added to the total interest. Any penal accruals that have commenced since the maturity date, they are reversed and the status of the contract is changed accordingly.

5.2.17 Banker's Acceptance

You can view or capture banker's acceptance details only if the Banker's Acceptance check box is selected at the product level.

Banker's Acceptance Details

Contract Details

Contract Reference

Product

Product Type

Counterparty

Broker BA Product

User Reference

Product Description

Customer Name

Facility Name

Rate Details

Stamping Fee Rate

Discount Rate

Treasury MIS Rate

Agent Rate

Amount Details

Stamping Fee Amount

Discount Amount

Net Borrowing Amount

Interest Day Basis

Ok Exit

Contract Details

The contract details get defaulted from the 'Contract' tab.

Broker BA Product

You can select BA broker product from the list of values. These values are maintained the 'Static Maintenance' screen.

Interest Day Basis

The interest day basis gets defaulted from the 'Interest Basis' of the main interest component.

Rate Details

Stamping Fee Rate

This rate gets defaulted from the 'Final Rate' of the main interest component.

Discount Rate

Specify the discount rate.

Treasury MIS Rate

Specify the treasury MIS rate.

This rate gets defaulted to 'User Rate' of the MIS screen. You can also modify this rate

Agent Rate

Specify the agent rate.

Amount Details

Stamping Fee Amount

This amount gets defaulted from the 'Interest Amount' field of main interest component amount.

Stamping fee amount = loan amount * stamping fee rate * no. of days / day basis.

Example:

- Loan Amount = 2,200,000.00
- Interest / Stamping Fee Rate = 1.37%
- Stamping Fee / Interest amount = $2,200,000.00 * 1.37\% * 30 \text{ days}/365 = 2,477.26$

Discount Amount

This amount is calculated automatically, that is, Loan Amount * (1 – Discount Rate)

Example:

- Loan amount = 2,200,000.00
- Discount Rate = 99.96%
- Discount amount = $2,200,000.00 * (1 - 99.96\%) = 880.00$

Net Borrowing Amount

This amount is calculated automatically, that is, after deducting the discount and stamping fee from the drawdown amount.

Example:

- Original loan amount – stamping fee (main interest) – discount amount
- From the above example:
- Net Borrowing Amount = $2,200,000.00 - 2,477.26 - 880.00 = 2,196,642.74$

5.2.18 Specifying the ICCF Details

Numerous interest rates, charges and fees can be defined for a product through the ICCF (Interest, Commission, Charge or Fee) screens. By default, all these are applied on the loan involving the product.

The attributes pertaining to the component defined as the Main Interest (by checking the 'Main Component' in the ICCF Product Details screen), is displayed here. If you want to make changes to the Main Interest component only, you can do so through this screen without having to invoke the Contract ICCF screen. If you change the Main Interest details, the changed values will be applied on the loan, along with the specifications for the other components (fee, charge, and so on.). If you want to change the details for any other ICCF component, you have to invoke the Contract ICCF screen by clicking on the ICCF button and then make the changes.

Rate Type

The rate type applicable for the product involved in the loan will be displayed in the respective field in the screen. It can be one of the following:

- Fixed - a fixed rate
- Floating rate - a rate that changes periodically or automatically as per your specifications in the Floating Rate Table
- Special - an amount instead of a rate

For more information on negative interest rate processing, refer to the *Interest User Manual*.

Floating rate supports both Risk Free Rates and Non-Risk Free Rates. For more information on floating rate, refer to *Interest User Manual*.

Floating Rate Code

The Floating Rate Code specified for the product involving a loan is displayed in the screen. You can change it to suit the needs of a specific loan and cannot be amended as a part of contract amendment. However, Float Rate code can be amended by Value Dated Amendment.

Spread/Margin

For a loan with a floating interest rate, you can specify the Spread that you want to apply, over the rate maintained in the Floating Rates table.

This Spread should be greater than or equal to the Minimum Spread and less than or equal to the Maximum Spread defined for the product, involved in the loan. If the spread you apply is greater than the Maximum Spread, then the Maximum Spread will be applied on the rate. On the other hand, if it is less than the Minimum Spread defined for the product, the Minimum Spread will be picked up.

For a floating rate, the spread will be applied over the market rate, applicable for the day.

Spread Adjustment

For contracts migrated from LIBOR to RFR, the difference in interest rate is captured on this.

Fixed Interest Rate

If the loan involves a fixed interest rate product, the Default Rate defined in the Product ICCF screen will be displayed here. This rate can be changed if required. The rate can be changed (through this screen), only for the main interest component.

This changed rate should be greater than or equal to the Minimum Rate and less than or equal to the Maximum Rate, defined in the Product ICCF screen.

Interest Basis

For information on interest basis, refer to the *Interest User Manual*.

Example

The minimum and maximum rates defined in the product ICCF screen are 2% and 10% respectively.

The interest rate, which defaults from the product, is 5%. The interest rate you have specified for the loan is 8%. This will be accepted, as it does not exceed the maximum rate of 10%. However, if you want to specify the rate as 1%, this will not be accepted, as this rate is less than the minimum rate of 2%.

Note

You can define a revision schedule for a loan with a fixed rate of interest. The revision schedule can be brought into effect when you change the fixed rate through an amendment.

Special Interest Amount

If the product involved in the loan has been defined with a special interest, the interest amount applicable for the loan is displayed in this screen. You can change this amount.

5.2.18.1 Specifying Rate Fixing Days and Rate Fixing Required

'Rate Fixing Required' check box value is selected from the product level interest screen and 'Rate Fixing Days' is selected from Interest Limit screen. However, you can modify these values.

For more information on rate fixing days and rate fixing required, refer to *Interest User Manual*.

5.2.18.2 Specifying Alternative Risk-Free Rates Preferences

The options of 'Alternative Risk-Free Rates Preferences' are defaulted from 'Interest Class Maintenance' screen (LFDINTCL).

While booking the contract you can modify the 'Alternative Risk-Free Rates Preferences' options. You cannot modify the preferences during contract amendment and value dated amendment.

In case loan is booked with 'Alternative Risk-Free Rates Preferences' and during contract amendment if you try to change the preferences to LIBOR Fixed/Floating, then the following error appears "Modification of parameters from RFR to Non-RFR and vice-versa is not allowed".

For more information, refer to *Interest User Manual*.

5.2.18.3 Specifying the Interest Period Basis

You can indicate how the system must consider the tenor basis upon which interest is computed over a schedule or interest period, in respect of the contract. This preference is inherited from the Interest Limits definition for the product used by the contract, and you can change the default option chosen.

You can choose any of the following options:

Including the From Date

The period considered for interest calculation would include the start date and exclude the end date. Therefore, the value date of the loan is considered for interest calculation and the maturity date is excluded. This would mean:

1. For the first schedule, it would include the Value Date. Interest would be calculated for the Value Date
2. For the last schedule, it would exclude the Maturity Date. Interest would not be calculated for the Maturity Date

Including the To Date

The period considered for interest calculation would exclude the start date and include the end date. Therefore, the value date of the loan is excluded, but the maturity date is included for interest calculation. This would mean:

1. For the first schedule, it would exclude the Value Date. Interest would not be calculated for the Value Date
2. For the last schedule, it would include the Maturity Date. Interest would be calculated for the Maturity Date

Including both From and To Dates

The period considered for interest calculation would include both the value date and the maturity date. This would mean:

- For the first schedule, it would include the Value Date. Interest would be calculated for the Value Date

- For the last schedule, it would include the Maturity Date. Interest would be calculated for the Maturity Date

Excluding both From and To Dates

The period considered for interest calculation would exclude both the value date and the maturity date. This would mean:

- For the first schedule, it would exclude the Value Date. No interest would be calculated for the Value Date.
- For the last schedule, it would exclude the end date. No interest would be calculated for the Maturity Date.

Example

A loan with a value of USD 400,000 is value dated 1st January 2003 and matures on 1st May 2003. The intermediate interest payment schedules are on 1st February 2003, 1st March 2003 and 1st April 2003.

Schedule	Start Date	End Date
1	1 st January 2003 (Value Date)	1 st February 2003
2	1 st February 2003	1 st March 2003
3	1 st March 2003	1 st April 2003
4	1 st April 2003	1 st May 2003 (Maturity)

The periods considered for interest calculation for each schedule, for each of the four options, are arrived at as given below:

Include From Date

Schedule	Days from	Days To	Days for Interest Calculation
1	1 st January 2003 (including)	1 st February 2003	32
2	2 nd February 2003	1 st March 2003	28
3	2 nd March 2003	1 st April 2003	31
4	2 nd April 2003	1 st May 2003 (excluding)	29

Include To Date

Schedule	Days from	Days To	Days for Interest Calculation
1	1 st January 2003 (excluding)	1 st February 2003	31
2	2 nd February 2003	1 st March 2003	28
3	2 nd March 2003	1 st April 2003	31
4	2 nd April 2003	1 st May 2003 (including)	30

Include both From and To Dates

Schedule	Days from	Days To	Days for Interest Calculation
1	1 st January 2003 (including)	1 st February 2003	32
2	2 nd February 2003	1 st March 2003	28
3	2 nd March 2003	1 st April 2003	31
4	2 nd April 2003	1 st May 2003 (including)	30

You would notice that consequent to the first schedule, this option would work in the same manner as the Include To Date option.

Exclude From and To Dates

Schedule	Days from	Days To	Days for Interest Calculation
1	1 st January 2003 (excluding)	1 st February 2003	31
2	2 nd February 2003	1 st March 2003	28
3	2 nd March 2003	1 st April 2003	31
4	2 nd April 2003	1 st May 2003 (excluding)	29

You would notice that consequent to the first schedule, this option would work in the same manner as the Include From Date option.

5.2.18.4 Specifying Interest Rate Rounding Components

The 'Rate Rounding Rule', 'Rate Rounding Unit', and 'Rate Rounding Position' values get defaulted from 'Interest Limits Detail' screen. If required, you can change these values

5.2.18.5 Specifying the Currency Rounding Logic for Interest Components

A Loans contract or Money Market deal inherits the currency-wise rounding rules defined for interest components, in the interest class associated with the product used by the contract.

Such inherited rounding rules can be altered, if required, when the contract is entered. For the main interest component, the applicable rounding rules can be altered in the main Contract Online screen.

The following rounding rules can be specified:

- How the interest amounts in respect of the interest component in the specified currency are to be rounded – truncated, rounded up, rounded down, or rounded near.
- If truncation is opted for, the number of digits after the decimal place, to which interest amounts in respect of the interest component in the specified currency, must be truncated. The number of digits specified for truncation cannot exceed the allowed decimal places for the specified currency. If not specified, the number of decimals indicated in the Currency Definition for the specified currency is picked up by the System.
- For the Round Up, Round Down and Round Near options, the rounding unit, which is the lowest possible measure in which the interest amounts in respect of the interest component in the specified currency, can be considered. This value cannot be less than the rounding unit for the specified currency in the Currency Definition. If not specified, the rounding unit indicated in the Currency Definition for the specified currency is picked up by the System.

The rounding rules so defined would also be applicable for any special interest and / or rollover special interest amount in respect of the contract.

The rounding rules for any of the interest components applicable for the contract can be specified in the ICCF Details screen, which can be invoked by clicking on the 'I' button in the Contract Online screen.

Application of Rounding Rules during Interest Processing

When the System processes any of the following events in respect of a Loans contract, the rounding rules defined for the interest component applicable for the contract are picked up:

- Interest Schedule Calculation
- Interest Accrual
- Manual Liquidation.
- Contract Rollover (if a partial liquidation is done, the rules are applied on the interest liquidation amount, and any differential amount arising from this is adjusted. An override is sought in such a case)
- Auto Liquidation If the rounding rules are not available from the contract details, the rounding rules specified in the Currency Definition are used.

5.2.18.6 Choosing the Applicable Rate from Historical Rates

For contracts involving a fixed rate primary interest component, your bank may require choosing the applicable rate from historical floating rates for a floating rate code that has been maintained for a treasury source. For such requirements, select the TREASURY option in the Fixed Rate Type field in the main Contract Online screen.

To select the applicable floating rate from those available for the rate code maintained for the designated default treasury, click 'Floating Rate' button alongside the User Rate field. The Treasury Floating Rates Maintenance screen is opened, with the historic floating rates for the rate code displayed. You can choose the required rate for the desired effective date, in this screen. The rate you select is displayed in the Rate field in the main Contract Online screen. You can also specify an appropriate spread.

For all future interest computations, fixed rate contracts for which such historic floating rates have been specified are processed as fixed rate contracts for which the applicable rates are derived from the user rate and the specified spread.

System updates and tracks the adjustment rate for each interest component associated with the loan contract for which floor and ceiling propagation is done.

If loan contract all-in rate (Base Rate + Spread) of the interest component is less than the floor value of all-in rate, then

- Adjustment Rate = Floor value – Computed all-in rate
- Revised All-In Rate = Floor Value
- In this case, the “Adjustment Rate” will be positive

If loan contract all-in rate (Base Rate + Spread) of the interest component is greater than the Ceiling value of all-in rate, then

- Adjustment Rate = Ceiling value – Computed All-In rate
- Revised All-In Rate = Ceiling Value
- In this case, the “Adjustment Rate” will be negative

History of propagation details are not available for the loan contract, and system always display the latest adjustment rate which is updated as part of the latest floor and ceiling propagation.

5.2.18.7 Specifying Exponential Interest Rate

Rate Basis

This value gets defaulted from 'Bilateral Loans Product Definition screen. If required you can change the value. The following are the options available.

- Per Month – This option is used for fixed per month rate input as explained in product UDE maintenance.
- Per Annum /Not Applicable– This option is used for annual rate input. The value input will be considered as resolved rate.
- Quote Basis – This option is used for float rate input for all quote basis other than “Standard”.
- Not Applicable – This option is meant for non-rate related UDE types.

The resolved rate derived from fixed/float rate maintenance is converted to derived rate using the below formula for exponential method of calculation.

- $DR = (((1+RR)^{1/YB} - 1) * YB)$
- RR – Resolved Rate
- YB – Year Basis calculated as explained in float rate maintenance section.

This is the final rate used for interest calculation and this derivation is done only for exponential type with exponential method of calculation.

The derived rate calculation along with daily compounding is used to achieve exponential method of calculation.

Exponential Interest Method

This value gets defaulted from 'Bilateral Loans Product Definition' screen. You are not allowed to change the value.

If main interest component is of exponential method, then the system validates the interest basis maintained for penalty interest components are same as main interest component, during save/amend/rollover.

Exponential Factor Percentage

This value gets defaulted from 'Bilateral Loans Product Definition' screen.

The 'Exponential Factor Percentage' is 100% for exponential interest and non-exponential interest method. In case of exponential interest method, you can change the 'Exponential Factor Percentage' value. In case of non-exponential interest method an override appears saying for non-exponential interest method the factor percentage is considered as 100%.

Allow Reporting Only and Reporting Component Type

'Allow Reporting Only' and Reporting Component Type are defaulted from 'Interest Class Maintenance' (LFDINTCL) screen and you cannot modify this fields as they are read-only fields.

Note

If 'Allow Reporting only' is enabled then the Component does not have any schedules and it is liquidated when the main interest is liquidated. For COSIF the accrual is always on a Actual/360 basis, for RAP the amount is deducted upfront and it is reverted during the accruals. COSIF and Main Component is always have the same amount due on the schedule dates which is achieved by adjusting the effective rate for COSIF using the below logic

$$\text{Rate_act360} = \frac{(((((\text{Rate?_bu252}/100)+1)^{\text{\#budays /252}})^{(360/\text{\#days}})-1)*100}{100}$$

For more information on accounting entries for reporting components, refer 'Event-wise Accounting Entries and Advices' section.

5.2.18.8 Viewing Interest Details

The 'Rate' displayed in the 'ICCF Details' screen is the current rate as of today.

For history of rates, click 'Interest Details' tab in the 'Loan and Commitment -Contract Input' screen. The 'Interest Details Summary' screen displays history of rates.

Int. Details Summary

Contract Details

Contract Ref No _____

Interest Details

Component	Value Date	Rate Type	Rate Code	Base Rate	Spread	Fir

Exit

5.2.19 Allowing Rollover

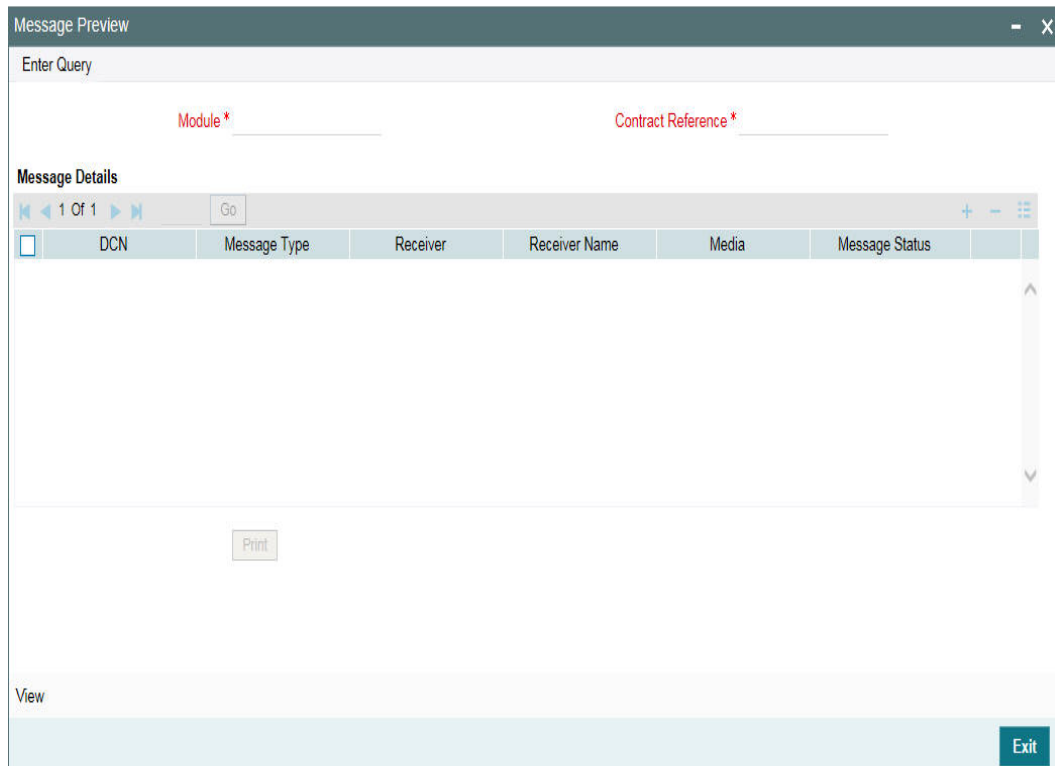
While setting up a product, if you have specified that loans involving the product should be automatically rolled-over, then all loans involving the product are rolled-over on their respective Maturity Dates. This feature is called auto rollover. If auto rollover is specified for the product the loan involved is indicated on this screen.

However, if you do not want the loan, whose disbursement details are being captured to be rolled-over, you can disallow rollover for the particular loan. If rollover has been disallowed for a product, you cannot rollover loans involving the product.

5.2.20 Viewing Messages using Message Preview

The 'Message Preview' screen allows you to preview the messages/advices generated for unauthorized contracts. By saving the contract, you can preview the messages/advices generated.

From 'Loan and Commitment - Contract Input' screen, click "Message Preview" tab to view the 'Message Preview' screen.

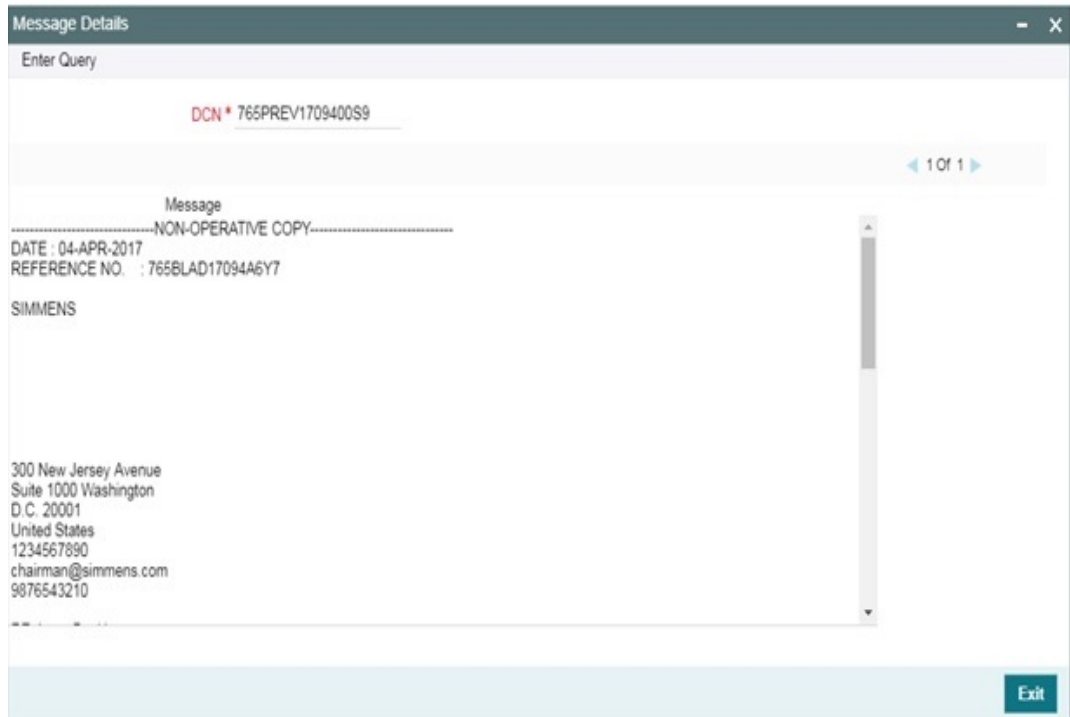


In addition, you can take print of the messages/advices generated from the 'Message Preview' screen.

Instead of going to 'Message Preview' screen (OLDMSPRV), you can preview the messages/advices generated in the 'Message Preview' tab.

- Contract Reference- The current contract reference number appears.
- DCN - The generated DCN number of the particular message/advice appears.
- Message Type - The type of message generated for that event appears.
- Receiver - The customer ID (Receiver) of the particular message/advice appears.
- Name - The name of the receiver of the particular message/advice appears.
- Media- The media through which the particular message/advice is transmitted. For example, SWIFT or mail.
- Message Status - The status of the particular message/advice appears.

Click 'View' to open 'Message Details' screen. The DCN and the message format is displayed in this screen.



You can also click 'Print' to print the generated messages/advices.

5.2.21 Specifying Preferences Tab

Specifying Industry Code

Specify the industry code here. The adjoining option list displays all industry codes maintained in the system. You can choose the appropriate one.

Specifying the Administrator Details

Select the administrator code from the adjoining option list. This list displays admin details maintained in the Admin Maintenance screen.

Pool Funding

Pool Funding Reference No.

Specify the pool funding Reference number from the adjoining option list. The option list displays all open and authorized pool funding reference numbers where branch code and currency match the commitment contract.

It is mandatory to specify this value, if you have checked the 'Master Funding Required' check box at the product level.

Master Funding Reference No

Specify the master funding reference number from the adjoining option list. The option list displays all open and authorized master funding reference numbers where branch code and currency match the commitment contract.

It is mandatory to specify this value, if you have checked the 'Pool Funding Required' check box at product level.

Pool and Master Funding linkages are applicable only to commitment contracts in the OL module. These fields will be disabled for contracts using other product types.

You can specify the funding reference Number for a commitment contract either during contract input or contract amendment operation.

After the funding reference number is selected in the Loan Contract Input screen, system validates the available balance in the pool is sufficient for the commitment contract amount.

If pool balance is insufficient, system displays the error message 'Commitment amount exceeds available balance of Pool/Master Fund'. You cannot proceed with booking the commitment contract under the given Pool/Master fund reference.

These validations will be performed for the following scenarios:

- Funding reference number is selected during new contract input /contract amendment
- Funding reference number is changed during contract amendment
- Commitment amount is increased using Value Dated Amendment (VAMI) operation

You can link commitment contracts using different product codes to the same funding reference.

You can also link revolving/non revolving commitments to a Pool/Master funding regardless of whether the Pool/Master funding is revolving/non-revolving.

You can also add or modify a funding reference number for a contract using contract amendment operation. While adding a funding reference number to a commitment contract, system validates if any active loans under the commitment should be in the same currency as the commitment. If the loan currency differs from commitment currency, system displays an error message stating that such commitments cannot be linked to a funding reference number.

When you amend the contract, and select a new funding reference number, system validates that the available balance in the new pool is sufficient for the commitment amount. If yes, then you can proceed with the contract amendment operation. If the available balance in the pool is insufficient, then you cannot proceed with the amendment.

For commitment contracts reversed or deleted before authorization, the available amount under pool reference number will be reinstated to the extent of the commitment contract amount for both revolving and non-revolving types of pools.

Processing Pool Funding

System calculates the available balance of a pool/master fund during new contract input/contract amendment

When a funding reference number is attached to a commitment contract, system validates the contract amount against the available (un-utilized) amount of that pool/master funding reference.

For such commitments, system validates the currency of any loans booked under them should be the same as the commitment contract currency. The commitment contract currency is always the same as that of the funding reference.

If both Pool and Master funding codes are linked to a commitment contract, then contract booking amount is validated against the minimum available amount of the Pool and Master Funding Reference.

When a commitment contract is linked to a Funding Reference Number, system derives the available Funding Amount (for both Pool and Master Funding) as follows:

Available Funding Amount for Revolving Funding

Fund Utilization = Sum of contract amount (latest version) of all revolving commitments booked

+ Sum of principal Available balance of all non revolving commitments booked

+Sum of principal outstanding balance of Loans linked under the non revolving commitments

Available Fund Amount = Fund Amount – Fund Utilization

Available Funding Amount for Non-Revolving Funding

Fund Utilization = Sum of contract amount (latest version) of all revolving commitments booked

+ Sum of contract amount (latest version) of all non revolving

+ Sum of Principal Decreases of all revolving commitments booked

+ Sum of Principal Decreases of all non-revolving commitments booked

Available Fund Amount = Fund Amount – Fund Utilization

Note

- The available amount or utilization of Pool and Master Funding are not stored in system, but derived at run time during commitment input and during any principal increases of commitment through VAMI operation.
 - If the commitment contract amount is increased using value dated amendment (VAMI), the new contract amount is validated against the available amount in the pool or the master funding attached to the commitment.
 - System does not check available Funding Amount if commitment amount is reduced using VAMI.
-

Open Line Loan Details

Open Line Loan

This check box value gets defaulted from the 'Bilateral Loans Product Definition' screen. If required, you can modify this value.

Revolving Type Open Loan

This check box value gets defaulted from the 'Bilateral Loans Product Definition' screen. If required, you can modify this value.

The screenshot displays a web-based interface for Oracle Banking Corporate Lending. It features several input fields for contract information: Branch, Contract Reference, Facility Name, Product Code *, Version (with left and right arrows), Of, Program Counter, Product Description, Custom Reference No, Projected Amount, User Reference No, Treasury Source, and Outstanding Amount. Below these fields is a navigation bar with tabs: Contract, Preference (highlighted in red), Schedules, Linkages, and Rollover. A 'Reverse Reason Desc' field is also present. The 'Bill Details' section includes Trade Reference No, Bill Due Amount, and Amount Available. The 'Open Line Loan' section has radio buttons for 'Open Line Loan' and 'Revolving Type Open Loan'. At the bottom, there is a menu bar with options like Events, BA Details, ICCF, Advices, Settlements, Overwrite default SI, Tax, MIS, UDF, Charges, Installment Loan, Payment Summary, Fee, and Customer Relations. A footer area contains fields for Maker Id, Checker Id, Status, Maker Date Stamp, Checker Date Stamp, Auth Status, and an 'Exit' button.

5.2.22 .Identifying an Agency Contract

Oracle Banking Corporate Lending allows Straight Through Processing from LB module to OL module to track bank or any of bank entities (playing the role of a self participant) share in a syndicated loan. For the tranche/drawdown booked for the self participant on the agency side, Oracle Banking Corporate Lending automatically creates the corresponding commitment/loan on the originations side (in the OL module).

The system checks the 'Agency Contract' box to indicate that the loan is created as a result of STP. However, you can deselect this check box, if required. To do this, you have to first unlock the record. If deselected, the contract becomes a normal loan contract. Further, the system stops tracking the bank details or its entities share in the syndication. If you select this option at the commitment contract level then the system does not allow you to deselect the option at OL contract level. But if you deselect the option at the OL contract level then the system allows you to check this option at the commitment contract level.

Note

This field is enabled only for products where the agency contract flag is set to 'NO'.

- You cannot edit this field after first authorization (as part of CAMD, the field cannot be edited).
- Based on the contract level flag, the system changes the main interest component rate type to 'Fixed' and fixed rate type as 'Agency'.
- The system does the Interest re-pickup, if the agency contract flag is set back to 'NO'.
- For agency types of loans, you should handle the changes in the agency rates through the 'Agency Rate Revision' screen. You are not allowed to change Agency rate as part of VAMI. In addition, you are not allowed to maintain the Agency rates for future dates
- You can select a Loan contract for Agency Contract Type only if the reporting commitment also is of Agency Contract type.
- If you modify the following UDF values for the contract wherein 'Agency Contract' box is checked, the system will send an amendment feed to Intellect system provided the box 'Intellect Feed for UDF Change' is checked in the 'Loan Parameters' screen:

- CUSTOMER RATE
- > DEALER LIBOR RATE
- > LATE TRADE
- > RA COST

This feed contains the updated UDF values.

The Base rate and the spread can be in negative. All in rate will become zero if all in rate is negative.

5.2.23 Rollover Count

You will see the rollover count in this screen. For a loan that has been rolled-over, this count indicates the number of times it has been rolled-over.

Note

For rollover to be applicable for the loan, it has to be defined for the product.

5.2.24 Confirming the Status of Loan Products

System defaults the maintenance done for the 'Confirm' check box from the product level. If this box is checked at the product level, then system defaults the same to the contract booked under that product and you cannot amend at the contract level. If this box is deselected at the product level, then you can amend this box only during the life cycle of the contract.

System re-defaults the maintenance done for 'Confirm' check box from the product level during actual initiation of value dated amendment and processing of normal rollovers. During payment, system does not re-default the maintenance for 'Confirm' check box from the product. This check box will continue to have the same value as maintained at the contract level.

System does not generate the intellect message if only the 'Confirm' box is amended. There is no impact on Initiation, Liquidation, Rollover, Re-price and generation of payment messages due to the 'Confirm' check box.

5.2.25 Tax Scheme

The tax scheme, which has been specified for the product is displayed in this screen. The tax scheme cannot be changed at the time of loan processing. You can however, waive the tax applicable on the contract.

5.2.26 Entering Internal Remarks

You can enter information describing the loan that you are processing. This is available when you retrieve information on the loan. However, this information is not available on any advice printed for the customer's benefit. This information is displayed whenever you retrieve information on the loan, either as a display or in print.

5.2.27 Enabling the Reprogramming Counter

Whenever any event (loan disbursement, value dated amendment, schedule changes, and so on.) in the life-cycle of a loan contract results in a negative cash flow for a bank, you have to enable the reprogramming counter by selecting the check box positioned next to the Reprogram Counter field.

5.2.28 Enabling Auto Extension

Select this check box to define the interim interest schedules for the contract. It ensures that schedules are created in advance to facilitate billing notice generation. Accordingly the system creates the schedules when the schedule date is crossed. It is essential for the schedules to be generated for billing details in future.

Note

- This field is enabled only if you select the call type of loans (demand loans). If the auto extension flag is enabled, the number of schedules is defined based on the internal parameter AUTO_EXTENSION_SCHEDULES from CSTBS_PARAM.
 - The frequency is determined based on the product level definition. At the product level, if there is a frequency as bullet for main interest component, then there is no interim interest schedules for the main interest component using AUTO_EXTENSION/AUTO_EXTENSION_SCHEDULES.
 - Auto extension flag is checked or unchecked only at the time of booking demand loans. It cannot be amended as part of CAMD.
 - While defining schedules the number of schedules is specified. However, these contracts are not considered for Auto Extension.
-

The system creates the schedules based on the internal parameter for number of schedules of demand loan, provided the 'Auto Extension' flag is checked. For instance, if the internal parameter for number of schedules for demand loan is set as 2 with the monthly interim schedule, then it will always have two monthly future interim schedules for the interest component. When a particular schedule date is reached for such demand loan, the system creates additional future schedule.

5.2.29 Enabling Residual Amount Liquidation

Residual Required check box

Select this check box for loan payment transaction for residual. If this check box is selected at 'Contract and Commitment - Contract Input' screen (OLDTRONL), then the system defaults it to 'Manual Payment' screen (OLDPMNT). However, this check box can be superseded at 'Manual Payment' screen.

Note

- While creating a contract if residual threshold for a currency is not maintained, then an error message appears.
 - This option is available in 'Payment Simulation' screen.
-

Residual Amount

In OLDTRONL, the residual amount will be shown in 'Accounting Entries' of Event tab once the residual accounting entries are passed.

Residual Amount Liquidation is supported for the following:

- Principal, Interest and penalty components
- Current, Back Dated and Future Dated payment
- Manual or Auto loan liquidation

Positive and negative residual amount is supported for

- Bearing, Discounted and True Discounted loans

- Normal, Amortized and Capitalized Schedule type

Computation of Residual amount

Residual amount is computed as amount due less amount paid. If the resultant amount comes as a positive value and lower than the positive threshold maintained at product level, then the residual amount is considered as 'Positive Residual' amount.

Example

When payment is done as below:

- Schedule due amount: 10000
- Residual threshold: 50
- Payment made with residual as Y: 9980
- Here payment made amount is less than the schedule due amount, so entry is passed for 20. So residual entry is passed for 20, along with the payment amount.

If the resultant amount come as a negative value and lower than the negative threshold maintained at product level, then the residual amount is considered as 'Negative Residual' amount.

Example

When payment is done as below

- Schedule due amount: 10000
- Negative Residual threshold: 50
- Payment made with residual as Y: 10030

Here payment made amount is greater than the schedule due amount, so entry is passed for 30. So residual entry is passed for 30, along with the payment amount.

Enabling FX Variation on FCY Loans

Spot Rate

The system calculates FX variation based on user input rate on spot rate and daily exchange rate as D-1, D,D+1,D+2. Each exchange rate variance on daily basis, accrual on FX variation is calculated and posted on daily event.

Allow FX Variation

This check box value gets defaulted from the product screen. If this check box is selected the system converts all FCY loans and displays the amount fields in LCY. The system calculates the tax, charges, IOF and displays the amount in local currency.

5.2.30 Indexed Loans

To guard against the fluctuations in the value of money in the economy due to inflation, you can maintain loans in a separate imaginary currency called the index currency. (The index currency is maintained in the Currency Maintenance screen of the Core Services module.)

Note

Since the index currency is linked to the local currency of your branch, you can only mark loans quoted in the local currency as indexed loans.

The fluctuations in the inflation rate is effected by the fluctuation in the exchange rate between the Index currency and the LCY.

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme 'Short Term Loans for Individuals' at 12% interest for a period of five months.

As a consequence of inflation the price index has gone up from 50 to 55 as of the date of loan repayment.

Now what Mr. Williams has to pay you is computed as follows:

$$P = 10,000 \times 55/50 = \text{USD } 11,000$$

The interest will be calculated on the new principal amount.

To index a loan you have to choose the index currency as the loan currency while maintaining the contract details of the loan. However, you have to specify the LCY equivalent of the contract amount. The system computes the amount in index currency based on the exchange rates maintained in the Currency Rates Maintenance screen.

The Impact

As a consequence of maintaining indexed loans the following functions is affected:

- Interest accruals are reflected in the index currency
- Payment advices for customers are generated in the index currency. Even if the advice has the local currency equivalent, the conversion will be based on the rate as of the generation date rather than the payment date.
- Repayment schedules are maintained in the index currency
- In the central bank report, this loan is identified as a local currency loan
- If the loan is pre-paid during the course of the month the exchange rate for the particular deal has to be calculated manually and entered into the system.
- When payments are overdue, the dues continue to remain in the index currency. Upon liquidation the prevalent exchange rate between the index currency and the local currency is applied.

5.2.31 Interpolation

Interpolation is used to determine interest rates for a period of time that are not available.

In this case, the interest rate is the dependent variable, and the length of time is the independent variable. To interpolate an interest rate, you need the interest rate of a shorter period of time and a longer period of time.

In Corporate Lending, changes are made to standard interpolation formula so that the system picks the actual days for a month instead of directly picking the tenor available in the 'Floating Maintenance' screen.

Reset Tenor = T_R

Min Tenor = T_M

Max Tenor = T_N

Min rate = r_m

Max rate = r_n

$$r_r = r_m + \left[r_n - r_m \right] \left[\frac{T_R - T_M}{T_N - T_M} \right]$$

For example:

Floating rates are maintained in the following format.

Currency - USD

Tenor	Rate
0	2.1
7	1.78
14	1.85
30	1.90
60	2.1
90	2.03
180	1.85
360	1.7
999	1.89

Schedule Date is 4-2-2015 and reset tenor is 17.

$$R = 1.85 + [1.90 - 1.85] \left[\frac{17 - 14}{28 - 14} \right]$$

↓
Actual Days

=1.86

5.3 Preferences for a Loan

Preferences are options. For instance, for a product, you have the following options:

- Making liquidation automatic or manual or component based
- Allowing or disallowing rollover
- Applying tax or waiving it
- Applying prepayment penalty or waiving it
- These are your product preferences. For a contract, you have the option (preference) of specifying the following in the 'Contracts' tab of the Contract Online screen.
- Liquidating back valued schedules
- Applying Back Valued Schedules
- Suppressing Back Value Payment Messages
- Residual Liquidation Entries

You cannot however, change the schedule payment type (amortized, capitalized or normal) for specific contracts. By default, the payment type, which you have defined for the product, applies to all loans involving the product.

This section contains the following topics:

- [Section 5.3.1, "Setting Loan Schedule Preferences"](#)
- [Section 5.3.2, "Disbursing Loan through the 'Manual' Mode"](#)
- [Section 5.2.3, "Contra GL Balance Details"](#)
- [Section 5.2.4, "Net Outstanding Amt"](#)
- [Section 5.3.5, "Re-computing Late Payment Charges Online"](#)
- [Section 5.3.6, "Processing the Late Payment Charges"](#)
- [Section 5.3.7, "Maintaining System Derived Schedules"](#)
- [Section 5.3.8, "Maintaining User Input Schedule Amounts"](#)
- [Section 5.3.9, "Maintaining Schedule Adjustments on Interest Rate Revision"](#)
- [Section 5.3.10, "Maintaining previous interest rate"](#)
- [Section 5.3.11, "Maintaining Schedule Adjustments on Prepayment"](#)
- [Section 5.3.12, "Re-Amortization"](#)

5.3.1 Setting Loan Schedule Preferences

Schedule preferences are the attributes of the repayment schedules, defined for the loan in the Schedules tab of 'Loans and Commitment-Contract Input' screen

When you are entering a loan for the first time, you can define certain attributes for it. They include:

- Disbursement preferences, whether it is auto or manual
- Principal liquidation and liquidation order
- The amortization type, if the loan has been specified with amortized schedules
- Whether holidays are to be ignored at the time of drawing up repayment schedules
- The behaviour of schedules when they fall due on the holiday

Disbursement Mode

The Oracle Banking Corporate Lending supports the following modes for loan disbursements:

- Auto
- Manual

Note

Ensure to maintain disbursement schedules for 'Auto' disbursement mode. If you select the mode 'Auto', then the system will automatically disburse the loans based on the disbursement schedule defined for the contract.

In the manual mode, disbursement happens on demand. In this case, disbursement schedules need not be maintained for the 'PRINCIPAL' component.

Also, you can collect any applicable charges related to the disbursement at the time of making the disbursement. These charges are defined at the product level and contract level.

When a loan is disbursed either in the 'manual' or in the 'auto' mode, the system will utilize the new collateral, local collateral, facility, or liability only for the amount that is disbursed.

You have to specify the disbursement mode as a preference at the time of setting up a Corporate Lending at the product level and gets defaulted to the contract. You can modify at the contract level.

Stop Disbursement

If this check box is selected, then the system will not allow you to do further disbursements whether it is a 'Auto' or 'Manual' disbursement.

Distribute Disbursement

It will distribute the amount financed equally to disbursement schedules based on number of disbursement schedules.

Disbursement Split Settlement

After clicking 'Disbursement Split Settlement' button, the system automatically populates the disbursement schedules and split settlement details.

Disbursement Split Settlement										
Disbursement Schedules										
Contract Reference	ESN	Due date	Contract Currency	Amount	LCY Amount	Disbursement Mode	Schedule Applied	Schedule Reversed		
<input checked="" type="checkbox"/>	324CMSE192890501	1	16-OCT-2019	USD	300,000.00	300,000.00	Auto	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	324CMSE192890501	5	17-OCT-2019	USD	200,000.00	200,000.00	Auto	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	324CMSE192890501	7	18-OCT-2019	USD	100,000.00	100,000.00	Auto	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Split Settlement Details									
Split Sequence No	Amount Tag	Account CIF	Branch	Settlement Seq No	Mnemonic	Account Currency	Account	Split Amount	Split Percent
<input checked="" type="checkbox"/>	1 PRINCIPAL1	GURNOSCUST1	GUR	0	GUR-0-1	USD	GURNOSAC3	80,010.00	
<input type="checkbox"/>	2 PRINCIPAL2	GURNOSCUST2	GUR	1	GUR-0-2	USD	GURNOSAC2	60,000.00	
<input type="checkbox"/>	3 PRINCIPAL3	GUR000001	GUR	2	GUR-0-3	USD	GURCUSAC01	159,990.00	
<input type="checkbox"/>	4 PRINCIPAL4	GUR000002	GUR	3	GUR-0-4	USD	GURCUSAC02	0.00	

For loans with auto disbursement, schedule wise split settlement is supported during contract booking.

Disbursement Schedules

You can view the disbursement schedules of the contract.

Split Settlement Details

The 'Split Settlement Details' field values get populated from the main 'Settlement' sub-system. You cannot add a new row in this section.

Split Sequence No

Indicates the split sequence number on new split. This appears after saving or querying existing contract.

Account CIF

Indicates the customer CIF.

Branch

The branch where the CASA account exists.

Mnemonic

Indicates SSI Mnemonic

Account Currency

Account currency for the settlement account selected.

Split Amount and Split Percentage

During loan booking you have provide the eligible split accounts in the 'Settlement' subsystem.

You can enter the required split amount for the specific account and leave the other accounts with split amount as 0. You can either input split amount or split percentage for future auto disbursement schedules.

The split amount is calculated based on percentage entered and disbursement amount due. The split percentage is derived based on the split amount entered and disbursement amount due. The system validates the sum of split amount is equal to the disbursement amount due for each schedule.

Types of repayment schedules

When creating a product, you specify the type of repayment schedule - amortized, capitalized or normal (periodic). All loans involving the product acquires the repayment schedule type, defined for the product. When processing a loan you cannot change the repayment schedule type that the loan has acquired.

For example, if you have specified an amortized, repayment schedule for a product, it applies to all loans involving the product. This cannot be changed.

By specifying that payment schedules have to be amortized over the period of repayment, you indicate that all the repayments should be in Equated Instalments. These repayment schedules are drawn up taking the Principal and the Main Interest. While defining the attributes of interest applicable on a product, you can designate one interest component as the main interest.

If you specify amortized schedules, the system automatically do the amortization according to the frequency that you have defined.

Note

If a loan is to be amortized, it should have a fixed type of interest and a Bearing interest payment method.

You can also specify Capitalization and define schedules for the various components of the loan. If the repayments of principal or interest are not made on a particular schedule date, they are capitalized for the next schedule. If a partial payment has been made, the unpaid amount is capitalized (the unpaid interest is added to the unpaid principal and this becomes the principal for the next schedule).

If you have specified Normal type of schedules, you can define your own schedules for loans involving the product.

Specifying Moratorium Type

You can select the following moratorium type as the any one of the following:

- Liquidate Immediate
- Liquidate Across Schedule
- Liquidate With First Schedule
- Capitalize
- Consumer Credit

On defaulting schedules, schedules are populated by the system based on moratorium period and units defined at product level. The calculation of moratorium interest is based on the principal amount, moratorium final rate and moratorium period.

Note

- In case of any change in projected moratorium interest, for example. change in principal, change in moratorium interest rates or change in moratorium period, system re-distributes or re-amortize the new projected moratorium interest across the remaining schedules falling after moratorium end date.
 - If there is user defined schedule amount/ EMI, the amount/EMI is not changed while considering moratorium interest for schedule calculation.
 - Moratorium period should be defined as a single schedule.
 - Moratorium period is applicable only for 'Bearing', 'Normal' and 'Bearing Amortized' type of schedules. It is not applicable for 'Discounted', 'True discounted', and 'Capitalized' loans.
 - If IOF capitalization is used, in moratorium formula, capitalized IOF amount should not be used as Principal. This is to ensure that moratorium interest is not calculated on Gross principal which includes the IOF amount.
-

For information on moratorium related accounting entries, refer to 'Appendix B - Accounting Entries, Advices and Error Codes' section.

Specifying the amortization type

You need to specify the amortization applicable to the loan only if the schedule type is amortization.

The following options are available:

- Reducing Balance: The reducing balance method is used for calculating interest on the reduced principal/outstanding balance for each repayment schedule. The principal repayment would be the difference between the equated monthly installment and the interest, for each schedule. The following example illustrates principal and interest calculation using this method.

Example

Assume that you have disbursed a loan with the following details:

- Principal – 10,000 USD
- Interest Rate – 10%
- Interest Calculation Method – Actual/360
- Loan Start Date - 12/1/2000
- Loan End Date - 11/30/2001
- Days in the year – 364

Based on the reducing balance method, the interest, principal and the EMI are as follows:

Sl. No	Interest	Principal	EMI	Outstanding Bal
1	86.11	\$793.05	\$879.16	\$9,206.95
2	79.28	\$799.88	\$879.16	\$8,407.07

3	65.39	\$813.77	\$879.16	\$7,593.30
4	65.39	\$813.77	\$879.16	\$6,779.53
5	56.50	\$822.66	\$879.16	\$5,956.88
6	51.30	\$827.86	\$879.16	\$5,129.02
7	42.74	\$836.42	\$879.16	\$4,292.60
8	36.96	\$842.20	\$879.16	\$3,450.40
9	29.71	\$849.45	\$879.16	\$2,600.95
10	21.67	\$857.49	\$879.16	\$1,743.46
11	15.01	\$864.15	\$879.16	\$879.31
12	6.11	\$873.05	\$879.16	\$6.26

The interest for the first schedule is computed on the loan principal (10,000) for the first month (31 days) using the following formula:

$$(10000 * 10 * 31) / (100 * 360)$$

Interest for the subsequent schedules are computed on the outstanding principal for each schedule.

- Rule of 78: A method of amortization, the Rule of 78 is also a way of determining how much of each monthly payment is paid towards interest and how much is paid towards the principal component. First, you need compute the total interest on the original principal amount. Then, you need divide this interest amount equally into n parts, where n is the number of schedules and divide the loan principal amount also into n equal parts, so that each equal installment is basically a sum of the two. Subsequently, you need apply the rule of 78 to calculate how much of the EMI goes towards interest and principal. The following example illustrates this:

Example

Consider the loan details mentioned in the above example:

Total interest on the loan = $(10000 * 10 * 364) / (100 * 360) = 1011.11$

Interest for each schedule = $1011.11 / 12 = 84.26$

Principal for each schedule = $10000 / 12 = 833.33$

EMI = $833.33 + 84.26 = 917.59$

First month's interest = $12 / 78$ times $\$1011.11 = 155.56$

(78 is the sum of integers from 1 to 12)

Therefore, principal for the first month = $917.59 - 155.56 = 762.03$. The interest, principal, and EMI due for each schedule is as follows:

Sl. No	Interest	Principal	EMI
--------	----------	-----------	-----

1	155.56	762.03	917.59
2	142.59	775.00	917.59
3	129.63	787.96	917.59
4	116.67	800.92	917.59
5	103.70	813.89	917.59
6	90.74	826.85	917.59
7	77.78	839.81	917.59
8	64.81	852.78	917.59
9	51.85	865.74	917.59
10	38.89	878.70	917.59
11	25.93	891.66	917.59
12	12.96	904.63	917.59
Total	1011.11	9999.97	11011.08

Handling a repayment schedule date that falls due on a holiday

The holiday check parameter (Currency, Local or Both) and the holiday preferences specified at the product level is defaulted to the contracts associated with it.

You cannot change the holiday check parameter at the time of processing contracts. However, you can modify the holiday preferences for the contract. Oracle Lending performs holiday checks for the value date, maturity date, schedule date, and revision date.

If any of these days falls on a holiday (either local holiday or currency holiday or both, whichever you have specified), the system handles the holiday treatment according to the holiday preferences specified for the contract.

You have specified that repayment schedules should be generated automatically, after indicating the frequency, number and the date of first repayment. When the system computes the repayment dates based on these values, there is a chance that one or more schedules fall due on a holiday. In such a case, you have the following choices:

- Ignore the holiday and retain the due date
- Move it either backward or forward
- Move across months
- Move other schedule dates relative to the current rescheduled date

Ignoring Holidays

If you specify that holidays are to be ignored, the schedule dates are fixed without taking the holidays into account. In such a case, if a schedule date falls on a holiday, the automatic processing of such a schedule is determined by your holiday handling specifications for automatic processes, in the Branch Parameters screen.

In this screen, you can specify the following:

- Processing has to be done on the last working day before the holiday for automatic events falling due on the holiday. The schedule falling on the holiday is liquidated during End of Day processing on the last working day.

- Processing has to be done only up to the System Date. In this case, only the events scheduled for today is processed. The events of the holiday are processed on the next working day during Beginning of Day processing.

Always, the payment is processed as of the day it falls due (as of the holiday, if it falls on a holiday).

Example

A monthly repayment schedule date for Taggart Iron and Steel's loan, of USD 100,000 (for one year at 16% interest) falls on October 31, a holiday. If you have specified that holidays should be ignored by clicking this field, the schedule date remains as October 31 when the schedules are fixed. The processing of this is determined by your holiday handling specifications in the Branch parameters screen.

- You can specify that processing has to be done today (on System date) for automatic events up to the day before the next working day. Then, on October 30 itself, the schedule of October 31 is liquidated, during the EOD run of the Automatic Contract Update function.
- You can specify that processing has to be done only up to the System Date. Then, on October 30, only the events scheduled for that date is processed. This means that since the schedule date is October 31, which is a holiday, the schedule is processed on November 1 (the next working day) during the BOD run of the Automatic Contract Update function.

Note

Oracle Lending applies to the above explained holiday checks on all contracts uploaded from an external system also.

Moving schedule dates forward or backward

For a schedule date falling on a holiday and you can specify that holidays are to be ignored at the time schedule definition. If you do so, then you have to indicate the movement of the schedule date, forward to the next working day or backward to the previous working day. In such a case, since the schedule date itself is moved to a working day, the payment is processed on the day it falls due, as of that day.

This concept can be easily explained with the help of an example:

Example

For a loan, you have defined monthly schedules falling due on the following dates:

- March 31
- April 30
- May 31

April 30 is a holiday. You have the following options in fixing the date for that schedule:

- You can ignore the holiday. In such a case, the schedule date is still be April 30, despite the holiday. The liquidation of the schedule is done as per your specifications in the Branch Parameters screen. You can move the schedule date forward to the next working day, which happens to be May 1. In this case, the schedule is liquidated during BOD processes on this date.
- You can move the schedule date backward. In such a case, the schedule date is April 29, the last working day before the holiday. The schedule is liquidated during BOD processes on this date.

Principal Holiday Treatment

You can maintain separate holiday treatment for the principal and interest components interim payment schedules.

In the Schedules tab, in Holiday Treatment, click in the to display the 'Holiday Treatment for Principal Schedules' section. The holiday preferences available for the principal component are displayed here.

Note

This button is enabled only if you have selected the 'Principal Holiday Treatment' box at the product level.

- Ignore Holidays – No holiday treatment for the Principal component
- Cascade Schedules – The due date arrived at by the holiday treatment is considered as the start date for the due dates for the subsequent schedules
- Move Across Months – Allows movement of schedule date of the contract across months
- Move Backward – If a due date is a holiday, then the due date is moved backward to the previous working day
- Move Forward – If a due date is a holiday, then the due date is advanced to the next working day

After contract booking, the schedules for Principal and Interest are generated based on the holiday preferences maintained for the components.

Moving a schedule date across the month

Suppose you have chosen to move a schedule falling due on a holiday either forward or backward, so that it falls due on a working day. The next or the previous day crosses over into another month. In this case the schedule date is moved into the next month only if you so indicate. If not, the schedule date is kept in the same month.

Example

Scenario 1

You have defined a repayment schedule that falls due on April 30. This happens to be a holiday. You have indicated that in case of a holiday, the schedule date is to be moved forward to the next working day.

As you have indicated that the schedule can be moved across months, then the schedule is automatically moved to May 1, that is, the next working day in the next month. However, if you have not allowed movement across the month but have indicated forward movement for the schedule, the schedule date falls on the holiday itself.

Scenario 2

You have defined a repayment schedule that falls due on May 1. This happens to be a holiday. You have indicated that in case of a holiday, the schedule date is to be moved backward to the previous working day.

As you have indicated that the schedule can be moved across months, the schedule is automatically moved to April 30, that is, the previous working day. However, if you have not allowed movement across months but have indicated backward movement for this schedule, the schedule date falls on the holiday.

Cascading schedules

The question of cascading schedules arises only under the following conditions:

- You have specified that a schedule falling due on a holiday has to be moved forward or backward
- The schedule has been defined with a definite frequency

If you have indicated that schedules should be cascaded, the next schedule date depends on how the payment schedule date was moved for a holiday. The following example illustrates how this concept of cascading schedules functions:

Example

A monthly schedule has been defined with backward movement and a schedule date falling due on April 30 was moved to April 29, April 30 being a holiday.

The schedule date for May depends on whether you have chosen to cascade schedules. If you have, chosen to cascade schedules, the schedule date for May is set as May 29, since the frequency has been specified as monthly. For the subsequent schedules also, May 29 is considered as the last schedule date.

If you have not specified that schedules have to be cascaded, the date originally specified is the date for drawing up the remaining schedules. Even if the April month end schedule has been moved to April 29, the next schedule remains on May 30.

When you cascade schedules, the last schedule (at maturity), is liquidated on the original date. It will not be changed like the interim schedules. Thus, for this particular schedule, the interest days may vary from those of the previous schedules.

Specifying the Holiday Currency

You can indicate here, the currency of a country for which the holiday table should be checked, before drawing the payment schedules related to the loan.

By default, the currency to be checked is the loan currency. If a currency other than this is specified, the holiday table is checked for both the currencies.

Note

Oracle Lending applies the above explained holiday checks on all contracts uploaded from an external system also.

Holiday treatment for Maturity Date

Just as you define holiday preferences for the schedule date, you can also maintain preferences for holiday treatment for the maturity date of a loan.

The following options are available:

- Ignore the holiday and retain the due date
- Move it either backward or forward
- Move across months

Apply Financial Centre Holiday Treatment

This check box allows you to enable financial centre holiday treatment and add the financial centres for the holiday treatment. This option is available for Disbursement/Payment Schedules, Rate Revision Schedules, Maturity Schedules and Principal Schedules tabs of 'Holiday Preferences' screen.

The options of holiday treatment are defaulted from the product screen. If required, you can modify these options.

Mode of Liquidation

A loan inherits the attributes of the product it uses. One of the attributes defined for a loan product is the liquidation type that governs how schedules are liquidated. This attribute inherited by a loan can be changed when you enter the loan contract. For instance, if the liquidation type specified for the product was 'Auto', you can change it to 'Manual', if required, and so on.

If **Auto** liquidation has been set for the contract, then all components of the loan are liquidated automatically when each schedule is liquidated. You cannot modify the order in which components are automatically liquidated, which was defined for the product.

If **Manual** liquidation has been set for the contract, then a manual liquidation must be performed for each schedule, and all components of the loan must be liquidated manually. You cannot modify the order in which components are to be manually liquidated, which was defined for the product.

If **Component** liquidation has been set for the contract, then you can select the components that must be automatically liquidated, and specify the order in which the automatic liquidation take place. In such a case, only those components so selected are liquidated automatically in the order specified. The other components that are not selected must be liquidated manually.

When you select the liquidation mode, the system enables the 'Liquation Order' button for all types of liquidation mode during contract booking as well as contract amendment. For 'Component' liquidation, the specifications made for the product can be viewed in the 'Component Level Preferences' screen when you enter a contract. Click the 'Liquation Order' button to invoke the 'Component Level Preferences' screen.

Contract Ref No

Principal Liquidation

◀ 1 Of 1 ▶ Go

<input type="checkbox"/>	Component	Auto Liquidation	Interim	Bullet	Billing Notice Days	Suppress
--------------------------	-----------	------------------	---------	--------	---------------------	----------

Ok Cancel

Note

The system does not display the fee components in the component liquidation screen at the contract level.

The 'Component Liquidation Order' screen is displayed, with the component liquidation preferences defined for the product. You can make changes to these specifications in this screen.

Here you can view the interest components and the Principal component linked to the product. The system defaults the Contract Reference Number, Component, and the Order of liquidation.

Payment Details Button**Schedule Summary Section****Pay by Date**

Pay By Date is arrived by adding Payment Delay Days to Due Date, for each schedule. The payment for the schedule is expected on this date. The actual Due date of the schedule is displayed at Schedule Details multiblock below.

Projected Amount Due

Interest amount projected till maturity date, based on the last available rate.

Due As Per Rate Fixing

Interest amount computed till the rate fixed date.

RFR Effective Rate

Effective RFR is calculated based on the below formulae.

$$\left| \frac{r_i \times n_i}{N} \right|$$

Rate Factor

Rate/Compounding Factor is calculated based on the below formulae.

$$\prod_{i=1}^{d_b} \left(1 + \frac{r_i \times n_i}{N} \right)$$

Annualised CCR

Annualised Cumulative Compounded RFR (ACR) is calculated based on the below formulae.

$$\left[\prod_{i=1}^{d_b} \left(1 + \frac{r_i \times n_i}{N} \right) - 1 \right] \times \frac{N}{tn_i}$$

Unannualised CCR

Unannualised Cumulative Compounded RFR (UCR) is calculated based on the below formulae.

$$ACR_i \times \frac{tn_i}{N}$$

NonCumulative CR

NonCumulative Compounded RFR (NCR) is calculated based on the below formulae.

$$(UCR_i - UCR_{i-1BD}) \times \frac{N}{n_i}$$

Where

- d_b = the number of Banking Days in the Interest Period
- r_i = the interest rate applicable on Banking Day i in the Observation Period, as published on the Banking Day immediately after Banking Day i
- n_i = the number of calendar days for which r_i applies in the relevant Interest Period, (on most days, n_i will be 1, but on a Friday it will generally be 3, and it will also be larger than 1 on the Banking Day before a holiday).
- tn_i = total number of n_i as of the relevant Banking Day within the Interest Period.
- N = market convention for quoting the number of days in the year.
- BD = Banking Day for the specific currency only
- i = series of whole numbers from one to d_b , each representing the relevant Banking in chronological order from, and including, the first Banking Day in the relevant Interest Period

5.3.1.1 Specifying adhoc holiday treatment

For adhoc holiday treatment, the field value of Disbursement/Payment Schedules, Rate Revision Schedules, Maturity Schedules and Principal Schedules tabs are defaulted from product screen. If required you can modify these fields except 'Holiday Check'. You cannot modify 'Holiday Check'. Adhoc holiday treatment changes the schedule date during EOD. If you change working day to holiday or holiday to working day in any of the holiday maintenances screen - Local Holiday Maintenance (STDLOCHL), Currency Holiday Maintenance (STDCCHOL), or Financial Centre Holiday Maintenance (OLDFCHOL) screens, the system changes the next working /previous working day based on the holiday parameters during EOD in Disbursement/Payment Schedules, Revision Schedules, Maturity Schedules, Principal Schedules tabs.

For more information on holiday maintenance screens, refer to Common Core - Core Entities and Services and Product Definition User Manual.

5.3.1.2 Specifying the Liquidation Order

Auto Liquidation

Select the check box adjacent to each component to liquidate the contract automatically.

5.3.1.3 Specifying the Liquidation Mode

Interim Schedule

Select the check box to indicate the Interim schedule liquidation mode for each component. This is enabled for editing only if the liquidation mode selected is 'Component'.

Bullet Schedule

Select the check box to indicate the Bullet schedule of liquidation for each component. This is enabled for editing only if the Liquidation mode is selected as 'Component'.

Note

- If Auto Liquidation flag is not selected, the system liquidates the component manually.
 - You are allowed to check the 'Interim Schedule' and the 'Bullet Schedule' flags only if the Auto Liquidation flag is checked.
 - You are allowed to check the Interim and Bullet schedules only against the main interest component and the principal component.
-

Example

Let us assume the following:

A contract has the following interest payment schedules

- 01-Apr-2008 - USD 1000
- 01-May-2008 - USD 1000
- 01-Jun-2008 - USD 1000
- 01-Jul-2008 - USD 10,000

Assuming Principal is USD 10,000, if you select the liquidation mode for Bullet Schedule as Auto for Principal and Manual for Interest. The system liquidates the Principal automatically whereas the Interest is liquidated manually.

Similarly if you select the liquidation mode for interim schedules as Auto for Interest and Manual for Principal, then the system liquidates the interest in all the interim interest schedules automatically and the Principal is liquidated manually.

If interim interest schedules are in Auto Liquidation mode and the bullet schedule is in Manual liquidation mode. And if the last interim interest schedule has the residual amount for liquidation in the next schedule which is bullet schedule, the system does not allow the you to Liquidate the Bullet schedule, if there is any previous O/D amount.

Note

If you change the liquidation mode for an overdue schedule from Manual to Auto then the system liquidates the overdue schedule as part of the next batch.

5.3.1.4 Specifying the Billing Notice Details

Notice Days

The system defaults the notice days from the product level notice days. However, you are allowed to amend the notice days defaulted and suppress flag for each component.

Suppress

Select this check box to suppress the bill for a particular component. If it is not selected, during notice generation the system considers the notice days specified instead of taking it from the product preference screen.

You are allowed to amend Suppress Billing Notice flag during contract booking and as part of CAMD. Accordingly if the billing falls overdue due to the billing day's amendment during CAMD, the system performs the auto billing in batch.

While amending the Suppress Billing Notice flag from Y to N, the system generates the billing notice on the batch of amendment date, provided the Billing Notice days is less than the difference between the amendment date and the next schedule date.

Example

Let us assume the notice days defined at the Product Level is 3 Days and it is defaulted to the contract level.

- Due Date - 17-Apr-2009
- Notice Days - 3 Days
- Notice Generation Date - 14-Apr-2009
- You can change notice days to 5 days at the contract level for all the Components
- Due Date: 17-Apr-2009
- Notice Days: 5 Days
- Notice Generation Date: 12-Apr-2009

Note

- The system calculates the notice generation date based on the scheduled due date.
 - The system generates the bill for fee provided the Notice flag at the Component Level is deselected. It generates the bill as per the preferences maintained at the contract in the 'Fee' screen available at the Contract level.
 - The system generates the single notice for both Principal and Interest, if the Billing Days, Schedule Date, and the Liquidation mode are same for both the component. Even if one of this is different, then the system generates a separate notice for each component.
 - The system does not generate any notices for Backdated Schedules in case of Manual/Auto Liquidation mode during contract booking.
-

For any components selected for automatic liquidation in the product preferences, the 'Auto' box is selected. You can deselect it to indicate that the component is not to be selected for automatic liquidation.

For any components not selected for automatic liquidation in the product preferences, the 'Auto' box is not selected. You can select the component for automatic liquidation.

Note

You cannot change the liquidation order defined for the product, in the Component Liquidation Order screen, when you enter a contract.

Specifying the mode of Status Control

While defining the product, you indicate the various status codes for the product. For example - active, past due obligation, non-accrual basis, write-off, and so on. For the product, you can specify either manual or automatic change of status.

When processing a loan you can change the mode of status change from automatic to manual or vice-versa.

5.3.1.5 Specifying Other Details**Ascertaining availability of funds before an automatic liquidation**

The customer's repayment account as per instructions can be debited automatically by the system. However, you can specify that the availability of funds for liquidation of the various components (Principal, Interest, Charges, and so on) of the loan must be ascertained before liquidation.

If you opt for verification of funds, the system verifies the account for sufficient funds to liquidate the components (in the order specified, in the Liquidation Order Screen). If sufficient funds are available, the entire amount is liquidated. If not, *and you have allowed partial liquidation of schedules*, the schedule is liquidated to the extent of funds available. If you have not allowed partial liquidation of schedules, the system marks the schedule as outstanding.

If you have indicated that the availability of funds has to be ascertained, the system verifies the account for sufficient funds to liquidate the components (in the order specified, in the Liquidation Order Screen). If sufficient funds are available, the entire amount is liquidated. If the funds are insufficient, *and you have allowed partial liquidation of schedules*, the schedule is liquidated to the extent of funds available. The payment schedules for those components, which have not been liquidated or have been partly liquidated, are left as outstanding. Aging analysis and penalty on such loans are carried out as specified for the product.

Example

You have a loan on which penalty interest has been applied, as the interest was not paid on the scheduled date. There are several schedules for several components falling due on the same date, they are serviced by the same repayment account and there are insufficient funds in the account. You have specified the liquidation order as Penalty interest (first priority), interest (next), and principal (last). Thus the penalty interest will be liquidated first and the interest next. If the funds in the repayment account are not enough to liquidate the principal, it will be left outstanding.

Note

If you have allowed a debit balance for the repayment account, all the components are liquidated leaving the repayment account with a debit balance. (On this debit balance, debit interest as specified for the type of account is applied through the Interest and Charges sub-system.) In addition, if you have opted to track the contract under a credit line, the system liquidates schedules from the repayment account to the extent of the line limit (that is, over and above the debit balance limit you have set).

If a debit balance has not been allowed, the schedules are liquidated to the extent of the credit line limit. If you have disallowed a debit balance in the account, *and* have not associated the

contract with a credit line, schedules with insufficient funds for liquidation are marked as such. Aging analysis are take over.

This feature is of significance when:

- The components have the same schedule dates, and are serviced by a single repayment account
- The funds in the repayment account are insufficient

The component(s) for which funds are available is liquidated in the order that you have specified, in the Liquidation Order screen.

Loans with payments, which have not been processed due to non-availability of funds, appears in the Exception Report, generated by the Automatic Contract Update function for the day.

Note

For the final principal payment on maturity, the availability of funds in the payment account is always verified.

Liquidating back valued schedules

If you have specified, while defining the product, that for a back-dated loan (which has an initiation date which falls before today's date), with repayment schedules prior to today's date, the schedules have to be liquidated when the loan is initiated, the same will apply to the loan you are entering. However, you can choose not to liquidate back valued schedules.

Example

Loans can be initiated as of today, a date in the future, or as of a date in the past.

Today's date is 15 October 1997. Suppose you initiate a loan today, of USD 15,000 with the Value Date (date on which the loan comes into effect) as 15 September 1997, the system passes accounting entries for initiation as of September 15.

However, there had been an interest payment schedule for 30 September 1997, for USD 500. If you specify that back valued schedules should be liquidated, then you can make the system pass accounting entries to liquidate this schedule when the loan is initiated.

If you specify that back dated schedules are not to be liquidated only accrual entries are passed till today.

The entries associated with each event (initiation and liquidation in this case), is passed only if they have been defined for the product. Further, the accounts used are the ones defined for each entry.

Indicating whether tax should be deducted on capitalization

If you choose to capitalize the interest earned on loans, the interest will be added to the principal on the schedule date. However, it is important to note that only the main interest component can be capitalized. For capitalization of interest, you can choose to deduct tax and add only the net interest (Interest – tax) to the principal of the loan. To achieve this, select the option 'Deduct Tax on Capitalization'.

If you do not select this option, interest is added to the loan principal along with the associated tax component for capitalization.

Suppress Revision Notice

Select this check box to suppress the rollover advice prior to rate revision. You cannot edit the rate revision notice days if this check box is selected.

Allow schedules for discounted

This check box is defaulted from the product level. You can change at the contract level. If this check box is selected, you need to have schedules started from the value date of the contract for the main interest component. As part of disbursement, only first schedule interest is liquidated.

If this check box is selected, then the new interest schedules are derived. Interest schedules are derived starting from the value date till the maturity date.

Interest amount is collected upfront on the schedule date and subsequent amount is updated for the next schedules based on principal. Interest calculation is always advance in discounted schedules.

If the interest recalculated is greater than the previous interest due, then the extra interest is debited from the customer. If the interest recalculated is less than the previous interest due, the extra interest collected needs to be credited to the customer.

Revision Notice Days

The notice days for rate revision to generate the rollover advice get defaulted here when you select the product for this contract. However, you can edit the notice days here, if 'Suppress Revision Notice' flag is unchecked.

Allowing Cost of Credit Valuations

The system displays the option entered at the product level. If the option is deselected at the product level, it is disabled in this screen and you cannot select this option at the contract level. If this option is selected at the product level, then you can deselect it. During contract amendment, you can select or deselect it based on its value in the previous version.

If the option is currently not selected, the system automatically select this option if the user-defined status changes to 'Non-performing' for the commitment or for any of the loans underlying the commitment. However, you can deselect it.

If this option is selected and the commitment is in 'Non-performing' status, the system derives the cost of credit valuations based on the data received from RAPID and apply them to the commitment. If this option is selected and the commitment is in 'Performing' status then system derives the cost of credit valuations based on the data received from RAPID and trigger recovery for reserve decrease and rebalancing of write-off.

If this option is not selected, then system does not perform cost of credit valuation for the commitment or loans underlying it irrespective of whether the contract status is 'Performing' or 'Non-performing'.

Propagate Status Change to Loan

You can change this option while creating or amending a commitment. If you are linking a loan to a commitment and this option is selected for the particular commitment, then the status is propagated from the commitment to the loan. This is applicable only if the mode of changing status for the commitment and the underlying loan is manual.

If this option is selected and a new non-performing commitment is booked, the system assigns the non-performing status to any loan that is booked under this commitment. The system does not allow you to change the status to performing for the booked loan. Similarly, a loan that is booked under a commitment with status 'performing' is also assigned the same status, even if you assign the non-performing status for the loan through this screen. You cannot change this status for the loan to non-performing.

When multiple statuses are maintained in commitment and/or loan products, then the status change at the loan level is determined by the 'Status Sequence Number' maintained at the product level.

Grace Days

For commitment contracts, system defaults the value maintained for 'Grace Days' at the commitment product level. However, you can edit this value during contract booking and contract amendment. In case of contract amendment, the amended value is applicable to future schedules only.

For loan contracts linked to commitments, system displays the following override message when you exit the Linkage tab:

Grace Days for the loan will be defaulted from the commitment contract, do you wish to continue?

If you accept the override message, then system defaults the value of 'Grace Days' from the linked commitment contract and over-writes the grace days from the loan product. You can reject the override message to retain the existing value of 'Grace Days'.

For Loan contracts that are not linked to commitments, system defaults the value of 'Grace Days' defined for the loan product to the contract. However, you can edit this value during contract booking and contract amendment. In case of contract amendment, the amended value is applicable to future calculations of late payment charges only.

When a loan contract is delinked from a commitment, system retains the default value of Grace Days for the loan contract.

The grace days used for penalty computation are the calendar days without considering any holidays.

When 'Payment Delay Days' is given, then 'Grace Period' starts from 'Pay By Date'. If payment is made after 'Grace Period', then the penalty starts from 'Pay By Date'.

Schedule Cutoff Days

Schedule Cutoff Days is supported for Normal and Capitalized schedule type. Reporting component's accrual and liquidation is also supported. By default, 'Schedule Cutoff Days' is 0. If there is a prepayment of any schedule and the difference between the schedule and the payment date is less than the 'Schedule Cutoff Days' provided at contract level then the due amount for the residual days is shifted to the next schedule date.

Schedule Upload

In case of a new contract, instead of defaulting the schedules you can upload the schedule using 'Browse' button. You can upload file only with *.csv extension.

Note

You cannot upload the .csv file during CAMD operation. 'Choose file' option gets enabled only for 'New' contract creation not for CAMD operation.

The system performs the following validations during repayment schedule upload.

- Duplicate schedule definitions with same start date is not allowed
- Schedule start date and end date cannot be later than maturity date
- Schedule start date cannot be lesser than application date

- Schedule start date and end date should be within loan contract start and end date
- If upload is successful then the system displays a message saying the upload is successful.
- Once the schedules are uploaded successfully, the system defaults the schedules into 'Schedules Details' section.
- Schedules are not uploaded even if one validation is failed. You have to re-upload after correcting the details.
- Holiday treatment is applicable for the schedules once the schedules are uploaded.

Schedule Details

Capitalize

By default, this check box is not selected. When you select 'Capitalize' check box for a loan contract where the liquidation mode is manual, the system displays the below override message.

'Liquidation Mode should be auto for auto capitalized contracts'

If you click 'Ok', the system changes the liquidation mode to 'Auto' and proceed to save the contract.

If you click 'Cancel', the system clears 'Capitalize' check box and proceeds to save the contract.

Note

Revision schedule for a penal component after contract tenor is allowed.

Capitalize due to Insufficient Funds

This check box is supported only for 'Bearing Normal' loans. This functionality is supported for current, back dated and future date schedules.

- In case of contract creation, you can select the schedules and mark the 'Capitalize due to Insufficient Funds' check box which needs to auto capitalize. The system automatically capitalizes the back-dated schedules if any found during the contract save.
 - In case of contract amendment, you can select the schedules and mark the 'Capitalize due to Insufficient Funds' check box which needs to be auto capitalized.
 - At EOD, during AUTOCAP process, the system capitalizes the contracts having 'Capitalize' check box set to 'Y' which are due today. If the interest availability amount is less than the due amount then the system will not capitalize the schedule and mark the 'Capitalize' check box to 'N'.
3. At EOD, during AUTOLIQ process, the system checks if the funds are available for liquidation.
 - If there are no funds available, then the system skips the AUTOLIQ process for that particular contract.
 - If there are partial funds available, then the system liquidates only the extent of the amount that is available.
 - If there are enough funds available, then the system liquidates the entire due amount of the schedule.
 4. At EOD, during AUTOCAPWR process, system calls the AUTOCAP process to capitalize the schedule having the 'Capitalize due to Insufficient Funds' check box as 'Y' only for the extent of the unpaid amount.

- 'Interest Reserve Availability' validation is not considered.
- The capitalization process is based on "Pay by Date" rather than "Due Date".

Commitment Blockage

You can define utilization blockage period for the commitment contract during a certain period of the year. Commitment Utilization Blockage is applicable for revolving commitments only.

Start Month

Select the commitment blockage start month from the drop-down list. The list specifies 12 months of the year.

Start Day

Select the commitment blockage start day from the drop-down list. The list specifies days of the month you have selected.

End Month

Select the commitment blockage end month from the drop-down list. The list specifies 12 months of the year.

End Day

Select the last day of commitment blockage from the drop-down list. The list specifies days of the month you have selected.

During this period utilization is not allowed for any activities including the following:

- New loan booking
- Loan VAMI (Principal Increase)
- Loan Renewals with capitalization of interest
- Loan Renewals with Principal Increase

You can amend the scheduled blockage date after the contract is authorized. System does not perform validation for already captured activities for the revised blocking period while amending the blocking period at the commitment contract level.

During loan input if rollover allowed and maturity date is falling in between of blockage period of linked commitment, and the rollover amount is Principal + Interest or Principal + (Interest-Tax) or special amount which is greater than loan outstanding, system throws an override. Also an override is given for the same validation while modifying blockage period of a commitment.

Verify Billed Amount

The system defaults it to Yes, however you are allowed to amend it. When the check box is selected, the system verifies the billed amount for the schedule and the amount due, and liquidates the least of the two.

The system liquidates the residual amount as part of next schedules auto liquidation procedure, provided the billing has not been suppressed for the component.

Note

The system does not perform auto liquidation of least of billed amount and due amount, if the bill has not been generated or has been suppressed for a component. In such cases, the system performs auto liquidation process.

Example

Let us assume the following:

A contract is booked with details as below:

- Contract Value Date - 01-May-2008
- Maturity Date - 01-May-2009
- Repayment Schedule of Interest - Monthly
- Repayment Schedule of Principal - Bullet
- Liquidation Mode - Auto for both Interest and Principal
- Billing Days for Interest - 5
- Billing Date for 1st schedule due on 01-Jun-2008 – 27-May-2008.

On 27-May-2008 bill is generated Billed Amount - USD 1000 and on 01-Jun-2008 the interest amount is scheduled to be liquidated. Due to Interest Rate change, the due amount on 01-Jun-2008 recomputed as USD 1200.

Assuming 'Verify Billed Amount' is checked, the amount liquidated will be USD 1000. The remaining amount of USD 200 is liquidated as part of next schedules auto liquidation procedure, provided the billing is not suppressed for the component.

Note

- If you change the liquidation mode from manual to auto, then the system liquidates the least amount of billed amount and due amount as part of that day's EOD batch provided 'Verify Billed Amount' is checked.
 - You cannot amend the Verify Billed Amount as part of Contract Amendment.
 - Even manually billed / re-billed amount, that is., manually generated is considered for billed amount.
 - In case if the billing (for the residual amount) is happens as part of next billing schedule then the liquidation will happen as part of next schedule.
 - It is not applicable for Installment type of loans
-

Specifying Reversal of Components

For a component the schedules you have defined for the product is applied to the fee, by default. You can reverse these schedules here.

Rev

Select the schedule types for revision from the list provided:

- P - Repayment of the various components.
- I – Auto step-up
- C - Commitment Reduction (Auto step-down)
- D –Disbursement
- R - Revision of interest rates for a loan with periodic interest rates

The I (which increases the commitment amount during EOD, through value dated amendment on schedule date by schedule amount)

For interest revision schedules, you have to provide the details only in the Start Date and Frequency fields subsequently. For a loan with an interest component that is defined with Floating Rate, applied periodically, at least one interest revision schedule should be defined.

For information about Revolving/non Revolving types of commitments and reversal of commitment schedule details, refer to 'Processing a Commitment' chapter in this manual.

Capitalization Details

Interest Reserve Amount

If 'Schedule Type' is 'Normal', 'Payment Type' is 'Bearing', and 'Capitalize' option is selected, you can either enter or modify the 'Interest Reserve Amount' as part of new contract creation or modification.

Interest Reserve Availability

This value is defaulted based on the amount entered in 'Interest Reserve Amount' on contract creation.

Note

- When a loan contract is copied, the value of the 'Interest Reserve Amount', 'Interest Reserve Availability', and the 'Capitalize' check box is not copied to the new contract created.
 - When a loan contract is split repriced, the value of the 'Interest Reserve Amount', 'Interest Reserve Availability', and the 'Capitalize' check box is not copied to the child contract. You should manually unlock the child contract once it is created and enter the details.
 - While doing rollover, the value of the 'Interest Reserve Amount', 'Interest Reserve Availability', and the 'Capitalize' check box is not copied to the child contract/new version. You should manually unlock the child contract/ new version of the rolled over contract once it is created and enter the details. Overdue schedules those with 'Capitalize' check box selected gets capitalized by validating with 'Interest Reserve Availability'.
 - When you unlock a loan contract with value 'Interest Reserve Amount' and clear 'Capitalize' check box, the values of 'Interest Reserve Amount' and 'Interest Reserve Availability' is retained with the existing value.
-

During BOD/EOD, the system picks the main interest components and others components with 'Capitalize' check box selected for auto capitalization.

If there are any additional interest components present in the loan contract other than auto capitalization of interest allowed is cleared, then during BOD/EOD the system skips those additional interest components and picks only the main interest component and auto capitalization allowed checked components.

5.3.2 Disbursing Loan through the 'Manual' Mode

You can do a manual disbursement through the 'Manual disbursement' screen. You can invoke this screen by typing 'OLDMNSB' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Contract Reference Number

Select the contract reference number of the customer to which the disbursement is made. All valid accounts are available in the option list. Select the appropriate one from this list.

Branch

The code of the login/sign-on branch is displayed here. However, you can select a different branch from the option list provided. It is the branch where the loan account of the customer resides.

Event Sequence Number

The system displays the event sequence number of the current disbursement transaction.

Contract Currency

Indicates the contract currency equivalent for the disbursement

Counterparty

Indicates the counterparty name.

Local Currency

Indicates the local currency equivalent for the disbursement

Name

Indicates the name of the customer

Amount Financed

The system displays the financed amount.

Value Date

Indicates the value date of the contract.

Amount Disbursed

The system defaults the amount disbursed.

Maturity Date

Indicates the maturity date of the contract.

Future Dated Disbursement

Indicates the future dated disbursement amount of the contract.

Disbursement Status

Indicates the disbursement status of the contract.

Balance

Indicates the balance amount available for disbursement.

Disbursement Details**Disbursement Date**

Indicates the loan disbursement date.

Amount

Here, you have to capture the disbursement amount that is to be disbursed.

The amount disbursed gets incremented by this amount if the amount disbursed is for current dated disbursement. If date of disbursement is for future, then future dated disbursement amount gets incremented.

Remarks

Capture any additional information about the disbursements, if required.

Local Currency Amount

Indicates the local currency amount equivalent for the disbursement. For more information following tabs refer,

- Settlements tab - Settlements User Manual
- Charges tab - Charges User Manual
- Tax tab - Tax User Manual
- Advices/Message Preview - Disbursing a Loan section in this User Manual.

5.3.3 Disbursement Schedules tab

You can view the disbursement schedules of the contract.

5.3.4 Viewing Manual Disbursement

You can view the loan contract using 'Manual Disbursement View' screen. To invoke this screen, type 'OLSMNDSB' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

You can click 'Search' button to view the transaction done through the manual disbursement screen. However, you can to filter your search based on the search criteria:

5.3.5 Re-computing Late Payment Charges Online

The latest value of the Basis Component, Grace Days or Fixed Rate/Flat Amount of late payment charge are used while re-computing late payment charges. System re-computes the late payment charges online in the following scenarios:

Event	Scenario	Processing
Amendment of past schedules (CAMD)	User revises past schedules where schedule is not settled and therefore late payment charges have been computed	System re-computes late payment charges based on the newly defined schedules
Back value dated change in Interest Rate/Principal (VAMI)	VAMI for back value dated change made to Interest rate or principal amount that affects the basis for fixed rate late payment charge	System re-computes late payment charges based on the new basis amount

Reversal of Value Dated Amendment (VAMC)	Reversal of a VAMI done earlier for principal/interest change	System re-computes the late payment charges based on the value of basis amount prior to this VAMI
Current dated Value Dated Amendment (VAMI)	VAMI for change in special penalty component rate/flat amount	No effect. System uses the new updated rate/flat amount for future schedules only
Reversal of Value Dated Amendment (VAMC)	Reversal of VAMI done earlier for Late payment fixed rate/flat amount change	System re-computes the late payment charges based on the penalty rate/flat amount prior to this VAMI change
Reversal of payment (REVP)	Payment done within grace period, Payment reversal done after grace period	System computes late payment charges as part of payment reversal since grace period has expired
Back Value dated Payment (LIQD)	Payment done after grace period (back value date for payment is within grace period)	Late payment charge initially be computed on grace period expiry, and is treated as unsettled unless late payment charges are paid/waived
Reversal of Special Penalty Waiver (RSPW)	Late payment charge is waived and waiver reversed at a later date by user	Late payment charges recalculated on waiver reversal using the latest values of basis component, grace days, and late payment charge fixed rate/flat amount

5.3.6 Processing the Late Payment Charges

System identifies the loan contracts where grace period has expired and tracks due date, amount paid and amount settled for each component of the loan. If late payment charge component has been defined for a loan contract, that is, if the 'Special Penalty Component' is selected for a component in a contract, then system does the following:

- System identifies the late payment charge basis components (components for which late payment charges are applicable) from the loan contract details.
- Since late payment charges are applicable for partially paid overdue schedules also, system validates if there is any outstanding amount due on the current date for components selected for late payment charges.
- If there is any outstanding amount, then system calculates the total outstanding amount on all components in this schedule and stores the value in the amount tag 'SCH_AMT_OS'. This forms the basis of calculating the late payment charge.
- System then calculates the late payment charge by multiplying the value of 'SCH_AMT_OS' with Fixed Rate or Flat Amount, based on the setup.
- Each late payment charge schedule is separately stored with the due date same as the original schedule due date.
- The calculation date (schedule date + grace days) of each late payment charge calculated is also stored for information and reporting purpose.
- System does not pass any accrual entries for the special penalty component.

5.3.7 Maintaining System Derived Schedules

To maintain system derived schedules for amortized contracts you must do the following maintenance:

In 'Loans and Commitment Product Maintenance' screen under the 'Product Preference' tab, select the 'Field Payment Schedule Type' as "Amortized". All other parameters to be maintained as required.

In 'Loan Contract Maintenance' screen, under the 'Schedule' tab, select the field 'Amortization Type' as "Reduced Balancing" or "Rule 78". All other contract parameters to be maintained as required.

You must also maintain Contract schedules parameters like 'Component', 'Start Date', 'Number', 'Frequency', 'Units', and other fields. The 'Amount' field is disabled and it is automatically derived by the system. Based on these parameters, installment amount of each payment schedule is derived.

5.3.8 Maintaining User Input Schedule Amounts

You can specify the payment schedule amount for amortized contract and adjust the difference amount (if any) to the bullet schedule of the contract. To do this, you need to maintain the following:

- The 'Allow User Input Installment' field is available at the product level in the 'Product Preference' screen. This box is enabled only for the schedule type 'Amortized'. During contract maintenance, can maintain the installment amount for an amortized contact only if this box maintained at product level is enabled.
- The 'Installment Amount' field is available in the 'Schedule Maintenance' tab of the 'Contract Online' screen and will allow you to input the installment amount for amortized contracts.
- The following validations are performed for the 'Installment Amount' field in the 'Contract Maintenance' screen:
 - This field is enabled only if the 'Allow User Input Installment' box is selected at the product level.
 - The Amount must be greater than zero and less than the contract amount. It should also be greater than the maximum schedule interest amount of the contract.
 - System also validates that the bullet schedule has a non-zero principal schedule based on the user input installment amount.

System performs the following validations/processing:

- The 'Installment Amount' specified is same for all schedules, however the bullet schedule may differ.
- The EMI computation function available in the system for amortized loan passes the upfront EMI entered by the user.
- The main interest component amount of each installment is computed based on the principal balance.
- The principal portion of the payment is derived as, $\text{Principal} = \text{user input installment} - \text{Interest component}$.
- The iteration of reducing the Principal Balance with the above mentioned Principal component continues till the penultimate schedule (assuming schedules are not exhausted before the bullet schedule).
- The Principal Component of the bullet schedule is derived based on the original loan amount and the total principal payout till the last calculated schedule.

Example

The below example explains the user input instalment schedules. Assume that you have disbursed a loan with the following details:

- Principal – 10,000 USD
- Interest Rate – 2.25%
- Contract Start Date – 01-Dec-04, First due date is 31-Dec-04
- Contract Maturity Date – 30-Nov-05
- Term / Tenor {In Years} – 1.00
- Basis of Tenor – 365
- Tenor Frequency – 12
- User input instalment EMI – 700 USD (In case of system driven is 843.51)

Based on the reducing balance method, the interest, principal and the EMI will be as follows:

Schedule Sl. No	Date	Interest	Principal	Principal o/s	EMI
	1-Dec-04			\$10,000.00	
1	31-Dec-04	\$19.11	\$680.89	\$9,319.11	\$700.00
2	31-Jan-05	\$17.81	\$682.19	\$8,636.92	\$700.00
3	28-Feb-05	\$14.91	\$685.09	\$7,951.83	\$700.00
4	31-Mar-05	\$15.20	\$684.80	\$7,267.02	\$700.00
5	30-Apr-05	\$13.44	\$686.56	\$6,580.46	\$700.00
6	31-May-05	\$12.57	\$687.43	\$5,893.04	\$700.00
7	30-Jun-05	\$10.90	\$689.10	\$5,203.93	\$700.00
8	31-Jul-05	\$9.94	\$690.06	\$4,513.88	\$700.00
9	31-Aug-05	\$8.63	\$691.37	\$3,822.50	\$700.00
10	30-Sep-05	\$7.07	\$692.93	\$3,129.57	\$700.00
11	31-Oct-05	\$5.98	\$694.02	\$2,435.55	\$700.00
12	30-Nov-05	\$4.50	2,435.56	\$0	\$2,440.06

5.3.9 Maintaining Schedule Adjustments on Interest Rate Revision

You can adjust either a bullet or an installment and make adjustments for any rate type contracts. To do this, you need to maintain the following:

- You must select an appropriate value for the 'On Rate Revision' field 'Loans and Commitment Product Maintenance'). The options available are, 'Change Installment' and 'Change Bullet Schedule'. This field is enabled only for Amortized products.

- The 'On Rate Revision' field in the 'Contract Maintenance' screen is defaulted from the product level; however, you can modify it while creating a contract. Once the contract is saved and authorized, this field cannot be modified.

System performs the following validations/processing:

- In Oracle Lending, Interest Rate changes can happen either through Rate Revision (REVN) or Value Dated Amendment (VAMI) events. For floating rate contracts, the rate change is possible through REVN and VAMI events. For fixed rate contracts, rate change can be done only through VAMI event. System performs the following enhanced validations/processing:
 - Change Installment:
 - The EMI re-computation function is stored upfront the prevailing EMI and check the preference is 'Change Installment' or 'Change Bullet Schedule'.
 - For 'Change Installment' preference, the current maturity date is kept constant and the EMI is re-generated.
 - Change Bullet Schedule:
 - The EMI re-computation function stores upfront the prevailing EMI and check if the preference is 'Change Installment' or 'Change Bullet Schedule'.
 - If the preference maintained is 'Change Bullet schedule', then in the event of 'REVN' or 'VAMI' an increase or decrease in the rate increases or decreases the bullet schedule amount without affecting the EMI / Tenor. As a result, the EMI of the bullet schedule is below or above the other schedules.
 - The main interest component amount of each installment is re-computed based on the principal balance and the new rate.
 - The prevailing EMI is kept constant. The EMI present in the current schedule of the transaction – System does not consider the EMIs of the previous schedules.
 - The iteration of reducing the Principal balance with the above Principal component of EMI continues until the bullet schedule is reached.
 - The last EMI have the remaining Principal amount and the interest as the EMI.

The below example explains change bullet schedule due to interest change option. Assume that you have disbursed a loan with the following details:

- Principal – 10,000 USD
- Interest Rate – 2.25%
- Contract Start Date – 01-Dec-04, First due date is 31-Dec-04
- Contract Maturity Date – 30-Nov-05
- Term / Tenor {In Years} – 1.00
- Basis of Tenor – Actual/360
- Tenor Frequency – 12
- System generated EMI – 843.65 USD

Based on the reducing balance method, the interest, principal and the EMI is as follows:

Schedule SI No	Date	Interest	Principal	Principal o/s	EMI
	1-Dec-04			\$10,000.00	
1	31-Dec-04	\$19.38	\$824.28	\$9,175.73	\$843.65
2	31-Jan-05	\$17.78	\$825.87	\$8,349.85	\$843.65

Schedule SI No	Date	Interest	Principal	Principal o/s	EMI
3	28-Feb-05	\$14.61	\$829.04	\$7,520.82	\$843.65
4	31-Mar-05	\$14.57	\$829.08	\$6,691.74	\$843.65
5	30-Apr-05	\$12.55	\$831.10	\$5,860.63	\$843.65
6	31-May-05	\$11.35	\$832.30	\$5,028.34	\$843.65
7	30-Jun-05	\$9.43	\$834.22	\$4,194.12	\$843.65
8	31-Jul-05	\$8.13	\$835.52	\$3,358.59	\$843.65
9	31-Aug-05	\$6.51	\$837.14	\$2,521.45	\$843.65
10	30-Sep-05	\$4.73	\$838.92	\$1,682.53	\$843.65
11	31-Oct-05	\$3.26	\$840.39	\$842.14	\$843.65
12	30-Nov-05	\$1.53	\$842.13	\$0	\$843.66

Assume interest is changed to 4% on 18th Mar, then schedules are given below:

Schedule SI. No	Date	Interest	Principal	Principal o/s	EMI
	1-Dec-04			\$10,000.00	
1	31-Dec-04	\$19.38	\$824.28	\$9,175.73	\$843.65
2	31-Jan-05	\$17.78	\$825.87	\$8,349.85	\$843.65
3	28-Feb-05	\$14.61	\$829.04	\$7,520.82	\$843.65
4	31-Mar-05	\$19.69	\$823.96	\$6,696.86	\$843.65
5	30-Apr-05	\$22.32	\$821.33	\$5,875.53	\$843.65
6	31-May-05	\$20.24	\$823.41	\$5,052.12	\$843.65
7	30-Jun-05	\$16.84	\$826.81	\$4,225.31	\$843.65
8	31-Jul-05	\$14.55	\$829.10	\$3,396.21	\$843.65
9	31-Aug-05	\$11.70	\$831.95	\$2,564.26	\$843.65
10	30-Sep-05	\$8.55	\$835.10	\$1,729.16	\$843.65
11	31-Oct-05	\$5.96	\$837.69	\$891.46	\$843.65
12	30-Nov-05	\$2.87	\$891.46	\$0	\$894.33

5.3.10 Maintaining previous interest rate

In 'Loan Parameters' screen, if you select 'Proceed with previous rate available' check box then the system proceeds with booking the contract with rate available previously as of value date.

If the check box is not selected, then the loan contract is booked with zero rate.

5.3.11 Maintaining Schedule Adjustments on Prepayment

When the principal pre-payment is made for amortized contracts, system re-calculates the installment amount based on the outstanding principal maintaining the same tenor. System, now, retains the original installment amount on pre-payment and reduces the balances on LIFO basis. To do this, you need to maintain the following:

Select an appropriate option for the 'On Prepayment' field ('Loans and Commitment Product Maintenance'). The options available are 'Change Installment' and 'Change Bullet'. This field is enabled only for Amortized products.

System performs the following validations/processing:

Change Installment

On prepayment for amortized contracts, the installment amount is re-computed and the new installment amount is re-distributed to the pending schedules maintaining the original tenor.

Change Bullet

System performs the following validations/processing to retain the original installment amount when the pre-payment is done for an amortized contract.

If you select the 'Change Bullet' option, then the outstanding schedules for the principal component is reduced starting with the bullet schedule (LIFO), and the interest amount is re-computed accordingly.

If the pre-payment amount is sufficient to cover the bullet and prior schedules, then the amount due for these schedules equates to zero without changing the maturity date.

When a payment is being done in the middle of a cycle and the limit date is entered, system computes the till date interest along with other components. The payment can be done for all or any specific component as required.

Schedule Adjustments Based on Prorata Prepayment

Pro rata is applicable only for bearing normal contract, the installment amount is recomputed and new installment amount is equally re-distributed to the pending schedules maintaining the original tenor.

In 'Loan and Commitment - Contract Input' screen, the prorata amount along with the interest is displayed in the 'Amount' field available under 'Schedules' section.

The interest re-computation for future schedules are done based on the outstanding principal amount after prepayment.

The same amount is displayed in 'Amount Due' in 'Payment Details' screen. This screen appears when you click 'Payment Details' button in 'Schedules' tab.

5.3.12 Re-Amortization

You can re-define the installment schedules of an amortized contract as if the maturity date of the contract has been extended for schedule re-calculation purpose. You can specify a new end date (temporary maturity date) for calculation purpose. The installment amount is re-calculated based on the remaining schedules and the new tenor, where the tenor is considered between the Re-amortization value date and the new end date. The installment schedules derived beyond the maturity date is added up and parked in the bullet schedule, this results in high payment amount in the bullet schedule. You need to maintain the following details for re-amortization:

- The 'Allow Re-amortization' box in the 'Product Preference' screen is enabled only if the Product schedule type is 'Amortized'.
- You can maintain the 'Re-Amort Date' in the 'Value Dated Amendment (VAMI)' screen.

System performs the following validations:

- It is not possible to amend the 'Re-Amort Date' with other existing fields in single operation.
- Back value dated re-amortization is allowed however the Value date of the re-amortization should not be earlier than the last liquidation date, and it should not be earlier than last re-amortization date.
- Future value dated re-amortization is not allowed.
- Re-amortization can be done even if the contract has un-paid (overdue) schedules. In such instances, only the future outstanding principal schedules are considered for Re-amortization.
- Re-amortization request placed in the middle of the cycle also considers the current schedule for re-amortization calculation.
- For example, if the contract schedule is monthly and re-amortization request is received in the middle of the month, it also considers the current schedule.
- A Re-amortized product contracts can have only one frequency linked to a contract schedule in addition to the bullet schedule.
- For example, Schedule maintenance with combination of monthly and Quarterly are not allowed, it can either have all monthly or quarterly schedules and not combination of both.

System performs the following processing:

- Re-amortization processing happens during the save operation from the VAMI screen.
- It is possible to delete the un-authorized entries or reversal of authorized entries for a Re-amortization amendment details for the other existing fields in the VAMI screen.
- System validates the 'Value Date'. After all other validations are done, the re-amortization process is triggered during save operation.
- Re-Amortization is processed based on current principal outstanding balance.
- System derives the installment amount. System uses the following parameters to derive the new installment amount:
 - Calculation Start Date= Amendment value date
 - Calculation End Date= Re-Amort Date
 - Balance= Principal outstanding balance
 - Rate= Current rate applicable for the contact.
- System maintains an amortization table till the Re-amort end date, the new installment amount in this table is retained till the original penultimate bullet schedule and the installment schedules beyond maturity date onwards is added up and parked to the

original bullet schedule. This may result in a very high balloon payment in the bullet schedule.

- Re-amortization process triggers a VAMI event. A version number and event sequence number is created during this operation.
- Rate change, CAMD, Principal amount change/maturity date change through VAMI have an impact on the EMI; and the installment amount (and balloon payment on bullet schedule) is calculated based on the 'Re-Amort Date'.

The following parameters are available at branch level (CSBRAPRM):

Restore On Payment Reversal

Select this check box if you want to re-instate the original payment details rather than re-computing the details. For CCC branches, this check-box must be selected.

Restrict Multiple VAMI

Select this flag to indicate that multiple changes in a single VAMI operation are restricted. For CCC branches, this check box must be selected.

Restrict Multiple Freq

For CCC branches, select this check box. Re-amortization cannot be done if an amortized contract has different payment frequencies maintained, this is restricted for CCC branches based on this parameter.

If the flag is selected, schedule maintenance with combination of monthly and Quarterly payment frequencies are not allowed, it can either have all monthly or all quarterly schedules.

Example

The following example explains Re-Amortization functionality. Assume that you have disbursed a loan with the following details:

- Principal – 10,000 USD
- Interest Rate – 2.25%
- Contract Start Date – 01-Dec-04, First due date is 31-Dec-04
- Contract Maturity Date – 30-Nov-05
- Term / Tenor {In Years} – 1.00
- Basis of Tenor – Actual/365
- Tenor Frequency – 12
- System generated EMI – 843.51 USD

Based on the reducing balance method, the interest, principal, and the EMI are as follows:

Schedule SI. No	Date	Interest	Principal	Principal o/s	EMI
	1-Dec-04			\$10,000.00	
1	31-Dec-04	\$19.11	\$824.40	\$9,175.60	\$843.51
2	31-Jan-05	\$17.53	\$825.98	\$8,349.62	\$843.51
3	28-Feb-05	\$14.41	\$829.10	\$7,520.53	\$843.51
4	31-Mar-05	\$14.37	\$829.14	\$6,691.39	\$843.51
5	30-Apr-05	\$12.37	\$831.14	\$5,860.25	\$843.51

6	31-May-05	\$11.20	\$832.31	\$5,027.94	\$843.51
7	30-Jun-05	\$9.30	\$834.21	\$4,193.73	\$843.51
8	31-Jul-05	\$8.01	\$835.50	\$3,358.23	\$843.51
9	31-Aug-05	\$6.42	\$837.09	\$2,521.14	\$843.51
10	30-Sep-05	\$4.66	\$838.85	\$1,682.29	\$843.51
11	31-Oct-05	\$3.21	\$840.30	\$842.00	\$843.51
12	30-Nov-05	\$1.56	\$841.99	\$0	\$843.55

If we assume that Re-amort Request is triggered on 15-Apr-05, then the modified schedules are as follows:

Schedule Sl. No	Date	Interest	Principal	Principal o/s	EMI
	1-Dec-04			\$10,000.00	
1	31-Dec-04	\$19.11	\$824.40	\$9,175.60	\$843.51
2	31-Jan-05	\$17.53	\$825.98	\$8,349.62	\$843.51
3	28-Feb-05	\$14.41	\$829.10	\$7,520.53	\$843.51
4	31-Mar-05	\$14.37	\$829.14	\$6,691.39	\$843.51
5	30-Apr-05	12.37	602.81	\$6,088.19	\$615.18
6	31-May-05	\$11.63	\$603.55	\$5,484.65	\$615.18
7	30-Jun-05	\$10.14	\$605.04	\$4,879.61	\$615.18
8	31-Jul-05	\$9.32	\$605.86	\$4,273.76	\$615.18
9	31-Aug-05	\$8.17	\$607.01	\$3,666.74	\$615.18
10	30-Sep-05	\$6.78	\$608.40	\$3,058.34	\$615.18
11	31-Oct-05	\$5.84	\$609.34	\$2,449.01	\$615.18
12	30-Nov-05	\$4.53	\$2,449.01	\$0.00	\$2,454.67

5.4 Linking a Loan to Commitments

This section contains the following topics:

- [Section 5.4.1, "Specifying the Type of Linkage"](#)
- [Section 5.4.2, "Specifying the Details of the Linkage"](#)
- [Section 5.4.3, "Projected Available Amount"](#)
- [Section 5.4.4, "The Exchange Rate"](#)

- [Section 5.4.5, "Specifying the Linked Amount"](#)
- [Section 5.4.6, "Linking a Loan in One Branch to a Commitment in another Branch"](#)
- [Section 5.4.7, "Linking Commitments to a Loan"](#)
- [Section 5.4.8, "Linking OL contract to a facility or multiple collateral/pool"](#)
- [Section 5.4.9, "Modifying a Loan Disbursement"](#)
- [Section 5.4.10, "Financial Details that can be Changed"](#)
- [Section 5.4.11, "Viewing the Other Details of a Loan"](#)
- [Section 5.4.12, "Advices for Loan Disbursement"](#)

A loan can be linked to a commitment . A linkage of this nature means:

Type of linkage	What it indicates
Linked to a commitment	<p>You can utilize the entire amount of a commitment, or a portion of it for a loan. The available balance in the commitment will be reduced. You can also link a portion of the loan to a commitment.</p> <p>If contingent entries were passed when the commitment was initialized, they should ideally be reversed, when a loan is linked to it. This accounting entry should be defined for the INIT (initiation) event of the loan, for the loan product.</p> <p>A commitment can be linked to more than one loan, provided the amount is available for utilization.</p>
Linked to a commitment in another branch	You can link a loan in one branch to a commitment in another branch by selecting the commitment reference number across branches.
Linked to multiple collateral or pool	You can link OL contract to multiple collateral or collateral pool.

A loan, or a portion of it, can be linked to any number of commitments.

5.4.1 Specifying the Type of Linkage

You can specify the type of linkage in this screen. The loan can be linked to the commitment.

5.4.2 Specifying the Details of the Linkage

If the linkage is with a commitment , you should enter the Reference Number of the commitment in this field. This should be a valid contract in Oracle Lending, with a Value Date that is earlier than or the same as the Value Date of the loan. The Maturity Date must also be the same as or later than that of the loan you are processing.

The currency of the commitment to which the loan is being linked is also displayed once the linkage details are specified.

In Oracle Banking Corporate Lending, you can link one customer to multiple liabilities.

5.4.3 Projected Available Amount

The system displays the projected available amount on the value date of the forward dated loan.

5.4.4 The Exchange Rate

The currency of the loan can be different from the currency of , commitment to which it is being linked. In such as case mid-rate for the day is taken from the Exchange Rate Table and displayed in the screen.

5.4.5 Specifying the Linked Amount

You should indicate the amount that has to be linked to the commitment . This amount can be the entire principal of the loan or a portion of it.

This amount should be available in the commitment. On the screen the amount available for linkage can be viewed in the specified commitment.

The available amount is arrived at taking into account the other linkages, uncollected, and unauthorized balance (in the case of an account).

The system displays the following amounts, after the Linked Amount is specified:

- Amount linked to each contract
- The amount of principal not linked, in the case of a partial linkage

5.4.6 Linking a Loan in One Branch to a Commitment in another Branch

Oracle Lending facilitates linking of loan in one branch to a commitment in another branch. The system displays all commitment contract reference number across branches in the commitment contract reference number option list. You are allowed to select the required commitment reference number and save the contract.

Note

- The loan counterparty is one of the listed borrowers in the commitment.
 - The system blocks the inter branch linkage of the loan, if the commitment branch is not in Transaction Input state.
-

5.4.7 Linking Commitments to a Loan

You can link a commitment to a loan at any stage during the life cycle of the loan. However, when associating a commitment with a loan you cannot make changes to commitments already linked to the loan.

If the value date of the loan is earlier than the commitment value date, then the commitment utilization happens on the commitment value date.

For example

Loan Value date- 31 July 2001

Commitment Value Date - 15 August 2001

On 31 August 2001 you associate the commitment with the loan. The commitment outstanding is reduced from 15 August 2001.

You can also link a commitment to a loan, if the commitment maturity date is less than the loan maturity date. You can extend maturity date such that the new maturity date is greater than the commitment maturity date. However, when the commitment maturity date is increased and if the existing loan contracts have a maturity date greater than the old maturity date, then the Unused Commitment Fees (UNUTIL) should be re-computed again for the period between the old maturity date and the new maturity date.

Note

This linkage is applicable for non-revolving commitments only.

5.4.8 Linking OL contract to a facility or multiple collateral/pool

You can either link the facility collateral/pool to an OL contract. For the Collateral/Pool/Facility linkage, you should specify the linked %. Based on this contract amount utilization takes place.

5.4.8.1 Different scenarios of linking facility/collateral/pool to OL contracts

The following are the different scenarios of linking facility/collateral/pool to OL contracts.

- You can link the facility, collateral and collateral pool of counterparty and other additional borrowers as part of loan creation
- In case of an already existing collateral or pool linkage, you should choose the linked reference number from the LOV. The following fields gets defaulted.
 - Description
 - Branch
 - Currency

You can perform the following in OLDTRONL screen.

- You can capture the linkages to limits at the time of contract booking itself
- You can also amend the linkage details captured during contract amendment (CAMD Event). That is, you can either link or de-link the existing linkages. Based on this, the utilization amount gets updated accordingly. The utilized amount is altered on EOD based on auto-liquidation, auto-rollover, and so on.

Limit/Liability CIF

You can enter limit/liability CIF in the 'Contract' tab of OLDTRONL. This is not a mandatory field.

Specify the following in Linkages tab.

List of collaterals/Lines

In Linkages tab, if you click 'List of Collaterals/Lines' button the facility, collateral, and pool details are displayed.

If the Limit CIF details are entered in contract, then the Limit CIF details are displayed.

If the Limit CIF details are not entered in contract, then system defaults the counterparty in the Limit CIF and counterparty limit details are displayed.

Limit Tracking Required

Only if Limit Tracking Required check box is selected, you can enter Linkages details,

Linkage Type:

You can select the linkage type which is to be linked to the OL contract. The list displays the following values:

- Facility – Select if the OL contract is to be linked to an existing facility
- Collateral – Select if the OL contract is to be linked to an existing collateral
- Collateral Pool – Select if the OL contract is to be linked to a collateral pool

Linked Ref No:

Specify a reference number for the selected linkage type from the list of values.

Description:

Linkage type description gets defaulted here.

Linked Amount:

Once you enter the linked %, the system automatically calculates the linked amount. This field is disabled.

Linked % :

If you specify the linked percentage, the system updates and displays the linked amount based on the linked % given. The system does not allow the user to input both linked amount and linked %.

Utilization Order No:

This field specifies the order in which the utilization happens. The system utilizes the linkage in ascending order.

5.4.9 Modifying a Loan Disbursement

There are two types of modifications that you can make on a contract:

- Those that affect the financial details of the contract
- Those that do not affect the financial details of the contract

For example, the changes made to the User Reference Number, Auto Roll-over and Auto Liquidation flags do not result in changes, to the accounting entries that have been passed.

However, inputs to certain fields that contain financial information can be changed only under specific circumstances. For example, the changes in the interest rate, increase in the principal and so on, can be made only through the Value Dated Changes function.

A loan on which the previous activity has been saved but not been authorized, can be modified. For example, you have captured the details of a loan. The details had been saved but not yet authorized when you realize that some of the details have been wrongly entered. You can unlock the contract, make the modifications and Save it.

Note

Any type of change, however, has to be authorized, before it takes effect.

Note

If a contract is pending for authorization in any screen and if you try to unlock in OLD-TRONL to do changes, then an error message "Unauthorized amendments exist for contract in 'function id' "appears.

5.4.10 Financial Details that can be Changed

Inputs to the following fields can be changed through the contract processing function:

- Takedown Account/Drawdown Account, if the loan disbursement has not yet been initiated
- Maturity Account if the loan is yet to mature
- Interest Payment Account, if the entire interest has not yet been liquidated. The new account is used for future interest payments
- Contract End Date, for a notice or call contract
- Tax details, if tax has not yet been liquidated

Note

The changes listed do not trigger any accounting entries or the generation of any advices.

5.4.11 Viewing the Other Details of a Loan

Using the buttons that are displayed in the Contract Online screen you can view the following details of a loan:

- The advices that you can suppress or prioritize
- ICCF details
- The settlement details
- The tax details
- MIS details
- View Events for the loan
- The Annual Effective Rate (AER) of interest for the loan

5.4.12 Advices for Loan Disbursement

The advices that have to be generated for any event, during the lifecycle of a loan are specified for the product involved in the loan. For example, you may have specified the following advices for the product:

- When a loan is initiated, a contract advice, addressed to the customer
- If any components (like discounted interest, tax on principal and so on.) are liquidated on takedown, an advice for each of them

While processing the loan disbursement, you can suppress the generation of any of these advices. Click 'Advices' to invoke the 'Advices Details' screen to make these changes.

Suppress All

Select this check box to indicate that the system can suppress all the messages.

Suppressing the generation of an advice

By default, all the advices that have been defined for a product is generated for a loan. However, you can suppress the generation of an advice, for a loan by specifying the same in this screen.

Indicating the generation priority

For a payment message by SWIFT, you also have the option to change the priority with which the message should be generated. By default, the priority of all advices is marked as Normal. You have the option to prioritize a payment message to one of the following options:

- Normal
- Medium
- High

5.5 Levying Transaction Charges on a Loan

For each loan that you process, you can specify the charges that apply. The characteristic feature of a charge is that it is always booked in advance and is not accrued, as a charge is collected only when it is due. You also have the facility to waive charge for a specific contract.

The charge details are maintained in the Contract ICCF screen. You can click the 'ICCF' in the 'Loans and Commitment - Contract Input' screen to invoke the Contract 'ICCF Details' screen.

For details relating to levying charges on a contract, refer the *Charges and Fees User Manual*.

5.6 Posting the Manual Journal Entries

You can book Manual/Excel upload Adjustment entries at the contract level. To do this you have to do the following.

- [Section 5.6.1, "Maintaining the Amount Types"](#)
- [Section 5.6.2, "Mapping the Accounts and the Amount Type"](#)
- [Section 5.6.3, "Posting Manual Adjustment Entry"](#)
- [Section 5.6.4, "Uploading Excel for Adjustment Entry Posting"](#)

5.6.1 Maintaining the Amount Types

You can also invoke this screen by typing 'OLDATMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Maker	Date Time:	Mod No	Record Status
Checker	Date Time:		Authorization Status

Amount Type

Specify the amount type which you want to maintain.

Amount Tag

Specify the amount tag corresponding to the amount type. The system uses this amount tag while maintaining the product level entry and accounting entry posting.

Description

Specify a short description of the maintenance.

Note

You are allowed to perform actions namely, New, Save, Authorize, and Delete before the first authorization.

5.6.2 Mapping the Accounts and the Amount Type

You can map the accounts and amount type in 'Account Amount Type Transaction Mapping Summary' screen.

You can also invoke this screen by typing 'OLSACAMM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web application window titled "Account-Amount Type Transaction Mapping Summary". At the top, there are search options: "Search", "Advanced Search", "Reset", and "Clear All". Below this, there is a "Case Sensitive" section with four input fields: "Authorization Status" (a dropdown menu), "Record Status" (a dropdown menu), "Account Number" (a text input field with a magnifying glass icon), and "Amount Type" (a text input field with a magnifying glass icon). Below the search fields is a navigation bar with "Records per page" set to 15, "1 Of 1" records, a "Go" button, and "Lock Columns" set to 0. The main area is a table with columns for "Authorization Status", "Record Status", "Account Number", and "Amount Type". The table is currently empty. At the bottom right of the window is an "Exit" button.

Account Number

Specify the Account Number which you want to map with the amount type.

Amount Type

Specify the amount type corresponding to the Account Number.

Note

- You are allowed to perform actions namely, New, Save, and Authorize before the first authorization.
- You have to maintain the Accounting entry for the CADJ event and the Debit/Credit accounting entry for the following Amount tags at the Product Maintenance level:
 - Principal-adj
 - Contra-Int-adj
 - Reserve-Amt-adj
 - WriteOffAmt
 - FacilityFeeamt
 - Accr-Int-Amt
 - CMT-Fee-amt
 - UnamortizedFee
 - ContingentAmt
 - UnusedComm

5.6.3 Posting Manual Adjustment Entry

You can post manual adjustment entry in 'Contract Adjustment' screen. You can also invoke this screen by typing 'OLDLDENT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows the 'Contract Adjustment' application window. It features an 'Enter Query' section with the following fields: 'Contract Reference *', 'User Reference', 'Counterparty', 'Branch', 'Event Seq. No.', 'Contract Currency', 'Expense Code', 'Amount', 'Booking Date' (with a YYYY-MM-DD mask), 'Value Date *' (with a YYYY-MM-DD mask), and 'Adjustment Ccy'. Below this is a 'Details' section with a table. The table has columns: 'Serial Number', 'Adjustment Amount *', 'Credit Account Branch', 'Credit Account', 'Credit Account Type', and 'Debit Account Br'. The table shows '1 Of 1' records. At the bottom of the screen, there are fields for 'Maker Id', 'Date Time', 'Checker Id', 'Checker Stamp', 'Status', 'Authorization Status', and an 'Exit' button.

You can maintain the following details in this screen:

Contract Reference Number

Select the contract reference number from the adjoining option list. The list displays the contract reference numbers that are maintained in the system.

Once the contract reference number is selected, the following contract details are displayed:

- User Reference Number
- Expense Code
- Counterparty
- Branch
- Amount
- Event Sequence Number

Contract Ccy

Specify the contract currency.

Booking Date

Specify the booking date of the contract.

Value Date

Specify the value date of the contract.

Adjustment Ccy

Select the adjustment currency from the adjoining option list. All the adjustment entries are posted only using the currency specified here.

Note

- Access to this screen is restricted based on user, branch, and department code restrictions.
 - Adjustment entry posting for LS module allows such entries to be posted for borrower tranche and drawdown contracts as well.
-

5.6.3.1 Details

On selecting the New Operation, You have to specify the following details

Serial Number

Specifies the serial number of the contract.

Adjustment Amount

Specify the adjustment amount of the contract.

CR Acc Branch

The system defaults the contract branch. However, you can modify it by selecting a branch from the adjoining option list.

Credit Account

Select the account that is to be credited from the adjoining option list.

Credit Account Type

The system defaults the credit account type once the credit account is selected.

DR Acc Branch

The system defaults the contract branch. However, you can modify it by selecting a branch from the adjoining option list.

Debit Account

Select the account that is to be debited from the adjoining option list.

Note

- You are allowed to post Multiple Adjustments accounting entry for a contract in an Adjustment activity.
 - The Debit and Credit Account types can be different from each other.
-

Debit Account Type

The system defaults the debit account type once the debit account is selected.

Adjustment Type

Select the adjustment type from the adjoining drop-down list. The list displays the following values:

- Fincon
- Operation

If you have selected the adjustment type as 'Operation', the system does not allow the following for an adjustment entry:

- Value date which is less than current application date
- Auto reversal

Recon ID

Specify the recon id.

Instrument No

Specify the instrument number. This field is mandatory if the debit account or credit account is a Miscellaneous Debit/Credit GL.

Remarks

Specify the remarks for each adjustment entry, if any.

Component

Select an appropriate component from the adjoining option list. System displays the following options in the list:

- The components maintained using Static Maintenance screen where the Field Type is ESC1, ESC2, ESC3, or ESC6
- The Interest and Fee components maintained for the contract

Note

- The generic component 'PRINCIPAL' is not available as a component in the 'Contract Adjustment' screen. You can maintain generic components such as 'PRIN_SUSP' using the 'Static Maintenance' screen.
 - The Component selected for each adjustment entry is stored in along with existing contract adjustment details for reporting, notice and balance purposes. It is not mandatory to specify value in this field for adjustment transactions.
 - Adjustment entry posting is not restricted only to accounts that are linked to the contract using the 'Escrow Account Maintenance' screen.
-

Reversal

Select the check box to indicate that the reversal of adjustment entries can be done. Once the adjustment entries are posted, you cannot reverse it. The transaction date for the reversals is the date on when the entries are posted.

If the reversal of adjustments is posted on a working day, the system does the following:

- For all the adjustments posted on a working day and marked for auto-reversal, the entries are reversed during the beginning of day process on the next application date.
- The value date of the reversal entries will be the next adjustment date compared to the transaction date of the actual adjustment posting. If adjustment maintenance is not available or next adjustment date is not maintained, then the current application date is used as the value date for the reversals.
- Any exceptions as part of adjustment reversals would be logged as part of the batch.
- If the reversal of adjustments is posted on a holiday, the system does the following:
- For all the adjustments posted on a holiday and marked for auto-reversal, auto-reversal will be initiated as part of the 'Adjustments Handoff' screen which is used to mark closure of adjustments for the day.
- The value date of the reversal entries are next adjustment date as per the 'Adjustment Days Maintenance' screen. If next adjustment date is not maintained, then the current application date is used as the value date for the reversals
- Any exceptions as part of adjustment reversals would be logged as part of the reversal process.

You are allowed to perform actions namely New, Delete, Save, and Authorize in this screen.

5.6.3.2 Validation

The system does the following validation while capturing contract adjustment.

- The value date and book date can not be in future
- The back value dated contract adjustment is allowed
- The adjustment amount can not be more than the contract amount
- The Debit and Credit account is validated with the account type mapping table
- The Adjustment entry is not allowed to post into period, which is closed.
- The Event CADJ will trigger at contract level when the adjustment activity is getting saved.
- The contract Adjustment entries are authorized when the Adjustment Activity is authorized.

During posting of adjustments through 'Contract Adjustment' screen or the 'Contract Adjustment Upload' screen, the following validation would be added to restrict the posting of adjustments:

- If the adjustment is of type 'Fincon' adjustment, then adjustment posting is allowed only if the value for UDF 'INDIRECTGL' for the GL is maintained as FINCON/BOTH
- If the adjustment is of type 'Operation' adjustment, then adjustment posting is allowed only if the value for UDF 'INDIRECTGL' for the GL is maintained as OPERATION/BOTH
- If no value or any other value than these three are maintained for the UDF, then the restriction of posting adjustments is done based on the Indirect flag, not the UDF, at the GL level, for both adjustment types

Note

Using this screen, you can also post the adjustment entries for agency (LS) participant contracts and trading (SLT) position contracts.

5.6.4 Uploading Excel for Adjustment Entry Posting

You can post the adjustment entry by selecting the excel sheet and uploading it into Contract adjustment upload table using 'Contract Adjustment Upload' screen.

You can also invoke this screen by typing 'OLDXLUPD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

XL File to be uploaded

Choose the Excel File to be uploaded into Oracle Lending.

On save the system uploads the excel sheet and validates the data uploaded from the excel sheet. On upload the system displays the message.

Upload Successful

On authorize, the system processes the data and triggers the corresponding event 'CADJ' and accounting entries for the validated records.

The following fields are displayed.

- Batch Number
- Book Date
- Total Number of Records in XL
- Number of Records in Error
- Contract Reference Number
- CUSIP No
- Firm Acct Mnemonic
- Adjustment Value Date
- Adjustment Amount
- Dr GL Account
- Cr GL Account
- Status Description
- Currency
- Expense code of the contract

- Debit Account Branch
- Credit Account Branch
- Adjustment Type
- Recon ID
- Instrument Number
- Component
- Remarks
- Reversal

Exceptions

In case of any validation error and processing error, the system marks the entry status as an error and displays the error reason in this field.

When you save the adjustment entries, the system displays a message with the following details:

- The number of entries that have been validated
- The number of validation errors

When you authorize the adjustment entries, the system displays a message with the following details:

- The number of entries that have been uploaded
- The number of failed errors

Note

Using this screen, you can also post the adjustment entries for agency (LS) participant contracts and trading (SLT) position contracts.

5.7 Uploading Loan Contracts through OL Upload Screen

Once data is uploaded in the Upload Tables using files like Excel file, CSV file and so on, system uses OL Upload screen (OLDUPLD) to process data available in the OL upload tables and then creates an OL contract.

You can upload following function ID data.

- OLDTRONL
- LBDINSTR
- FCDTRONL
- LBDTRONL
- LBDDDONL

To upload this data, you need to select the function ID in the OL Upload screen.

You can invoke this screen by typing the function id 'OLDUPLD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web application window titled "OL Upload". At the top, there is a menu bar with "New" and "Enter Query" options. Below the menu bar, there are four input fields: "Function Id", "Source Code", "Action Code", and "Upload Id". The "Action Code" field is a drop-down menu with "New" selected. At the bottom right of the window, there is a blue "Exit" button.

Function ID

Select the function ID to upload OL details. For example, OLDTRONL.

Source Code

Select the source code from which the OL contract was uploaded.

Action Code

Select the action code to be set for the upload from the drop-down list. The following statuses are available in the drop-down list.

- New
- Modify
- Close
- Re-open
- Authorize
- Delete

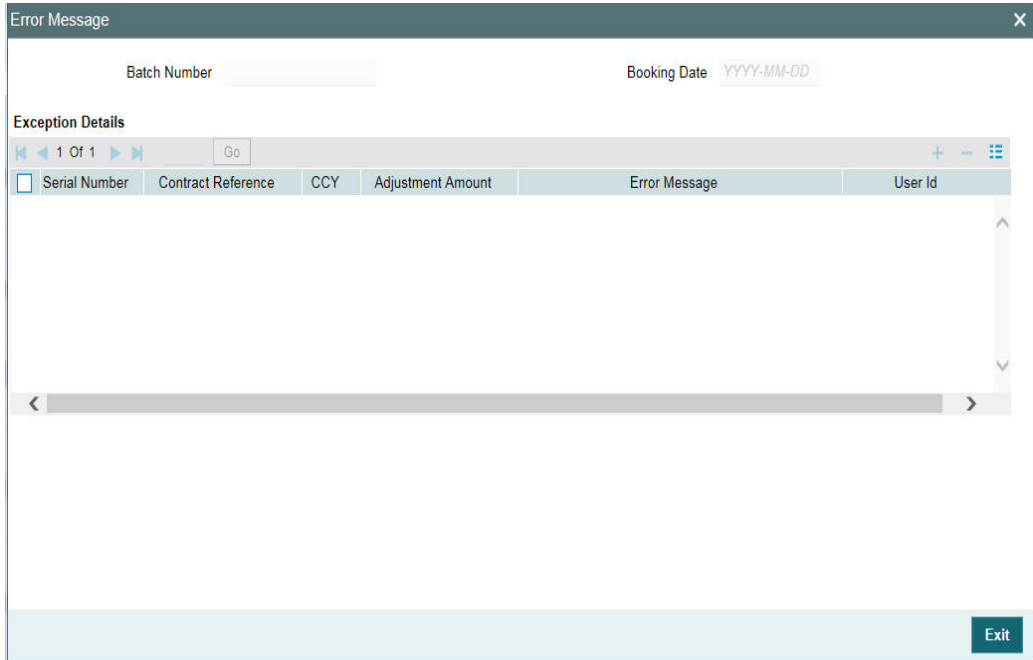
Upload ID

An unique number of the file upload is displayed here

On 'Save', the system uploads the OL data and an upload successful message appears.

5.8 Error Log Details

You can view the error details that have been incurred during validation or upload processing in the 'Error Message' screen. You can access this screen by clicking 'Error Log' in 'Contract Adjustment Upload' screen.

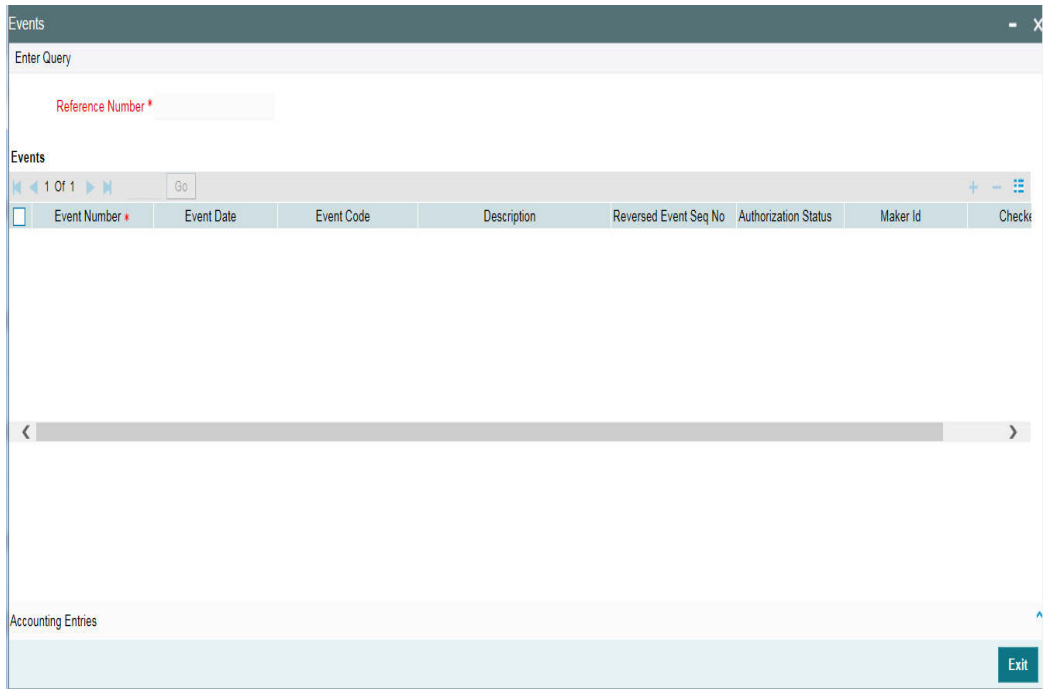


The system displays the following details:

- Serial #
- Contract Ref No
- CCY
- Adjustment Amount
- Error Message
- User ID

5.9 Viewing Event Details

You can view all the events that have take place on a loan through the View Events screen. You can access this screen by clicking the 'Events' from 'Loans and Commitment - Contract Input' screen.



All the events that have taken place on the contract so far will be listed in this screen according to the sequence in which they have taken place. The Date on which the event took place is also displayed.

For example, this list could contain events like Booking, Initiation, Interest Accrual, Interest Payment, and so on.

5.9.1 Viewing Accounting Entries for Loan disbursement

To view the accounting entries passed for a specific event, highlight the event and double-click on the event in the View Events screen or click the 'Accounting Entries' in this screen. The accounting entries and overrides for that event are displayed.

The following information is provided for each event:

- Event
- Branch
- Account
- Account Description
- Dr/Cr
- Amount tag
- Account Currency
- Foreign Currency
- Rate
- Local Currency
- Date
- Value Date
- Txn Code
- Accounting System

All the overrides that were encountered for the event is also displayed.

5.10 Levying Tax on a Loan Contract

The tax details specified for the product to which the loan is associated is automatically applied to the loan. However, while processing a loan, you can waive the application of tax.

You can invoke the Tax Details screen by clicking 'Tax' from the 'Loans and Commitment - Contract Input' screen.

For more information relating to levying tax on a contract, refer to the *Tax User Manual*.

5.11 Specifying the Interest Details

Numerous interest rates and fees can be defined for a product through the ICCF (Interest, Commission, or Fee) screen. By default, all these will be applied on the loan involving the product. However, while processing a loan, you can waive the application of interest.

The interest details are maintained in the Contract ICCF screen. You can click the 'ICCF' in the 'Loans and Commitment - Contract Input' screen to invoke the Contract ICCF screen.

For more information relating to interest on a contract, refer to the *Interest User Manual*.

5.12 Maintaining Transaction-specific MIS Refinancing Rates

You can choose to perform MIS Refinancing on a daily basis for all loan contracts, only if this option has been enabled in the Bank-wide Preferences screen. If the MIS refinancing has been set to a daily frequency, you have to indicate the refinance rate pick up specification through the transaction MIS sub-screen while processing the contract.

Click the 'MIS' button in the 'Loans and Commitment - Contract Input' screen. The 'MIS' screen is displayed.

The screenshot shows the MIS (MIS Refinancing) screen. It features a header with the title 'MIS' and a close button. Below the header, there are several input fields and sections. The top section includes a 'Contract Reference *' field, a 'MIS Group' field with a 'Default' button, and a 'Link To Group' button. The 'Input' section contains fields for 'Link To Group', 'Related Reference', 'Related Account', 'Rate Code', 'Spread', and 'MIS Head'. The 'Rate At' section includes 'Rate Type' (a dropdown menu), 'Profit Method' (a dropdown menu), 'Pool Code', 'Contract Level', 'Refinance Rate', and 'Pool Code'. There are also five 'Cost Code' fields (Cost Code 1 through Cost Code 5). At the bottom, there are three 'MIS Group' fields. The screen has a navigation bar at the bottom with links for 'Refinance Rates', 'Amendment Rate', 'Change Log', and 'Balance Transfer Log'. There are 'Ok' and 'Exit' buttons in the bottom right corner.

In this screen, the transaction type of MIS class, the cost code and pool code is taken from the product under which the contract is processed. The composite MIS code is taken from the definition made for the customer, on behalf of whom the contract is being processed.

As part of specifying the MIS refinance specifications you have to indicate whether the system should pick up the MIS Rate associated with the pool linked to the contract or whether you

would like to maintain a rate specific to the contract. You can indicate your choice by selecting any one of the following options:

- Pool Code – indicating that the MIS Rate maintained for the pool code should be used for refinancing
- Contract Level – indicating that you would like to maintain a specific MIS Rate for the particular contract
- If you specify that the system should pick up the refinancing rate specific to the contract you have to indicate the rate type, which is to be used for refinancing. The options available are:
 - Fixed
 - Floating Automatic – indicating that the system should pick up the refinancing rate associated with the Reference Number of the contract. Since the contract is linked to a Rate Code the system picks up the rate associated with the rate code when the End of Day processes are run to refresh the various rates.
 - Floating Periodic – you can select this preference only if you are maintaining rate refinance details for the Loans module. The periodic revision rates maintained at the product level will be picked for refinancing purposes.

Note

If you have indicated that the rate maintained for the pool to which the contract is linked should be picked up for refinancing, you need not specify the Rate Type. The rate applicable on the pool will be made applicable on the contract as well.

5.12.1 **Maintaining Contract Level Refinance Rates**

If you have indicated that you would like to maintain a fixed rate for refinancing, you have to capture the effective dates along with the effective refinance interest rates through the Refinancing Rates maintenance screen. Click the 'Refinance Rate' in the MIS screen.

When you invoke this screen, the Reference Number of the contract for which you are maintaining refinancing rates appears in the respective field. Similarly, the booking date of the contract will be defaulted in the Booking Date field.

Specifying the Effective Date

You have to specify the Effective Date with which you would like to associate the refinance interest rate. You are allowed to maintain any number of Effective Date and Refinance Rate combination records.

Note

The effective date is the date on which the refinance rate comes into effect. Once a rate comes into effect, it will be applicable till a rate with another effective date and reference number combination is maintained.

Specifying the Refinancing Rate

You can specify the refinancing rate that is to be associated with the effective date.

Note

If the Rate Type you have specified is either Floating Automatic or Floating Periodic the system automatically calculates and populates the effective date and refinancing interest rate in the respective fields after the EOD processes have been run successfully.

5.13 Maintaining Overwrite Settlement Details

You can maintain the overwrite settlement instructions during contract booking or amendment for a component and the same is applicable for all amount tags for that component. Overwrite Settlement instructions that are captured during contract booking or amendment is applicable for all the future events performed on that contract like Liquidations, Value dated amendments, and fee liquidations.

Click the 'Overwrite SI Details' in the 'Loans and Commitment - Contract Input' screen to invoke the following screen.

Component	Account	Overwrite default SI	Generate Message
-----------	---------	----------------------	------------------

Specify the following details:

Account/GL

Specify the customer account or general ledger account number. If you have checked 'Allow all accounts in Overwrite SSI' box in 'Loans Parameters' screen, then the adjoining option list displays all the customer accounts and GL accounts maintained in the system. You can select the appropriate one.

If you have not checked the box, only general ledger accounts appears.

Overwrite Default SI

The system will use the account / GL maintained in this screen only if this box is checked for the component.

Generate Message

The system defaults this option from the settlement instructions. However, you can modify it.

The system will generate the payment messages that are applicable for the component only if this box is checked. Otherwise the payment message is suppressed.

During contract loan booking, if 'Generate Message' box is checked, then the payment message will be sent to customer. In case, if it is not checked, but overwrite account is maintained, then the payment message is suppressed.

The Overwrite SI accounts maintained or amended for the commitment will be restricted to the Commitment only. They are not defaulted/propagated to the Linked Loan contracts.

If any amendments done in the 'Settlement Instruction Maintenance' screen and necessary SSI propagation online job is configured, then the system propagates to all the contracts online excluding those contracts where Overwrite SSI is applicable.

SSI Propagation batch in EOD process picks up all the contracts including those contracts where Overwrite SSI is applicable and propagate the SSI changes. The system excludes only those components in a contract where SSI Overwrite is chosen as 'Yes'.

5.14 Viewing Effective Rate (ER) of Interest for a Loan

For loans involving products marked for Effective Rate Calculation, you can view the ER through the 'Effective Interest Rate' screen. Click the 'Effective Rate' in the 'Loans and Commitment - Contract Input' screen to navigate to the 'Effective Interest Rate' screen:

Start Date	Effective Interest Rate
------------	-------------------------

Oracle Lending calculates the ER using the interest rate applicable to the main interest component of the loan. The ER is printed in the Loans Contract Advice, Amendment Advice and Loan Statements.

Note

ER is not calculated for Special Interest.

In addition to the ER value, the following details are also displayed in the screen:

- The event sequence number
- Date of ER Calculation

- Start date and End date of the period for ER calculation

The ER for a loan is given by the following expression:

$$[(\text{Contract Rate}/100) * (\text{Tenor}/D) + 1] ^ (D/\text{Tenor}) - 1$$

Where,

- Tenor is expressed in days
- D = Actual / 360 / 365, depending on the day count method applied on the loan
- Contract Rate = Interest Rate applicable to the main interest component of the loan

The calculation of ER is done when the following conditions are satisfied during the lifecycle of the loan contract:

For Fixed Rate Contracts and Floating Rate Contracts with auto rate revision (Contracts without any rate revision schedules):

- On booking of the contract
- In the event of any change in the rate or tenor of the contract. In this case, the ER is re-calculated for the entire tenor of the contract
- For Floating Rate Contracts with periodic rate revision schedules
- On booking of the contract
- Every time a rate revision takes place. In this case, ER is calculated for the revision period
- In the event of any change in the rate or tenor of the contract. In this case, the ER is re-calculated for the current rate revision period

Note

- Every instance of ER computation is displayed in this screen
 - The Denominator Day Count method is taken to be '365' if your specification is 'Actual'
-

5.15 Interest Rates History

The component-wise and changed interest history details are shown in the 'Interest Rates History' sub-screen.

Interest History

Contract Reference 000AAF217091A2BE

Component	Description
<input checked="" type="checkbox"/> OL_FPA1	
<input type="checkbox"/> PENALINT	
<input type="checkbox"/> PENALPRI	

Value Date	Rate Type	Rate Code	Base Rate	Spread/Margin	
<input checked="" type="checkbox"/> 2016-04-04	Fixed		2	0.5	

5.16 Repayment Details

The 'Repayment Details' displays loan repayment schedules at the commitment level. This subsystem is enabled only for commitment contract.

Loan Repayment Details									
Commitment Ref No 000COMM17091BHSW									
Repayment Summary									
1 Of 1									
Pay By Date	Due Amount	Settled Amount							
<input type="checkbox"/> 2017-05-01	119.55	0.00							
<input type="checkbox"/> 2017-06-01	120.55	0.00							
<input checked="" type="checkbox"/> 2017-07-01	5,115.55	0.00							
<input type="checkbox"/> 2017-08-01	90.42	0.00							
<input type="checkbox"/> 2017-09-01	90.42	0.00							
<input type="checkbox"/> 2017-10-01	5,087.50	0.00							
<input type="checkbox"/> 2017-11-01	90.28	0.00							
Loan Contract Summary									
1 Of 1									
Contract Reference	Due Amount	Settled Amount	Product	Contract Currency	Contract Status	Authorized	User Defined Status		
<input checked="" type="checkbox"/> 000NC10170912405	2,558.33	0.00	NC10	USD	Active	Authorized	NORM		
<input type="checkbox"/> 000NC10170912408	2,558.33	0.00	NC10	USD	Active	Authorized	NORM		
Loan Contract Details									
1 Of 1									
Component	Due Amount	Settled Amount							
<input checked="" type="checkbox"/> PRINCIPAL	2,500.00	0.00							
<input type="checkbox"/> SEINT	58.33	0.00							

Scenario

Commitment Contract 1	
Value Date	01-Jan-20
Maturity Date	31-Dec-20

Loan 1- Linked to Commitment Contract 1	
Value Date	01-Jan-20
Maturity Date	31-Dec-20

Loan 2- Linked to Commitment Contract 1	
Value Date	01-Jun-20
Maturity Date	31-Dec-20

Type	Component	Start Date	No	Frequency	Unit
Payment	PRINCIPAL	01-Feb-20	11	Monthly	1
Payment	PRINCIPAL	31-Dec-20	1	Bullet	1
Payment	MAIN_INTEREST	01-Feb-20	11	Monthly	1
Payment	MAIN_INTEREST	31-Dec-20	1	Bullet	1

Type	Component	Start Date	No	Frequency	Unit
Payment	PRINCIPAL	01-Jun-20	7	Monthly	1
Payment	PRINCIPAL	31-Dec-20	1	Bullet	1
Payment	MAIN_INTEREST	01-Jun-20	7	Monthly	1
Payment	MAIN_INTEREST	31-Dec-20	1	Bullet	1

Repayment Details at Commitment level

Commitment Repayment Details		
Loan Schedule Summary		
Pay By Date	Due Amount	Settled Amount
01-Apr-20	15,00,000	15,00,000
01-May-20	15,00,000	0
01-Jun-20	25,00,000	0
01-Jul-20	25,00,000	0

Loan Contract Summary			
Contract No	Pay By Date	Due Amount	Settled Amount
Loan 1	01-Jun-20	15,00,000	0
Loan 2	01-Jun-20	10,00,000	0

Loan Schedule Details			
Contract No	Component	Due Amount	Settled Amount
Loan 1	PRINCIPAL	14,00,000	0
Loan 1	MAIN_INTEREST	1,00,000	0

5.17 Changing the Status of a Loan

The status change of a loan can either be automated or manual.

Automated change of status

The change of status is carried out during the beginning of day processes on the day the change falls due. The movement from one GL to another, if it has been specified, is done. Further, any advice specified for the event is generated. Reversal entries for accruals are passed if it has been specified so.

Status of a contract manually

In the Manual Status Change Details screen, you can:

- Manually change the status of a contract (provided status processing for schedules has not been defined for the product involving the contract), OR,
- Manually change the status of any schedule defined for the contract (provided status processing for schedules has been defined for the product involving the contract)

Derived Status

The 'Derived Status' is added at loan level which holds the actual status as derived from the rules. This field is used for tracking the intermediate status and normal status processing. 'User Defined Status' displays the worst status of the customer.

The 'Derived Status' field gets populated only if the 'Group Status Change' check box is enabled at Branch level (Loan Parameter) and Customer level. If this is not enabled, 'User Defined Status' shows the actual status and the 'Derived Status' field shows empty.

You can invoke the 'Manual Status Change' screen by typing 'OLDMSCDT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Manual Status Change

Enter Query

Contract Details

Contract Ref No * User Reference
Counterparty Product Code

Contract Level Status

User Defined Status Effective Date
Derived Status

1 Of 1 Go

Pay By Date	Component	Status	Amount Due	Amount Settled	Amount Adjusted
-------------	-----------	--------	------------	----------------	-----------------

Maker Id Status
Date Time Auth Status
Checker Id

Note

In case of contracts for products with schedule level processing, if you change the status of any of the schedules, the contract status is determined by the system as the worst status among the individual statuses of the schedules.

To select a contract in this screen, you can either enter the reference number, or the code of the product that the contract uses. For the contract that you select, the status details are displayed.

If you have chosen a contract involving a product for which status processing for schedules has been allowed, then you can only change the status of any of the schedules, as required, and not for the contract. Select the new status in the Status field, for the schedule.

If you have chosen a contract involving a product for which status processing for schedules has not been allowed, you can only change the status of the contract, and not for individual schedules. Select the new status for the contract in the User Defined Status field.

In this screen, if the contract you have selected is a commitment and you have selected the 'Propagate Status To Loan' (at the product or contract level), then the status change that you specify here for the commitment is assigned to all the active contracts underlying the commitment. If the contract selected is a loan and you select a status that does not match the status of the commitment, the system displays an error message.

For instance, if the commitment status is 'Performing', the status of the corresponding loan will also be 'Performing'. You cannot change the status of the loan from 'Performing' to 'Non-performing'. Similarly, if the commitment status is 'Non-performing', the corresponding loan will also have the 'Non-performing' status. You cannot change it from 'Non-performing' to 'Performing'. Cost to credit valuation is applicable for performing and non-performing commitments and loans underlying them. However, the nature of the valuation differs based on the status of the contract – performing or non-performing. Once the loan becomes non-performing, the system performs certain validations during the EOD batch as part of cost to credit valuation. However, if the loan status changes to 'performing' subsequently, the system amends the validation applicable for cost to credit valuation. To achieve this, the system checks the value of the backend static parameter 'ALLOW_REPERFORMING_LOAN_FUNC'. If the value for this parameter is 'Y' then the system will perform the applicable validations on the contract during cost to credit valuation based on the loan status. Additionally, the system also perform the following during status change of loan and commitment contracts:

- Memo interest reversal – This is done irrespective of whether the 'Cost of Credit' check box is selected for the contract or not. This is applicable to loan status change.
- Release of FAS114 for loan - If FAS 114 reserve balances exist for the loan, they will be reversed only if 'Cost of Credit' box is checked for the loan contract.
- Restart of amortization fee accrual – This is done irrespective of whether the 'Cost of Credit' check box is selected for the contract or not. This is applicable to commitment status change.
- Release of FAS114 for commitment – If FAS 114 reserve balances exist for the commitment, they will be reversed only if 'Cost of Credit' check box is selected for the contract.

If the value of the parameter is 'N', the system does not perform the above mentioned processes during status change of the contract. Changes to the user-defined status received from RAPID for uploaded commitment contracts are also propagated to the loan contracts that fall under the respective commitment.

Note

If a contract is pending for authorization in any screen and if you try to unlock in 'OLDM-SCDT' to do changes, then an error message "Unauthorized amendments exist for contract in 'function id' " appears.

Specifying Effective Date

You can specify the effective date as current date or back date.

- If effective date is current date and the user defined status is set to stop, then reverse accrual is done from current date onwards. The interest accrual is stopped and reversal of interest accrual is not done since the effective date is current date. In addition, there is no interest accrual reversal entries.
- If effective date is back dated and the user defined status is set to stop and reverse accrual is done from the back date. Since the effective date is back dated, the system reverses interest from effective date of status change and stops the accrual.
- In case of any interest collected in advance and user defined status is set to stop accrual, the interest continues to get amortised till the next interest period, that is, till the unamortised interest becomes 0.

Note

You cannot specify the effective date as future date.

For more information about fee liquidation, refer to 'Processing Upfront Fee Accruals' in this User Manual.

5.18 Maintaining Status Code

The status code maintenance is used for tracking user defined status of Customer and loans.

The sequence number associated with the status is used for determining the hierarchy of statuses. For example, higher the number, worst the status. The sequence field is added to the screen which is unique for the status codes.

You can invoke the 'Status Code Maintenance' screen by typing 'OLDSTSCD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows the 'Status Code Maintenance' application window. At the top, there is a dark header bar with the title 'Status Code Maintenance'. Below the header is a light gray toolbar containing buttons for 'New', 'Copy', 'Close', 'Unlock', 'Print', and 'Enter Query'. The main area of the screen displays four data fields, each with a red asterisk indicating it is a required field:

- Status Code ***: WACH
- Description**: WATCH STATUS - Both
- Sequence ***: 3
- Status Type ***: Both (with a dropdown arrow)

5.19 Enquiry for Interest and Principal Projections

You can view the projected interest accruals and principal on a loan contract, for a future date. You can choose the contracts of a particular customer, for which you want to view the projections.

The following details are displayed, for each contract:

- Outstanding principal amount
- Interest due as of the current date
- Penal interest due as of the current date
- Projected interest amount, from the current date till the future (projection) date
- Any applicable tax due on the projected amounts
- Total amount due
- The settlement account
- The balance in the settlement account, on the current date

5.19.1 Reversal of Accruals during Contract Reversal

Your bank might encounter a situation wherein you might have to change the non-financial details (like customer account, customer, and so on) of a contract after it is authorized. You cannot amend these non-financial details after authorization. Under such circumstances, you can to 'reverse' a contract and then make the necessary modifications. When you reverse a contract, the event-wise accounting entries of the original contract are reversed.

During reversal of foreign currency contracts, for the events ACCR (Accrual) and STCH (Status Change), Oracle Lending takes the current exchange rates maintained in the Exchange Rate table for the accrual entries with the amount tag _ACCR. Further, the system re-calculates the local currency equivalent of the amount and pass the entries to the respective GLs.

5.20 Viewing the Settlement Details during Contract Authorization

During authorization of Contract Input, Value Dated Amendment and payments of OL contracts, you can view the settlement details of the contract. Oracle Lending forces you to view the settlement details during authorization. During authorization of contracts and value dated amendments in the 'Authorization' screen, click 'Settlements' to view the settlement details of the contract.

5.21 Viewing the Different Versions of a Loan

When a loan is input, it is assigned the version number '1'. Each amendment of the loan results in it being assigned the next version. The Detailed View Screen for a loan displays the latest version. To see the previous version, click 'Previous'. Click 'Next' to view the next version.

5.22 Viewing the Accrual Fee Details for a Loan

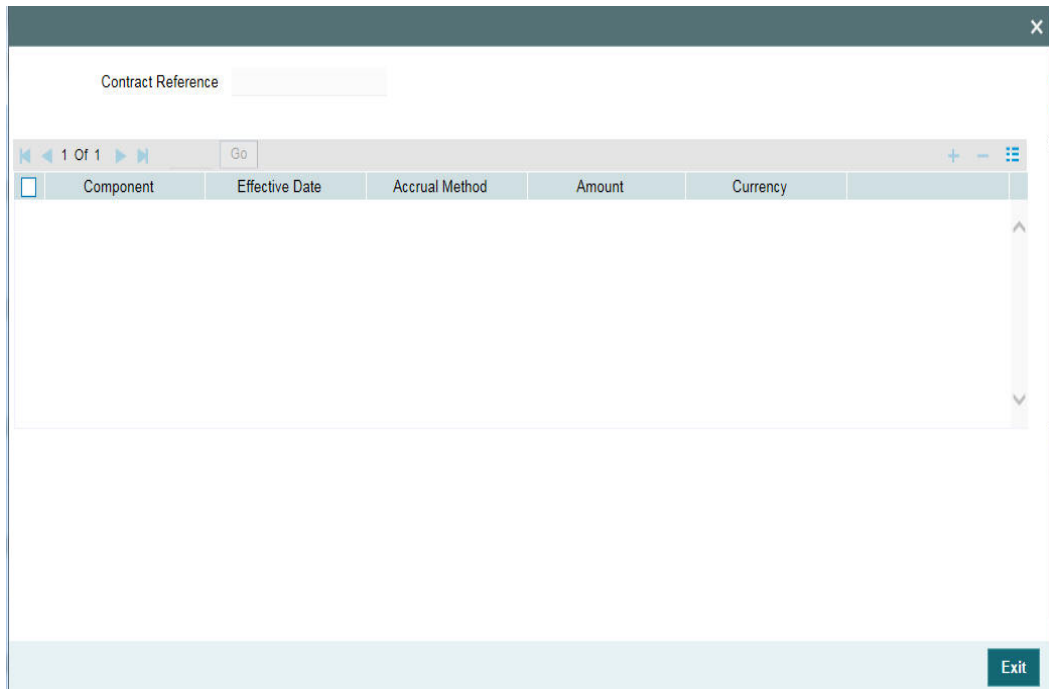
While processing contracts in Oracle Lending, you can choose to accrue fee components at the time of booking the contract. The upfront fee involved in a contract is accrued by the system over the tenor of the contract.

During contract processing, you need to enter the details of the fee if you are collecting a fee from the customer. You can specify the fee details in the 'Accrual Fee Input' screen. You can invoke the 'Amortization Fee Details' screen by typing 'LFDACFIN' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Note

During amortization fee accrual and calculation, you can select 'Fee Period Basis' to compute number of days for the fee schedule based on the option chosen during contract life cycle. For more information on 'Fee Period Basis', refer to Charges and Fees User Manual.

In the 'Amortization Fee Details' screen, click on the 'Accrual Fee' to view the upfront fee details associated with a loan.



The following details are available in this screen:

- **Component:** The fee components associated with the product under which the contract is being processed
- **Effective Date:** The date on which the accounting entries for the fee amount specified at the product level is to be posted to the customer account
- **Accrual Method:** The method used to accrue the fee amount. It can be either by Straight-line method or Yield Basis method
- **Amount:** The amount that is to be collected as fee from your customer
- **Currency:** This is the currency of the fee amount or refund amount

Note

For more information on Upfront Fee Accrual, refer to the Processing Upfront Fee Accruals in this User Manual.

5.23 Viewing Entity Details

Oracle Lending facilitates sending messages (for advices only) to multiple entities. You can view the entity details of the customer to whom the bills has to be sent through the 'Customer Entities' screen. The entity details in the 'Customer Entities' screen is defaulted from the customer entity details maintained at the Customer Maintenance level.

For more information on 'Customer Entity Details', refer to the *Core Entities User Manual*.

You can view the entity details of the customer to whom the bills is sent through the 'Customer Entity Details' screen. Click the 'Entity' button to invoke the screen.

Customer Entity Details

Contract Ref No _____ Version Number _____
 Borrower _____ Borrower Name _____

Entity details maintenance

1 Of 1 Go

<input type="checkbox"/>	Entity	Entity Name	Primary

Ok Exit

Note

The system enables the Entity subsystem only for OL contracts.

Here the system defaults the Contract Details of the customer from the maintenance done at the Customer Maintenance level.

5.24 Viewing the Effective Interest Details for a loan

You can view the effective interest rates applied for the contract through the Effective Interest Rate details screen. Click the 'Effective Interest Rate' to invoke the screen.

Effective Interest Rate

Contract Details

Product _____ Maturity Date _____
 Contract Reference _____ Value Date _____

Effective Interest Rate Details

1 Of 1 Go

<input type="checkbox"/>	Start Date	Effective Interest Rate

Exit

In this screen you can view the Effective Interest Rate and the date from which interest rate is effective.

5.25 Specifying the Installment Preferences for a Loan

Click 'Installment Loan' in the 'Loan and Commitment - Contract Input' screen to modify the unearned interest calculation parameters.

The screenshot shows a software window titled "Installment Loan" with a close button (X) in the top right corner. The window contains a "Preference" section with the following fields and controls:

- Rate Type:** A dropdown menu with "Fixed" selected.
- Rate:** A text input field.
- Rate Code:** A text input field.
- Tenor:** A text input field.
- Int Calc Type:** A dropdown menu with "Up" selected.
- Borrow Lend Indicator:** A dropdown menu with "Borrow" selected.
- Spread:** A text input field.
- Interest Basis:** A dropdown menu.

At the bottom right of the window, there are two buttons: "Ok" and "Exit".

The calculation parameters defined for the product gets defaulted to the contract.

For more details on Installment Loans, refer the chapter - Annual Rest Loans of this User Manual.

5.26 Capturing customer relationships for every loan

To capture the relationships for every loan input, click 'Customer Relations' in the 'Loan and Commitment - Contract Input' to invoke the Customer to Contract Relation screen.

Relation	Related Customer	Customer Name	ID Type	ID Number
----------	------------------	---------------	---------	-----------

You can capture the relationship between the loan contract and any other customer of your bank through this screen. Relationships of this nature could be joint account holders, co-debtors, main account holders, and so on.

Specify the following details in this screen:

- The nature of the relationship
- CIF and name of the customer of your bank with whom the relationship exists
- Type of identification of the customer, and the identification number

The relationships that you can maintain should already have been defined in the Relationship Maintenance.

5.26.1 Capturing Currency Sub-limits

You can define the sublimit for a combination of Customer, Currency, and Products for commitment contract. Click 'Borrower' button in the 'Loan and Commitment - Contract Input' screen to invoke the 'Borrower Details' screen.

You can maintain the list of products for a borrower and the combination of product and currency wise limits in this screen.

The following details are displayed here from the parent contract screen:

- Product Code
- Contract Reference Number
- User Reference Number
- Customer

Borrower Details

You can specify the list of borrowers here.

Borrower

Select the name of the borrower for whom you want to maintain the sublimit from the option list.

Loan Product

You can specify the loan details here.

Loan Product

Select the loan product you want to map the borrower from the option list. The description of the selected loan product gets displayed in the adjacent text box.

Currency Wise Drawing Limit

You can specify the currency and amount here.

Currency

Select the currency for which you want to maintain the limit amount. The description of the currency gets displayed in the adjacent text box.

Limit amount

Specify the limit amount for the currency selected against the loan product combination.

The limits can be defined for individual contract currency and the limit amount is specified in the commitment currency.

During the Loan Linkage, at the contract Level system validates whether the loan linkage amount is exceeding the sub limit defined at the commitment level, for the combination of Borrower, product and currency. This validation is run during Loan Booking also.

In case of counterparty change system validates that transfer amount is within the available sub limit amount defined for the new counterparty for the contract currency.

If you want to maintain the limit across products for a particular Borrower, the same can be maintained against "ALL" Product. In this case, you cannot define sublimit for the individual product.

Similarly, if you want to maintain the limit across currencies for a particular borrower and product combination, the same can be maintained against "ALL" Currency. In this case, you cannot define sublimit for the individual currency.

Revolving and Non – Revolving attribute of the commitment is considered for tracking the utilization against the limit maintained for the combination of borrower, product, and currency.

Sub-limit validations will also be done during value dated amendment, payment reversal (for non-revolving), exchange rate amendment and split reprice (for the additional amount, if any).

Example

The maintenance given below is done at the commitment level.

Borrower	Product	Currency	Amount
B1	D1	USD	50MM
	D3	GBP	100MM
B2	D5	USD	75MM

As per the maintenance given above, borrower B1 have a limit of EUR 50MM for the product D1 and currency USD. For the product D3 and currency GBP, he have a limit of EUR 100 MM. Commitment currency in the above case is EUR.

FM Reference Number

Specify the FM Reference Number for the sub limit.

Facility ID

Specify the Facility Identification for the sub limit.

Modified Date

The system displays the date on which the sub limit is created or modified.

Note

The system uploads the fields FM Ref number and Facility ID during new sub limit upload and sub limit amendment. It updates the Modified Date whenever a sub limit is created or modified through upload.

5.27 Specifying the Special Penalty Components

You can select components to which late payment charges are applicable for both commitment and loan contracts using the 'Special Penalty Components' screen. To invoke this screen, click the 'Penalty Components' in 'Loan and Commitment - Contract Input' screen.

Special Penalty Components

Product Code Product Description

Special Penalty Components

<input type="checkbox"/>	Component	Apply Special Penalty
--------------------------	-----------	-----------------------

Ok Exit

Specify the following details:

Component

System defaults the components selected for late payment charge application at the product level. However, you can modify the components during contract input and contract amendment. In case of contract amendment, the modified components are applicable to future schedules only.

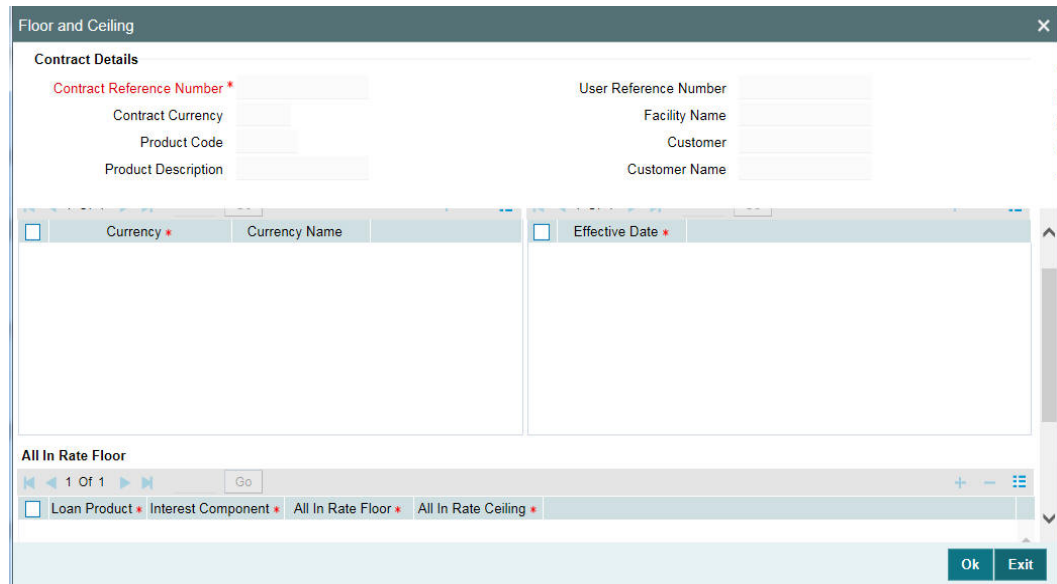
If you perform a back value dated change for any component due to which late payment charges are applicable, then on recalculation of late payment charges, system considers the new list of components for late payment charge computation.

Apply Special Penalty

Select this check box to indicate that system should apply special charges to the penalty component.

5.28 Maintaining Floor and Ceiling Initial Details

You can maintain the floor and ceiling initial details for all-in-rates of the interest components associated with Loan contracts in the 'Floor and Ceiling' screen. Click 'Floor and Ceiling' to access this screen.



You can specify the following details in this screen:

Contract Ref No

The system displays contract reference number.

Product Code

The system displays the product code.

Customer

The system displays the customer name.

Facility Name

The system displays the facility name.

User Ref No.

System generates and displays the user reference number.

5.28.1 Specifying Currency Details

CCY

Specify the currency details.

Currency Name

The system displays the name of the currency selected.

5.28.2 Specifying Effective Date

Effective Date

Specify the effective date for each currency you have selected.

5.28.2.1 Specifying All-In Rate for Floor and Ceiling

Loan Product

Select an appropriate loan product from the adjoining option list.

Interest Comp

Select the applicable interest component from the adjoining option list.

Floor

Specify the floor all-in rate.

Ceiling

Specify the ceiling all-in rate.

Note

The button to launch this sub-screen is enabled only for commitments; hence, this screen is available only for initial Floor and Ceiling maintenances during commitment booking. Subsequent Floor and Ceiling maintenance/amendments must be done using the 'Floor and Ceiling Maintenance' screen explained in this chapter.

5.29 Booking Re-Price Transactions

You have the option of re-pricing fixed rate contracts to floating rate contracts and vice-versa, using the Re-Price Transaction screens. To reprice a contract into another product, the child contract product should have reprice product check box.

When you re-price a contract, the amount is taken from the parent contract into the Re-Price Suspense GL that you have specified in the Preference screen (Branch Parameters – Detail View) and then subsequently to the child contract.

The status of the parent contract remains 'Active' if there are outstanding dues. The parent contract is liquidated if both principal and interest dues are completely settled. You can reprice a contract (or part amount) into a new contract or multiple contract through the 'Renewal or Split Detail' screen. You can also renew non-performing loans using this screen.

Note

You can do reprice in this screen for non-bearing products only when 'Allow schedules for discounted' check box is selected at the contract level. As part of split reprice, the system posts the adjustment entries in BADJ event.

You can invoke the 'Renewal or Split Detail' screen by typing 'OLDREPRS' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, specify the following details:

Contract Ref. No.

Select or enter the reference number of the contract to be re-priced. When you enter the reference number, the following details are displayed for the parent contract:

- User Reference Number
- Counterparty
- Currency
- Outstanding principal amount

The Split Serial No. gives you the number of split transactions carried out on the parent contract till date.

Schedule Basis

You can indicate whether the repayment schedules for the repriced contract to be defaulted from the loan product or from the parent contract.

MIS Basis

You can indicate whether MIS details for the repriced contract to be defaulted from the loan product, or the parent contract.

UDF Basis

You can indicate whether user-defined fields for the repriced contract to be defaulted from the loan product, or the parent contract.

Holiday Basis

You can indicate whether holiday basis for the repriced contract to be defaulted from the loan product, or the parent contract.

Note

Only those contracts with no overdue schedules can be re-priced.

Product

The product code linked to the contract reference number is displayed here.

Book Date

This is the book date with which the re-pricing is processed.

Value Date

This is the value date with which the re-pricing is processed.

Liquidate Principal and Interest

Check this box to indicate the outstanding principal or interest amount is to be liquidated for the parent contract at the time of re-pricing.

Note

This check box is selected by the system if the total amount of the child contracts is greater than the outstanding principal balance.

Capitalize Interest

Select this check box to indicate if the interest due has to be capitalized to the child contract. Capitalization of Interest including the overdue interest is calculated into the child contract on the maturity date.

Note

If Capitalization of Interest is applicable, then "Transfer Parent Main Interest" and "Liquidate principal & Interest" will not be applicable. Capitalization of interest is allowed in case of single split reprice (One to One) only.

Transfer Unamortized Fee (FAS91 Accrual)

Select this check box to transfer the unamortized fee of the contract to child contract. The amount is amortized over the tenor of the child contract. Amortization starts from EOD of the Application date.

During the transfer, system checks if the unamortized fee component has selected for both 'Discount Accrual and 'Apply for Re-price' before transferring the amount from parent contract to child. An error message throws up otherwise and system does not save the transaction.

The unamortized amount which is available for transferring gets displayed in the 'Unamortized FAS91 Fee' field. Discount accrual for the transferred amount is impacted as per the child contract.

During Reprice transaction, SPTI event is triggered in the parent contract.

Accounting Role	Dr. / Cr.	Amount Tag
EIMDISC_PARENT_RIA	Dr.	EIMDISC_TRFR
Wash Account GL	Cr.	EIMDISC_TRFR

The entries triggered for fee as part of INIT in the child contract for inheriting the unamortized fee are given below:

Accounting Role	Dr. / Cr.	Amount Tag
Wash Account GL	Dr.	Component_TRIN
EIMDISC_CHILD_RIA	Cr.	Component_TRIN

Note

- Discounted Accrual is applicable only for Fixed Maturity type of Loans.
 - Discount Accrual is applicable only for Advance type of User Input fees.
 - In case of split reprice to many contracts, partial reprice or merge reprice, transfer of fees will not be allowed
 - The transfer of fees accrued based on Yield Accrual is for the whole contract and not at the component level.
 - If a child contract has inherited a discount accrual component and it itself has a discount accrual component, then a subsequent liquidation of the fees impacts the total yield accrual.
 - For calculating the IRR, the main interest component, principal and fee (if marked for discount accrual) will be considered as Cash flow.
-

Transfer of Unamortized Fee (Straight Line Method)

The system displays the unamortized fee amount which is accrued based on the straight line method. The system triggers the event SPTI as part of re-price in the parent contract. The system posts only the accounting entries for the transferred of unamortized fee from parent to child contract:

Accounting Role	Dr / Cr	Amount Tag
ComponentPARENT_RIA	Dr.	Component_TRFR
Wash Account GL	Cr	Component_TRFR

The following are the entries triggered for fee as part of INIT in the child contract for inheriting the unamortized fee are:

Accounting Role	Dr / Cr	Amount Tag
Wash Account GL	Dr.	Component_TRIN
ComponentCHILD_RIA	Cr.	Component_TRIN

Note

- Component PARENT refers to each component available at the Parent Product.
 - Component CHILD refers to the components which have 'Apply for reprice' flag checked at the child product level.
-

Prepayment Schedule Processing

Indicate the type of payment schedule processing that you want to maintain. You can select one of the following options:

- FIFO
- LIFO

5.29.1 Child Re-Price Transaction (Split)

In this section, you can enter details of the child contracts.

Product

Select the product under which the child contract is to be created during re-pricing. The option list will include those products for which you have checked the box 'Re-Price Product' in the Loans and Deposits Product – Preferences screen.

Amount

Enter the amount of the split contract.

The sum total of the transaction amounts of all the child contracts can be less than, equal to, or greater than the outstanding principal amount of the parent contract. If the total amount of the child contracts (at the time of re-pricing) is greater than the outstanding principal balance, the system automatically initiates a VAMI (value dated amendment on the re-price date) on the parent contract for the differential amount. Thus, the difference amount is added to the principal amount before the system proceeds with re-pricing.

Currency

The currency of the child contract is displayed here. You are not allowed to change the same. The currency of all child contracts are the same as that of the parent contract.

Maturity Type

Select the maturity type of the contract from the drop-down list. You can select one of the following options:

- Call – Select this option to re-price a term loan into a demand loan.
- Fixed – Select this option to re-price a demand loan into a term loan.

Note

The system defaults 'Fixed' as maturity type. However, you are allowed to change it.

You can differentiate a demand loan and a term loan through the maturity type of the transaction. The maturity type of a term loan is 'Fixed' and for demand loan it is 'Call/Notice'.

Note

The system does not allow capitalized schedule type of demand loans to be re-priced to other non capitalized schedule type of products. It is applicable for Merge Re-price where only the parent contract is a demand loan. But it is not applicable for Notice type of loans.

Reprice Amount

The total reprice amount is displayed here and you cannot modify the same.

Maturity Date

Enter the Maturity Date of the child contract here.

Transfer Parent Main Interest

If you have selected 'Liquidate Principal and Interest' check box, the interest amount can be acquired by a child contract. If you have not selected the check box, the interest amount remains with the parent contract.

The interest amount that can be acquired can be passed to one child contract only. You are not allowed to split the acquired interest amount among multiple child contracts. Select the 'Transfer Parent Main Interest?' check box against a child contract to indicate the interest from the parent contract is acquired by that child contract.

When you select the Transfer Parent Main Interest, the system transfers the interest amount due or the difference of amount paid and amount due (if any overpayment exists) to the child contract. The transferred interest is due on the first schedule due date of interest. However, the acquired interest, of the child contract is allowed for liquidation before the schedule due date.

Note

- Transfer of fees is only allowed for Advance type of fees.
 - Transfer of Fees flag is disabled for back valued re-price.
 - Transfer of Fees is not allowed in case of split re-price into many contracts, partial re-price or merge re-price. The system does not perform any catch up accrual done for fee transferred as part of re-price.
 - If the parent contract has overpayment of interest, then the system transfers only the difference of amount paid and amount due into the child contract. This amount is not allowed for refund after the re-price is performed.
 - In case of back valued activity, the system performs a catch up accrual of fee before transferring the amount to the child contract. However, the amount displayed in 'Unamortized Amount' vary from the actual amount transferred and accordingly the system displays an override.
 - The system displays an override in case of future dated re-price with transfer of un-amortized fee amount.
-

Child Contract Ref. No

The reference number of the child contract is displayed here.

Total Split Amount

The total amount of all child contracts is displayed here.

Interest Details

Click 'Interest Details' button to enter interest related details and also RFR (Risk Free Rate) details. For more information on RFR, refer to *Interest User Guide*.

In addition, you can refer 'Specifying Interest Details' sub-section of 'Capturing Split Re-Price Instructions' section of *LS User Manual*.

Note

Disbursement Mode is 'Auto' for child contract getting created as part of Split Reprice.

5.29.1.1 Specifying BA Details

In the BA Details section of this screen, you can perform the following:

- You can select only BA drawdown products for the child contracts in this screen.

- Ensure 'Bankers Acceptance' check box is selected for the BA drawdown product at the product level.
- As part of reprice, the BA details entered in the parent contract are defaulted to child contract.
- Reprice Decrease
 - In case of reprice decrease, ensure to select 'Liquidate Principal' check box and perform reprice decrease.
 - Before the parent contract is liquidated, principal must be liquidated from the parent contract to the extent of decrease for BA drawdowns and the associated loans.
 - This is posted as part of 'LIQD' event in borrower and participant contracts.
- Reprice Increase
 - In case of reprice increase, the increased amount is disbursed to the borrower from the borrower contract. There is no netting of the increased loan amount disbursed to the borrower with that of the stamping fee and discount amount.
 - Before the parent contract is liquidated, principal must be liquidated from the parent contract to the extent of increase for BA drawdowns and the associated loans.
 - This is posted as part of 'VAMI' event in borrower and participant contracts.

You can specify the following:

Broker BA Product

You can select the BA drawdown product for the list of values.

Interest Day Basis

The interest day basis gets defaulted from the 'Interest Basis' field of the 'Product Components' section.

Net Borrowing Amount

The net borrowing amount gets defaulted from the 'Amount' field of 'Child Re-Price Transaction (Split)' section.

Stamping Fee Rate

The stamping fee rate gets defaulted from the 'Rate' field of the 'Product Components' section.

Stamping Fee Amount

The stamping fee amount gets automatically calculated on save of the BA drawdown contract.

Discount Rate

Specify the discount rate.

Discount Amount

The discount amount gets automatically calculated on save of the BA drawdown contract.

Treasury MIS Rate

Specify the treasury MIS rate.

Agent Rate

Specify the agent rate.

5.29.1.2 Product Components

In the Product Components section, specify the following:

Component

Select the component to be associated with the child contract. The option list includes all the components linked to the product.

Rate Type

Select the rate type of the component.

Rate Code Usage

The system defaults the rate code usage from the product. You are not allowed to amend it. The possible values are periodic and automatic. It is applicable only for floating rate.

Rate Revision Method

Select the rate revision method from the drop down list. You are allowed to amend it for Floating Periodic type of loans.

For more information on rate revision schedules, refer 'Maintaining Rate Revision Schedules' chapter.

Reset Tenor

The tenor of the parent contract is defaulted here, for the child contract. You can change the same.

Rate Code

Select a rate code to be applied to the child contract.

Base Rate

The base rate for the child contract is displayed here.

Spread

Enter the spread for the contract.

Final Rate

The final rate is computed by the system based on the base rate and the spread you have entered. This is applied to the component.

Special Rate Type

System defaults the maintenance done for 'Special Rate Type' in the 'Interest Limits Maintenance' screen. However, you can edit this value and select the special rate type from the adjoining drop-down list. This list displays the following values:

- Fixed Rate
- Flat Amount

Rate Fixing Required

Select this check box to indicate whether the rate fixing is applicable for a particular component.

Rate Fixing Days

The rate fixing days gets defaulted from the 'Rate Fixing Days Maintenance' screen. You can modify this value.

Rate Basis

This value gets defaulted from the 'Interest Class Maintenance' screen. If required, you can modify the value. You can select the options.

- Per Month – This option is used for fixed per month rate.
- Per Annum/Not Applicable – This option is used for annual rate input. The value input is considered as resolved rate.

- Quote Basis – This option is used for float rate input for all quote basis.

Specifying Interest Rate Rounding Components

The 'Rate Rounding Rule', 'Rate Rounding Unit', and 'Rate Rounding Position' values get defaulted from 'Interest Limits Detail' screen. If required, you can change these values

Remarks

You can enter remarks for the split transaction you have entered, in the space provided.

Note:

- When you enter a future dated re-pricing transaction, the system does not process any event (such as accrual, liquidation which has an effect on the outstanding balance of the parent contract) linked to the parent contract, till the re-pricing has been completed. Child contracts are created on the value date and not on the date that you enter the contract. Accounting entries are passed on the value date.
 - Re-pricing does not have any effect on a revolving commitment linked to the parent contract
 - Advices to customers involved in child contracts, are sent from the parent contract
 - MIS details of the parent contract are propagated to all child contracts
 - When renewing a contract with non-performing status, all the child contracts created inherits the non-performing status of the parent contract with the contra balance and reserve amount applicable for the parent contract being distributed among the child contracts. In case of multiple child contracts, the contra balance (and reserve amounts where applicable) is calculated based on the outstanding for each child contract and in the order in which the child contracts were created during the renewal/re-pricing.
 - For a split re-price of non-performing loan with reserve and contra amounts, first the reserve amount is apportioned based on principal outstanding for each child contract, then the contra amount.
-

5.29.2 Authorizing Override for Split Re-Pricing

If the UDF 'RATE-VARIANCE' is maintained as a non-zero value for a commitment contract to which the loan is linked, dual authorization is required.

For more details, refer the section 'Dual Authorization' in this User Manual.

5.29.3 Fixing Rate during Reprice

For floating periodic manual type of Loans, the rate can be fixed during reprice. Click 'Rate fixing' in the screen.

For more information on rate fixing, refer to Capturing Rate Fixing chapter in *Interest User Manual*.

Following validations are performed while specifying the rate for the new reset period:

- Current reset date is the Next reset date of the previous revision.
- Next Rate reset date is mandatory
- Current Reset Date <= Reset Value date<=Next Reset Date
- During rate revision, 'RCHG' event is triggered for resetting value date and rate and during batch if the new rate reset value date is in the future, 'RTFX' event is triggered. Its triggered online if the rate reset value date is back valued or current dated.

- Following validations are performed while amending the current reset period:
- Reset value date is allowed for modification only if the reset value date is in the future.
- Next Reset Date is allowed for modification
- Rate change is allowed if reset value date is greater than or equal to the Last paid schedule date or value date whichever is later.
- Current Reset Date <= Reset Value date<=Next Reset Date

During the rate amendment, RTAM event is triggered. After the first authorization of the Loan Contract, the Rate revision method of the Floating Periodic type of Loans can be changed through Value Dated Amendment (VAMI).

5.29.4 Floating Periodic Manual Contracts

You can amend the following options for the rate fixed in the past:

- Interest Rate
- Spread
- Reset End Date
- Current reset date (in new mode)
- Reset Value date (only when the reset value date is in future)

RTAM and RTFX are registered for this modification. Reset end date for the past period is allowed for modification. However, the same is not allowed to be increased if the rate is already fixed for the next period.

If the reset end date is reduced, the system calculates the fixing a rate for the interim gap created due to end date reduction. In such cases RCHG and RTFX events are activated for the new rate fixing. Reset value date cannot be less than the current reset date.

You can modify the rate fixing details, even if the current rate type of the component is not floating periodic manual. However, the rate type should be 'Floating' periodic manual for the rate fixing period.

Reset value date can be beyond the last payment date when the rate is being fixed for the interim gap created due to the reduction of reset end date.

Note

Amendment of rate revision method is not be allowed on the day rate revision has already happened.

During reprice the repayment schedules do not default from the parent contract to the child contract. CAMD event has to be triggered for the child contract to define the schedules.

5.30 Consolidating Re-Price Transactions

You can consolidate one or more re-priced child contracts with a parent contract. This includes non-performing loans as well; however, it is essential that all the child contracts being merged have the same user-defined status. The consolidation can be done through the Re-Price Transaction (Consolidation Details) screen.

Note

You can do reprice in this screen for non-bearing products only when 'Allow schedules for discounted' check box is selected at the contract level. As part of consol reprice, the system posts the adjustment entries in BADJ event.

For parent contract, you need to select 'Allow schedules for discounted' whereas for child contract can be either normal discounted or true discounted contracts.

You can invoke the 'Consolidate Details' screen by typing 'OLDREPRC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Consolidate Details

New Enter Query

Parent Re-Price Transaction (Consolidation)

Contract Reference Number _____ User Reference _____

Product _____ Product Description _____

Counterparty _____ Counterparty Description _____

Currency _____ Currency Description _____

Book Date 2015-04-01 Merge Serial No. _____

Value Date * YYYY-MM-DD Outstanding Principal _____

Outstanding Interest _____

Calculate

Child Re-Price Transaction (Consolidation)

1 Of 1 Go

Serial Number	Contract Ref No	Value Date	Amount	Currency
---------------	-----------------	------------	--------	----------

Settlements

Maker ID _____ Maker Date Stamp _____ Authorization Status _____

Checker ID _____ Checker Date Stamp _____ Contract Status _____

Exit

Specify the following details:

Contract Ref. No.

Select or enter the reference number of the contract with which various child contracts are being consolidated. When you enter the reference number, the following details are displayed for the parent contract:

- User Reference Number
- Counterparty
- Currency
- Outstanding principal amount

The Merger Serial No. gives you the number of merger transactions carried out on the parent contract.

Book Date

This is the book date with which the re-pricing is processed.

Value Date

This is the value date with which the re-pricing is processed.

In the Child Re-Price Transaction (Consolidation) section, you can enter details of the child contracts. Specify the following:

Contract Ref. No.

Select the reference number of the child contract which is merged with the parent contract.

Note

- The child contracts being merged should have the same maturity date and this date should be lesser than the maturity date of the parent contract.
 - For a consolidation, it is mandatory that the underlying commitments of a child contract are the same as that of the parent contract.
 - If there is an overdue schedule linked with a child contract, the system does not include the same during the merger.
-

User Ref. No.

The user reference number of the child contract is displayed here.

Value Date

The value date of the child contract is displayed here. This also the maturity date of the child contract.

Note

For reprice consolidation, child contract is consolidated and available for consolidation on maturity date of child contract that is, Value date of reprice consolidation should be same as maturity date of child contracts.

Amount

The amount of the child contract which is re-priced and consolidated with the parent contract, is displayed here. This is the outstanding principal amount of the child contract. You are not allowed to change the same.

Currency

The currency of the child contract is displayed here. Only those child contracts with the same currency as the parent contract can be merged with the parent contract.

Note

- When you enter a future dated re-pricing transaction, the system does not process any event (such as accrual, liquidation) linked to the child contract, till the re-pricing has been completed. The consolidation is done on the value date and not on the date that you enter the contract. Accounting entries are passed on the value date.
 - You are allowed to enter a back-value dated consolidation transaction
 - Interest liquidation can happen on all child contracts before consolidation. You can only merge the outstanding principal amount with a parent contract. The principal amount is moved to the Re-Price Suspense GL you have specified. The interest amount of a child contract is adjusted with the customer involved in the child contract.
-

Remarks

You can enter remarks for the consolidation transaction you have entered, in the space provided.

Note

- The contra amounts (and the reserve amounts, if applicable) for the child loans is merged and made part of the parent loan, when you merge child contracts.
 - If the UDF 'RATE-VARIANCE' is maintained as a non-zero value for a commitment contract to which the loan is linked, dual authorization is required.
-

For more information, refer to 'Dual Authorization' chapter in this User Manual.

5.31 Maintaining Loan Loss Reserve

You can change the reserves for the various transaction types for loans and commitments in the 'Loan Loss Reserve' screen.

You can invoke the 'Loan Loss Reserve' screen by typing 'OLDLLRSV' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Loan Loss Reserve

New Enter Query

Contract Reference * Total Reserves ◀ Of ▶

User Reference

Custom Reference Number

Counterparty

Counter Party Name

Value Date 2015-04-01

Contract Currency

Transaction Type Write off ▼

Transaction Amount

Penalty Amount 0

Outstanding Balance

Maturity Date

User Defined Status

Contract Status

Total Reserve Amount

Total FAS114 Reserve Amount

Events

Entry By Entry Time Contract Status

Auth By Auth Time Auth Status

Exit

In this screen, enter the following details:

Contract Reference No

Enter the reference number of the loan or commitment contract for which you want to change the transaction type.

Based on your choice, the system displays the following details:

- User Ref No
- Custom Ref No
- Counterparty
- Userdefined Status
- Contact Status

- Outstanding Balance
- Maturity Date
- Department Code
- Branch Code
- Treasury Source
- Value Date
- Total Reserve Amount
- Contract Currency
- Total FAS114 Reserve Amt
- Penalty Amount

Transaction Type

Select the transaction type from the adjoining option list. The options are:

- Write-off
- Recovery
- Complete Writeoff
- FAS114 Increase
- FAS114 Decrease

You can select the FAS114 increase or the FAS114 decrease option only if the contract you have selected is a commitment contract.

Transaction Amount

Enter the amount for the transaction type selected.

5.32 Amending the Exchange Rate

When you book a new loan contract and link it to the commitment, the system defaults the exchange rate captured in contract linkages to exchange rate fixing table, for cross currency loans.

You can amend this exchange rate and specify a new effective date for a chosen contract using, 'Exchange Rate Amendment' screen.

You can invoke the 'Exchange Rate Amendment' screen by typing 'OLDEXAMD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Contract Reference Number

Choose the reference number of the contract whose exchange rate you wish to amend from the list of Contract Reference Numbers.

The following fields are displayed:

- Counterparty
- Contract Currency
- Value Date
- Maturity Date
- Commitment Reference
- Commitment Currency

5.32.1 Exchange Rate Details

Effective Date

Specify the new effective date for the contract.

You can specify the effective date multiple times, so that the system triggers link/delink event on the commitment with effective date as loan value date. However, the 'Effective Date' should not be,

- before loan value date
- before last loan payment date
- before last amendment value date of loan
- before last commitment fee liquidation date
- after loan maturity date
- If any of the above conditions are not satisfied for 'Effective Date', then the system displays the following error messages:
- If the effective date is before loan value date, then the system displays

Effective date cannot be earlier than the value date of the contract

- If the effective date is before last loan payment date, then the system displays

Effective date cannot be earlier or equal to last liquidation date

- If the effective date is before last amendment value date of loan, then the system displays

Effective date cannot be earlier or equal to VAMI date

- If the effective date is before last commitment fee liquidation date, then the system displays

Effective date cannot be earlier than the last commitment fee liquidation date

- If the effective date is before after loan maturity date, then the system displays

Effective date cannot be later than the maturity date of the contract

Exchange Rate

Specify the new exchange rate for the contract. You cannot specify the back dated exchange rate beyond the last processed effective date and you are not allowed to amend the exchange rate for processed contract. You can enter upto 15 decimal points.

Process Status

The status of the contract is displayed as Processed/Unprocessed.

Note

- You can do the exchange rate amendment by contract amendment also.
 - You are allowed to delete Unprocessed Exchange rate and for future dated exchange rate, the system processes it in batch.
 - You can define the exchange rate revision only for active loan contracts.
-

5.33 Classifying LC Sublimit

LC Sublimit is classified at Originations (OL) Commitment level from HFI to HFS account based on the Origination trade ratio. System performs the following processing/validations for the LC Sublimit classification:

- LC Sublimit reclassification happens online for the commitment, when a trade event is authorized
- Available LC sublimit balance at the commitment level is considered for HFI to HFS movement
- Reclassification for the HFS balance is done for the traded ratio, by computing the HFS balance using the trade ratio and the LC Sublimit balance
- Reclassification is done on zero-basis, as done for commitment balance and loan/LC loan outstanding, recomputed HFS balance is compared with the previous day HFS balance and reclassified accordingly
- Necessary accounting entries must be setup for TRCL event for the commitment product for LC sublimit reclassification. See 'Annexure-A' document for details.
- New amount tags for LC Sublimit reclassification is available in the system

5.33.1 Updating LC Sublimit HFS Balance

System performs the following processing/validations for updating the LC Sublimit HFS balances:

- For Trade Booking, TRCL for LC Sublimit reclassification from HFI to HFS is triggered on the commitment, and the amount tag LCLMT_HFS_INCR. LC Sublimit HFS balance is increased accordingly
- For Trade Settlement, TRCL for LC Sublimit reclassification from HFS to HFI will be triggered with the amount tag LCLMT_HFS_DECR. LC Sublimit HFS balance is decreased accordingly
- For Trade amendment, if there is a change in trade amount, then TRCL for LC Sublimit reclassification is triggered to increase/decrease the LC Sublimit HFS balance
- For Trade reversal/cancellation, TRCL for LC Sublimit reclassification from HFS to HFI is triggered on the commitment and the amount tag LCLMT_HFS_DECR. LC sublimit HFS balance is decreased accordingly
- For Trade settlement reversal, the TRCL event for LC Sublimit reclassification from HFI to HFS is triggered with the amount tag LCLMT_HFS_INCR. LC Sublimit HFS balance is increased accordingly
- if any of the processing for LC Sublimit HFS balance update or posting of LC Sublimit HFS accounting fails , then the authorization of the trade event will fail and an error message 'LC Sublimit processing failed' will be displayed,

5.33.2 Updating LC Sublimit HFI Balance

System performs the following processing/validations for updating the LC Sublimit HFI balances:

- The LC Sublimit balance is computed and updated as part of the VAMB/VAMI for the commitment. The VAMB/VAMI is triggered as a result of STP from agency for the trade settlement
- 'LC Sublimit balance Reduction' is computed by applying the PRAM transfer percentage on the current LC Sublimit balance
- LC Sublimit balance is updated by reducing the current LC Sublimit balance by the computed 'LC Sublimit Balance Reduction'
- As a result of this, the necessary update for LC Sublimit balance is done based on the Minimum of (Latest LC Sublimit balance, Commitment Availability)
- If any of the processing for LC Sublimit HFI balance update or posting of LC Sublimit accounting fails , then the processing of the STP event VAMB/VAMI fails and the error message 'LC Sublimit processing failed' is displayed,
- The necessary LC Sublimit accounting entries for reducing the LC Sublimit is posted, as a part of the VAMI event,

5.34 Maintaining Special Penalty Component Waiver Details

You can waive late payment charge schedule(s) for a component using ' Special Penalty Component Waiver' screen.

You can invoke the ' Special Penalty Component Waiver' screen by typing 'OLDPNWVR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Specify the following details:

Contract Ref No

Specify the reference number of the contract for which the late payment charge schedules should be waived.

System displays the following details based on the specified contract reference number:

- Module Code
- CCY
- Department Code
- Product Code
- Counterparty
- Facility Name
- CUSIP/ISIN
- External CUSIP
- Treasury Source

Penalty Comp

Select the penalty component from the adjoining option list. This list displays all the late payment charge schedules for the contract which are not fully paid or waived.

Due Date

System displays the due date for the penalty component selected.

System displays the following details based on the selected penalty component:

- Grace Days
- Penalty Calc Date
- Penalty Amount Due
- Penalty Amt Settled

- Basis Amount Due
- Basis Amount Settled

Remarks

Specify a brief description regarding the waiver for late payment charges for a schedule.

Waive

Select this check box to indicate that the late payment charge schedule should be waived for a component. You can save the waiver operation only if the 'Waive' box is selected for all schedules.

You can waive a partially paid late payment charge schedule. In this case, the unpaid amount is treated as waived and the already paid amount is treated as settled. No further dues are tracked for this schedule.

Before allowing the waiver of each schedule, system checks that all preceding schedules have been paid or waived. If there are any unpaid schedules preceding this schedule, then system displays the following override message:

"Prior schedules are unpaid for this component. Please pay/waive all such schedules before proceeding"

On waiving a late payment charge, the previously calculated charges will no longer be due.

The accounting entries are posted against the event 'SPWV' (Special Penalty Waiver). If multiple schedules are waived as part of the same waiver operation, then system triggers a single 'SPWV' event with separate accounting entries for each schedule. The accounting entries are posted for information and tracking purposes only.

5.34.1 Reversing the Waiver of Late Payment Charges

You can reverse the waiver of late payment charges by selecting the original waiver record using the 'Special Penalty Component Waiver Reversal' screen. You can invoke this screen by clicking the 'Reversal' in the 'Special Penalty Component Waiver' screen.

If multiple schedules are waived as part of the original waiver operation, then system allows you to select any or all of such waived schedules for waiver reversal and deselect the 'Waive' box. Reversal can be done only if the 'Waive' box is deselected for at least one schedule.

System allows you to undo the waiver operation only if the basis component for the late payment schedule is unpaid/partially paid. If basis component for the late payment charge schedule is fully paid, then you cannot undo the waiver operation.

On waiver reversal, system re-computes late payment charges using values of basis component, grace days and late payment charge fixed rate/flat amount as on the current date. Calculation date will be the original schedule due date.

Waiver reversal accounting entries are posted against the event 'RSPW' (Reversal of special penalty waiver). If waiver reversal of multiple schedules is performed simultaneously, then system triggers a single RSPW event with separate accounting entries for each schedule. The accounting entries are posted for information and tracking purposes only.

Accrual entries are not passed and late payment charges are booked to P&L only upon liquidation.

Note

At the loan product level, system validates to check that event 'SPWV' is mandatorily maintained for a component for which 'Special Penalty Component' is selected. System also validates to check that no account entries are maintained for the RSPW event at the loan product level. System automatically associates the reversal event 'RSPW' for such products.

5.35 Viewing the Waiver Details of Special Penalty Components

You can view current status of all unpaid late payment charge components for a contract using 'Special Penalty Component Waiver Summary' screen.

You can invoke the 'Special Penalty Waiver Summary' screen by typing 'OLSPNWVR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Special Penalty Waiver Summary

Search Advanced Search Reset Clear All

Case Sensitive

Contract Ref No Auth Status

Records per page 15 1 Of 1 Go Lock Columns 0

Contract Ref No	ESN	Event	Auth Status	Penalty Component	Penalty Due Date	Penalty Calc Date	Penalty Amount Due	Penalty Pi
-----------------	-----	-------	-------------	-------------------	------------------	-------------------	--------------------	------------

Exit

In this screen, you can view the following details:

- Contract Ref No
- ESN
- Event
- Auth Stat
- Penalty Component
- Penalty Due Date
- Penalty Calc Date
- Penalty Amt Due
- Penalty Amt Settled
- Waive Stat

- Basis Amount Due
- Grace Days
- Basis Amount Settled
- Remarks

5.36 Maintaining Floor and Ceiling Details

You can capture floor and ceiling details for all-in rates. You can maintain/amend Floor and Ceiling at the commitment level for the combination of currency, effective date, loan product and interest component.

You can invoke the 'Floor and Ceiling Maintenance' screen by typing 'OLDFLRCL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can specify the following details in this screen:

Contract Ref No

The system displays contract reference number.

Product Code

The system displays the product code.

Customer

The system displays the customer name.

Facility Name

The system displays the facility name.

User Ref No.

The system displays the user reference number.

This section contains the following topics:

- [Section 5.36.1, "Specifying Currency Details"](#)

- [Section 5.36.2, "Specifying Effective Date"](#)
- [Section 5.36.3, "Processing All-In Rate Floor and Ceiling rates"](#)
- [Section 5.36.4, "Validating and Propagating Base Rate/All-In Rates"](#)
- [Section 5.36.6, "Manual Linking of Standalone Loans with Commitments"](#)
- [Section 5.36.7, "All-In Rate/Base Rate Batch Propagation"](#)

5.36.1 Specifying Currency Details

CCY

Select an appropriate currency from the adjoining option list. The list displays all currencies that are allowed for the commitment product.

Currency Name

The system displays the name of the currency you have selected.

5.36.2 Specifying Effective Date

Effective Date

The current application date is defaulted as the effective date. Since the effective date cannot be modified, back valued or future value dated Floor and Ceiling maintenance cannot be done.

5.36.2.1 Specifying Base Rate and All-In Rate for Floor and Ceiling

Loan Product

Select an appropriate loan product from the adjoining option list.

Interest Component

This list displays all fixed, floating, and agency type of interest components associated with the loan product, for all interest component except type 'Special'.

Base Rate Floor

Specify the floor base rate.

Base Rate Ceiling

Specify the ceiling base rate.**All In Rate Floor**

Specify the floor all-in rate.

All In Rate Ceiling

Specify the ceiling all-in rate.

Note :

- Floor and Ceiling propagation happens for the loan contracts, based on the Floor/Ceiling maintenance at the Originations (OL) Commitment level, irrespective of the loan being booked through an agency (STP) or booked manually
 - STP of Floor/Ceiling propagation of drawdown from Agency (LS) happens to the underlying loan contract as well as per current functionality. But the loan contract all-in-rate is validated with the floor/ceiling maintained at the linked commitment
 - If there is any interest rate mismatch between the mapped components of Draw-down and Loan based on Floor/Ceiling maintenance in a commitment, then STP processing will fail for the Drawdown contracts and such mismatches must be manually handled
-

5.36.3 Processing All-In Rate Floor and Ceiling rates

System validates if all-in rate of the interest component for the loan contract is within the Floor and Ceiling for the below scenarios:

- Back and future dated floor and ceiling rates maintenance are not allowed

Negative interest component is not shown on interest component LOV and it is applicable for all 'Fixed', 'Floating', 'Agency' contracts except 'Special'. **Online activities**

- New Back/Current/Future Dated Loan booking
- Value dated amendment for rate changes
- While capturing Re-price instruction rate details
- While processing Re-price transaction
- While manually linking loan with a commitment through Linkage Amendment screen

Batch activities

- Rate revision for floating rate loan contracts

For above mentioned activities except future dated transactions, if all-in rate of the interest component is not within the floor and ceiling limit then an override will be thrown as

\$1 for component \$2 is \$3. But \$4 maintained at commitment is \$5. Contract will book with \$6 as \$7. OK to proceed? The Min/Max rates maintained for the base rate in Interest limits (product currency level) will not be validated for a loan contract, if all-in rate maintenance is available for the loan product at the linked commitment contract level.

For online activities, if all-in rate of the interest component for a loan contract is not within the floor and ceiling limit, the system displays the following override message:

All-in rate is less/more than the maintained Floor/Ceiling value

If you click OK button, Floor/Ceiling propagation is processed as follows:

- If the calculated all-in rate is less than the maintained Floor value of all-in rate, system considers the Floor value as the all-in rate for interest computation
- If the calculated all-in rate is more than the maintained Ceiling value of all-in rate, system will consider the Ceiling value as the all-in rate for interest computation

System does not allow you to save the transaction if you cancel the override.

Rate Amendment (RTAM) event is registered for the loan during floor and ceiling propagation, however no accounting entries are posted for the RTAM event.

During online transaction or End of Day batch process, if the Floor and Ceiling propagation happens for multiple interest components associated with a loan, then RTAM is registered individually for the propagation of Floor/Ceiling of each interest component.

For batch activities, overrides are not logged; however system validates all-in rate based on the Floor/Ceiling and apply the necessary Floor/Ceiling all-in rate to the loan contract for interest computation, as part of the batch activity.

Floor and Ceiling validation and propagation is done only for the active loans. Uninitiated loans will be ignored. However, the validation and propagation happens during initiation of an uninitiated loan.

Floor and Ceiling validation and propagation is done only for current or back value dated transactions. System does not do any validation/propagation during the above mentioned online/batch activities if the value date of the transaction is in future.

5.36.4 Validating and Propagating Base Rate/All-In Rates

While saving split Re-Price instructions, system provides necessary over-ride stating that all-in rate of the interest component is not within Floor / ceiling limit, if the all-in rate for the child product and interest components are not within the maintained Floor/Ceiling for the child loan product and interest components:

- On click of OK, all-in rate is systematically changed based on Floor and ceiling maintenance and system does not register any event for such systematic rate changes
- On click of Cancel, system does not allow to save the renewal instruction

While saving split Re-Price instructions, if the base rate for the child product and interest components are not within the maintained Floor/Ceiling for the child loan product and interest components the system displays the following override message

- \$1 for component \$2 is \$3. But \$4 maintained at commitment is \$5. Contract will book with \$6 as \$7. OK to proceed?

Split Reprice instructions, having split value date as current application date, the all-in rate for the child contract is validated and updated during the online child contract creation/initiation.

Split Re-price instructions, having split value date greater than current application date, validations happen online during the save of the Split Re-price instructions. In addition, the validations and necessary defaulting with the floor or ceiling rate (if all-in rate of interest component is not within floor/ceiling limit) happens while initiating the child contract during batch process as per the propagation mentioned above.

Propagation is always based on the latest Floor and ceiling maintenance as of the renewal processing date (split value date)

5.36.5 Base Rate Validation And Propagation For Rollover Transactions

- While doing rollover, if the base rate/all in rate are not within the maintained Floor/ Ceiling the system displays the following override message
 - \$1 for component \$2 is \$3. But \$4 maintained at commitment is \$5. Contract will book with \$6 as \$7. OK to proceed?
- Propagation is always be based on the latest floor and ceiling maintenance as of the renewal processing date (split value date)

5.36.6 Manual Linking of Standalone Loans with Commitments

Floor and ceiling propagation happens when standalone loan is getting linked with the commitment, or the loan is de-linked and linked to a different commitment, through the 'Linkage Amendment' screen.

While saving linkage amendments, system provides necessary over-ride stating that all-in rate of the loan interest component is not within Floor / ceiling limit maintained for the newly linked commitment, if all-in-rate of any of the component under the loan is not within the maintained Floor/Ceiling

- On click of OK, all-in rate propagation is done based on Floor and ceiling maintenance and the system registers Rate Amendment (RTAM) event for the propagation
- On click of Cancel, Commitment linkage amendment fails

The Rate Amendment (RTAM) event gets authorized along with the 'Linkage Amendment' (LAMD) authorization.

Floor/Ceiling validations are not done if the loan is de-linked from a commitment and converted to a stand-alone loan from the 'Linkage Amendment' screen.

5.36.7 All-In Rate/Base Rate Batch Propagation

Floor/Ceiling validation and propagation for loan contracts happens in a batch, if:

- Floor/Ceiling is newly maintained at commitment level for any of the interest component associated with the loan contract which is linked to the commitment
- Existing current dated floor/ceiling maintenance is amended at the commitment level for any of the interest component associated with the loan contract which is linked to the commitment, and there is no online propagation for the loan after the floor/ceiling amendment

If the underlying loan contract's all-in rate for any of the interest component is not within the Floor or Ceiling limit, then system does the floor/ceiling propagation as mentioned in the section 'Processing All-In Rate Floor and Ceiling rates' of the User Manual.

For Split Re-price Instruction which is already captured but yet to be processed (split value date in future), system does not update the all-in rate in the Split Reprice instructions during batch

Floor/Ceiling propagation does not happen in batch, in the following scenarios:

- If the propagation has already happened online for the current day floor/ceiling maintenance/amendment
- Floor/ceiling maintenance has not been changed after online propagation for the loan

5.37 Specifying the Disclosure Schedule Details

You can specify the disclosure schedule details of a contract using the 'Contract Disclosure Schedule Details' screen.

You can invoke the 'Contract Disclosure Schedule Details' screen by typing 'OLDSCSCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Disclosure Code *	Disclosure Description	Parent Disclosure Code	Fetch
-------------------	------------------------	------------------------	-------

Start Date *	Period End Date *	No.	Frequency	Unit
--------------	-------------------	-----	-----------	------

Here you can specify the following details:

Contract Details

You can specify the contract details here.

Contract Ref No

Specify the contract reference number of the contract for which the reporting requirement details to be linked.

Disclosure Details

You can specify the disclosure code, its description and can add notes about the disclosure code here.

Disclosure Code

Specify the code for the reporting requirement. The reporting requirement is captured as disclosure code. The adjoining option list displays the disclosure codes and you can choose the required disclosure code.

Note

UCC disclosure code linked to a commitment contract need not be defaulted to linked loan contracts. You can manually attach a UCC disclosure code to individual loan contracts.

Disclosure Description

The description of the reporting requirement is displayed here.

Parent Disclosure Code

Select the parent disclosure code if the disclosure code is to be associated as a sub-event. The adjoining option list displays the disclosure codes that are already linked to the contract. For a UCC disclosure code, this field is disabled.

Note

- If a disclosure code is linked to a parent disclosure code, then you cannot define schedule for this disclosure code and the schedule defined for the parent disclosure code is automatically propagated to the child disclosure code.
 - Once a disclosure code is linked to a parent disclosure code, the same cannot be linked as a parent to another disclosure code, that is, a child cannot be selected as a parent. However, multiple disclosure codes can be linked to the same parent.
-

Notes

Click 'Notes' button to add any notes for the disclosure codes.

Schedule Details

You can specify the start date, end date of the schedule and its frequency here.

Start Date

Specify the start date from which the schedule commences. The start date can only be a date in the future and it cannot be a back dated date.

For a UCC disclosure code, system automatically defaults the current date as the start date.

Period End Date

Specify the end date on which the schedule ends. For a UCC disclosure code, system automatically defaults the expiry date maintained in the 'UCC Details' screen.

For more information on UCC details screen, refer to the Maintaining UCC Details in this User Manual.

No

Specify the number of schedules that are required.

For example, if 3 quarterly schedules are required starting from 15-Dec-06 (i.e. 15-Dec-06, 15-Mar-07, 15-Jun-07), enter the Start Date as '15-Dec-06' and No. as '3' and Frequency as 'Quarterly'.

For a UCC disclosure code, system sets this field as '1' and disables it.

Frequency

Select the frequency of the disclosure schedule from the drop-down list. The list displays the following values:

- Daily
- Monthly
- Quarterly
- Half Yearly
- Yearly
- Weekly
- BULLET

For a UCC disclosure code, system sets the frequency as 'BULLET' and disables it.

Unit

Specify the value of unit of the frequency selected.

For example, if the schedule should be once in two months for a Frequency 'Monthly' then the value for unit is '2'.

For a UCC disclosure code, system sets this field as '1' and disables it.

Note

- While generating the schedule, the system does not check whether the due date falls on a holiday.
 - The system does not perform any validation associated with the contract start date.
 - However, validation is performed to ensure that schedule date is not beyond the Contract Maturity Date.
 - It is mandatory to maintain Schedules for each disclosure code unless the disclosure code is linked to a parent.
 - For a UCC disclosure code, you cannot add a schedule or delete the automatically generated disclosure schedule.
 - If you click on 'Add' button in the Schedule Details section, system will display the following error message:

Multiple schedules are not allowed for UCC disclosure codes.
 - If you click on 'Delete' button in the Schedule Details section, system will display the following error message:

Cannot delete the schedule for UCC disclosure codes
 - You can only modify 'Start Date' and 'Period End Date' fields for the contract.
-

5.38 Viewing the Contract Disclosure Schedule Status Details

The individual disclosure codes for each due date can be viewed from the 'Contract Disclosure Details' screen.

You can invoke the 'Contract Disclosure Details' screen by typing 'OLDSSTAT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can specify the following details:

Contract Details

Contract Ref No

Specify the contract reference number for which you want to query the disclosure code details. This adjoining option list displays the all the contracts to which the disclosure codes are linked. You can select the required contract.

Disclosure Code

Specify the disclosure code for which you want to query the details. This adjoining option list displays the all the disclosure codes that are linked to the contract and you can choose the appropriate one.

Schedule Status Details

Due Date

The system displays the date on which the schedule is due.

Period End Date

The system displays the end date on which the schedule ends.

Closure Date

The system displays the closure date here.

Closure Flag

Select this check box to indicate that closure is applicable for the schedule.

Specifying the Notes Detail of Contract Disclosure

Notes pertaining to the contract disclosure can be added in the 'Contract Disclosure Details - Notes' screen. You can invoke this screen by clicking the 'Notes' in the 'Contract Disclosure Details' screen.

You can specify the following details:

Notes

Specify the follow-up notes to be added about the contract disclosure.

User

Specify the identification name or code of the user.

Propagate Future Schedules

The system checks this box to indicate that the notes are created using 'Contract Disclosure Schedule Details - Notes' screen.

5.39 Viewing Summary Details of a Loan

You can view the summary details of loans issued by your bank in the 'Loans and Commitment - Contract Input Summary' screen (OLSTRONL).

The screenshot shows the 'Loan and Commitment-Contract Input Summary' window. At the top, there are search options: 'Search', 'Advanced Search', 'Reset', and 'Clear All'. Below this is a 'Case Sensitive' checkbox. The main area contains a grid of search filters, each with a search icon (magnifying glass) and a clear icon (X). The filters are arranged in three columns: Contract Reference Number, Authorization Status, Currency, Maturity Date, User Defined Status, Treasury Code, Commitment Reference Number, Product, Contract Status, Value Date, User Reference No, Custom Ref No, Facility Name, Product Type, Counterparty, Customer Name, Related Reference Number, External Reference No, and Source Ref No. Below the filters is a control bar with 'Records per page' set to 15, navigation arrows, and a 'Lock Columns' dropdown. The table below has 13 columns: Contract Reference Number, Branch, Module, Product, Product Type, Authorization Status, Contract Status, Counterparty, Currency, Amount Financed, Amount Disbursed, Principal Outstanding, and Value Date. The table is currently empty. An 'Exit' button is located at the bottom right of the window.

The system allows you to perform a case-independent query (upper, lower, or mixed case) using the following fields:

- Contract Reference Number
- Authorization Status
- Currency
- Maturity Date
- User Defined Status
- Treasury Code
- Commitment Reference Number
- Product
- Contract Status
- Value Date
- User Reference Number

- Custom Reference Number
- Facility Name
- Product Type
- Counterparty
- Customer Name
- Related Reference Number
- External Reference Number

Note Source Reference Number

You can perform a case independent search only if the parameter, 'CASE_SENSITIVITY' in CSTB_PARAM, is set to 'Y'.

Following details are displayed here:

- Contract Reference Number
- Branch
- Module
- Product
- Product Type
- Authorization Status
- Contract Status
- Counterparty
- Currency
- Amount Financed
- Amount Disbursed
- Principal Outstanding
- Value Date
- Customer Name
- Maturity Date
- User Reference No
- Related Reference Number
- User Defined Status
- Payment Method
- Rate Code
- Rate
- Spread/Margin
- Interest Amount
- Custom Reference Number
- Rate Revision Status
- External Reference Number
- Treasury Code
- Facility Name
- Source Reference No
- Commitment Reference Number
- CUSIP Number

5.40 Dual Authorization

Variance Rate Cap 'RATE- VARIANCE' is a UDF defined for commitment products. This represents the maximum rate change (both upper and lower limit) for contracts processed under the commitment product.

Note

This UDF is not maintained for loan products.

You need to perform dual authorization, if the UDF 'RATE-VARIANCE' is maintained as a non-zero value for commitment or commitment linked to the loan contract for any of the following operations:

- Commitment contract booking/amendment
During commitment contract amendment, if the above UDF value is modified (zero to non-zero, non-zero to zero, or original value is changed) an override is displayed for dual authorization.
- Loan contract booking
During loan contract amendment, no override is displayed for dual authorization as the variance rate cap maintenance is done only at commitment level.
- Manually changing rate or spread for commitment/loan contracts in the following scenarios:
 - Rate changed for fixed rate contracts through Value Dated Amendment (VAMI) screen.
 - Rate code changed for floating rate contracts through VAMI screen
 - Spread changed for fixed and floating rate contracts through VAMI screen.
- Re-pricing of loan contracts in the following scenarios:
 - Consolidation Re-price
 - Split Re-price

If any of the aforementioned operations are performed, the system displays the following override message:

Variance rate cap <value> is maintained for this contract, dual authorization required.

If the override is selected as 'Yes', the contract is saved for further processing. If the override is selected as 'No', the save operation fails.

Once the contract is saved successfully, the contract reference number with override details appears in the dual authorization screen for the first authorization.

Once the contract is authorized in the dual authorization screen, final authorization is done.

Note

If the UDF 'RATE-VARIANCE' is not maintained or maintained as zero, dual authorization is not required.

5.40.1 Relaxing Dual Authorization

The system allows you to mark dual authorization relaxed for non-Lead type of contracts and to payments and fee liquidations.

Dual auth relaxation is provided for some messages based on the certain conditions. Below mentioned are the messages for which Dual authorization is relaxed.

ERR_CODE	MESSAGE	TYPE
LS-PMT-404	Participant share amount not matching with the fax send. Please Resend the fax.	D
LS-PMT-402	Investor side amounts have been changed due to trade activity resend the message before making the payment	D
LS-PMT-804	Participant share amount not matching with the fax send. Please Resend the fax \$1	D
CF-CUS-001	Borrower/Counterparty is Classified.	D
CF-CUS-002	Investor/s are Classified	D

The fee liquidation and payments done through the system and for incoming FpML processing, the system checks for the below mentioned conditions before applying dual authorization:

- If a contract has only self-participants with non-zero (<>0) position, when fee liquidation or the payment processing encounters the messages mentioned above system does NOT apply Dual Authorization process. In case of incoming FpML consumption, status in incoming browser will NOT be updated as Pending Authorization
- If a contract has self-participants with non-zero (<>0) position and external participants with zero (0.0) position, when fee liquidation or the payment processing encounters the messages mentioned above system does NOT apply Dual Authorization process. In case of incoming FpML consumption, status in incoming browser is NOT updated as Pending Authorization
- If there are non self-participants with non-zero (<>0) position brought into the tranche at a later date, fee liquidation or the payment processing is on Dual Authorization process, based on any dual authorization condition is met.
- If the bank entity that do not reflect as self participant OR external participant exists with non-zero (<>0) position in the contract, fee liquidation or the payment processing is of Dual Authorization screen populating, based on any dual authorization condition is met.

5.41 Multi-level Authorization

When contract booked with huge amount, the contract must go for multi-level authorization. This can be done through three ways

- Product level limit
- User limit
- Combination of product level limit and user level limit.

For more information, refer to '*Product Definition*' User Manual.

While Authorizing a Contract

- The level of authorization is decreased each time a contract is authorized successfully.
- On successful authorization, authorizer's authorization limit accumulates
- The system restricts authorization when the last level of authorization is pending if:
 - The authorization limit of the authorizer is less than the difference in contract value and the sum of authorization limit of the authorizers involved in the authorization process
 - The authorization limit of the authorizer is less than the minimum authorization limit

After Authorization of a Contract

- Maker of a contract cannot authorise an override
- An authorizer can authorize a contract at the contract screen when there is no authorization limit for the transaction amount and where the authorizers limit is equal or greater than the contract amount.
- An appropriate error is displayed if the authorizer tries to approve a contract whose authorization limit is less than the minimum authorization limit maintained in the 'Product Transaction Limit Maintenance' screen.
- The contract amount is considered as authorizer's authorization limit during validation if:
 - The authorizer with no limit maintenance is authorizing the contract.
 - Contract will be listed even after the completion of n-1 level of authorization when the sum of authorization limit of the authorizer involved is less than the contract amount.
 - The system restricts authorization and displays an appropriate error message if the level of authorization is equal to or greater than n-1 and if the authorization limit of the user is greater than or equal to contract value minus sum of authorization limit of users involved in authorization.

The 'Multi-level Authorization' screen allows you to authorize the pending contracts based on the 'Transaction Limit' amount maintained in the 'Product Transaction Limits' screen.

You can invoke the 'Multilevel Authorization' screen by typing 'OLDOVDEF' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

After you enter 'Module', 'Branch', 'Product Code', and 'Contract Reference', then you can view the 'Override Details' and 'Authorization Details' section.

Contract Reference

Indicates the contract reference number of the loan contract.

Counter Party

Based on the contract reference number, the counter party appears

Currency

Indicates the contract currency.

Amount

Contract amount is validated with the transaction limit amount for the specific combination.

Error Code

The system fetches the error code which made the contract moved to multi-authorization.

Level of Authorization

Up to four levels of authorization can be done through 'Multi-level Auth' screen, those which has been maintained in 'Product Transaction Limits' screen.

Once levels of authorization is complete, then authorization is done in main transaction screen for making that transaction to authorized and validation is done with transaction limit as well.

Pending Authorization

Once you authorize the pending authorization contracts, the system reduces the pending levels of authorization, if the authorization is successful.

Completed Authorization

The authorization successful contracts are displayed in the 'Completed Authorization' field.

Override Status

Indicates whether the contract is 'Authorized' or 'Unauthorized'.

Status

Status displays whether the authorization is successful, in case of failure it displays error details.

Maker ID

Maker Id displays the maker of the contract. The system ensures multi-level authorization is not done by the user who created the contract.

Remarks

You can enter any remarks about multi-level authorization.

Contract Details

The system launches the 'Contract -Online' screen when the 'Contract Details' button is pressed.

Role Details

Indicates whether the role mapping path based on authorization role mapping field.

Checker

Indicates the authorizer of the contract.

Authorizer Limit

Authorizer limit is the authorizer's limit maintained in the 'Product Transaction Limits' screen.

The authorizer's limit is validated with the contract amount. That is, it should be greater than or equal contract amount. In case of failure, appropriate errors appears.

Limit Currency

If the contract currency is different from the transaction 'Limit Currency', then system converts the contract amount using the standard mid rate to the transaction limit currency and checks with the transaction limit amount maintained for the product.

5.42 Simulating Loans

You can simulate loans to answer customer queries especially for new loans. The payment schedules of any type of loan products can be generated while negotiating with clients during the pre-sale stage.

Loan simulation functions exactly the same way as a regular loan input. All warnings and overrides associated with an actual contract save, comes in this simulation screen.

You can perform the following operations in 'Loan - Contract Simulation' screen.

- Simulation - Simulate a loan and also loan advice generated based on simulated data
- View Advice - You can view the generated advices
- Create Active contract - Create a loan directly based on the simulated data
- Create Inactive contract - Create an inactive loan based on the simulated data

Note

In addition to simulating active and inactive contracts using the simulation screen, a contract can also be simulated without getting into the active/inactive state.

5.42.1 Loan- Contract Simulation for Active Contract

You can simulate active contract using 'Loan - Contract Simulation' screen.

You can invoke the 'Loan - Contract Simulation' screen by typing 'OLDTROSI' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Loan - Contract Simulation

New

Branch _____ Contract Reference _____ Facility Name _____

Product Code* _____ Version ◀ Of ▶ _____ Program Counter _____

Product Description _____ Custom Reference No _____ Projected Amount _____

User Reference No _____ Treasury Source _____ Outstanding Amount _____

Contract | Preference | Schedules | Linkages | Rollover

Counterparty

Counterparty _____

Counterparty Name _____

Agent Id _____

Currency _____

Amount Financed _____

Amount Disbursed _____

Local Currency Amount _____

Limit CIF _____

Global Commitment ccy _____

Source Details

Source Ref No _____

Source Code FLEXCUBE _____

Tenor

Book Date

Value Date

Original Start Date

Contract Effective date

Contract maturity date

Events | BA Details | ICCF | Advices | Settlements | Overwrite default SI | Tax | MIS | UDF | Charges | Instalment Loan | Payment Summary | Fee | Customer Relations | Borrower | Floor and Ceiling |

Effective Interest Rate | Fee Rule | Entity | Penalty Component | Split Rollover | Interest Details | Rate Fixing | Message Preview | Holiday Preferences | View Advice

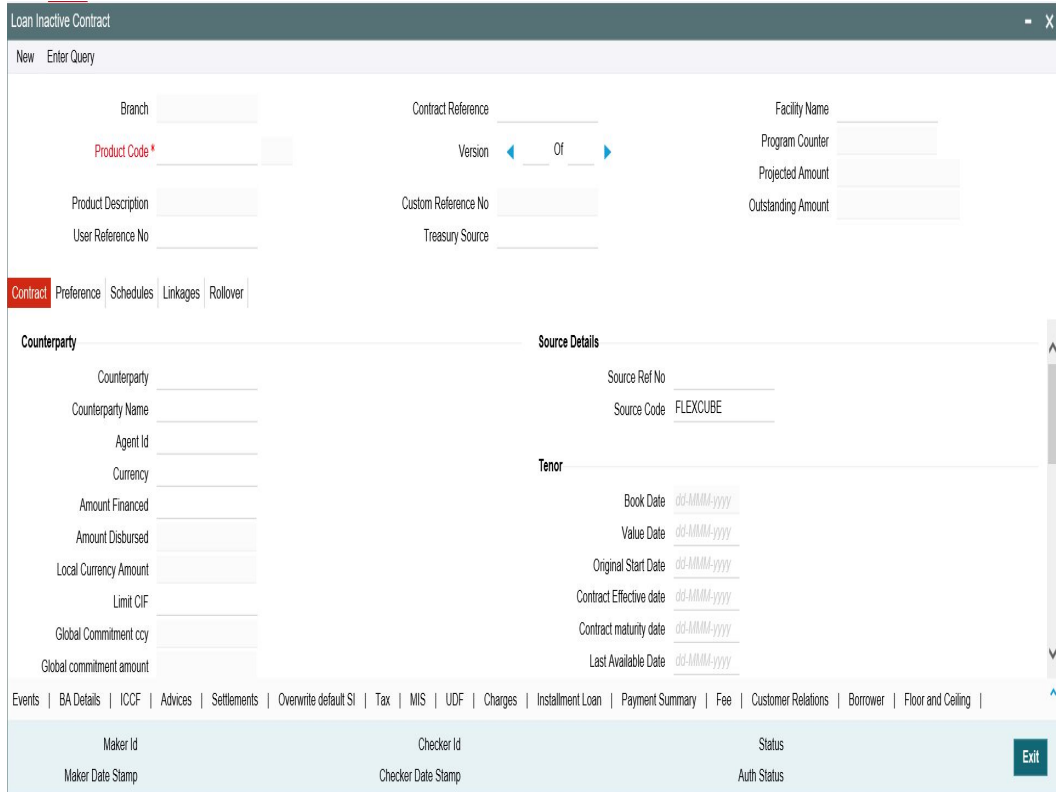
Maker Id _____ Checker Id _____ Status _____

5.42.2 Loan- Contract Simulation for Inactive Contract

You can perform new, delete, and query operations using 'Loan Inactive Contract' screen.

Using this screen, you can activate the inactive contract also.

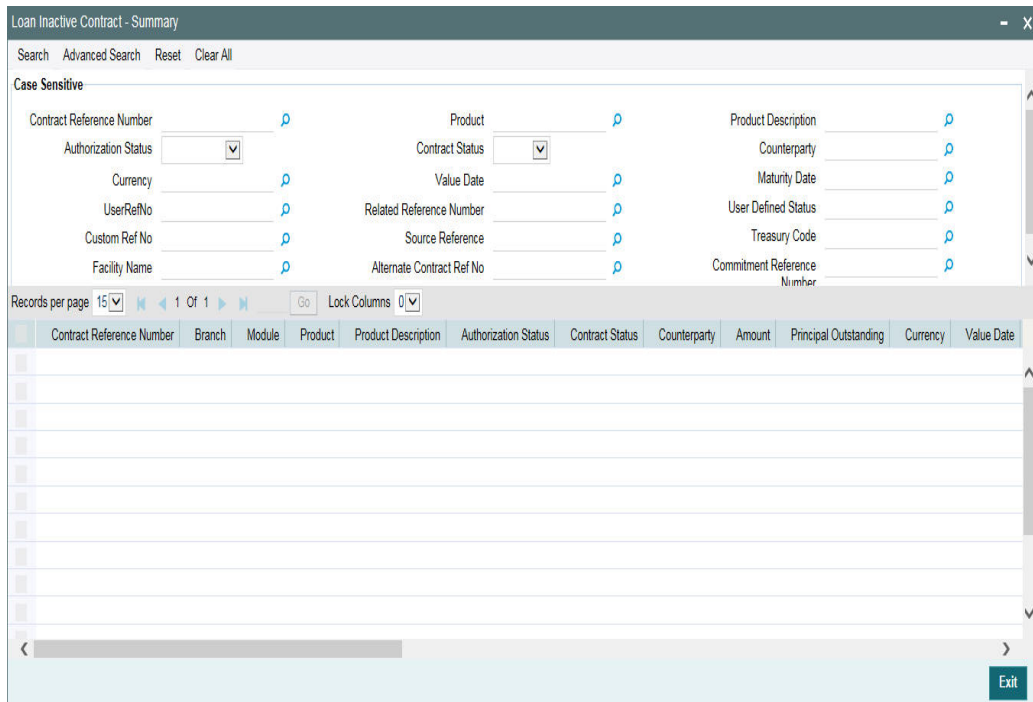
You can invoke the 'Loan - Inactive Contract Simulation' screen by typing 'OLDTROIC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



5.42.3 Viewing Summary Details for Inactive Contracts

You can view summary details of Loan Inactive Contract in 'Loan Inactive Contract' screen.

You can invoke the 'Loan Inactive Contract' screen by typing 'OLSTROIC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



5.42.4 **OL Processing in LMA / LSTA Participation**

1. The accounting entries for the following events of sub-participant loan contracts are changed when the 'LMA Participation' (Loan Syndications and Trading Association, Inc./ Loan Market Association) check box is selected and authorized in the underlying loan product.
 - Contract Initiation (INIT)
 - Value Dated Amendment (VAMI)
 - Interest Accrual (ACCR)
 - Manual and Automatic Liquidation (LIQD)

Note

Accounting entries as part of status change (STCH) event have the new accounting entries. The accounting entries of interest accrual (ACCR) are posted in the STCH event. However, no maintenance is required for the STCH event.

2. The system uses the borrower DDA account while posting the accounting entry for the sub-participant.
3. Wire / payment messages are suppressed for the accounting entries.
4. In the 'Loan and Commitment- Value Dated Amendment' screen, if you select the 'HFS Transfer' check box for the loan contracts where corresponding drawdown contract has 'LMA Participation' / 'LSTA Participation' selected in the participant sub-screen, the system display an error message that HFS transfer check box cannot be selected.

6. Processing Upfront Fee Accruals

This chapter contains the following sections:

- [Section 6.1, "Introduction"](#)
- [Section 6.2, "Applying a Fee"](#)
- [Section 6.3, "FASB Fees Amortization Using Straight Line Method"](#)
- [Section 6.4, "Liquidating Fee Components"](#)
- [Section 6.5, "Transferring Memo Interest to FAS91 Fee"](#)

6.1 Introduction

A fee is a payment that you levy on your customer in exchange for advices or services rendered by your bank. While processing contracts in Oracle Lending, you can choose to accrue fee components at the time of booking the contract. The upfront fee involved in a contract is accrued by the system over the tenor of the contract.

In Oracle Lending, you can define the manner in which fees that apply on a product should be accrued. The following are the two methods by which you can opt to calculate the fee accrual amount:

- Straight Line Method
- Yield Basis Method

Straight Line method of calculating the accrued fee amount

In this method of fee accrual, the fee amount is equally spread over the tenor from the fee calculation start date to the fee calculation end date of the loan or commitment.

The example given below illustrates the Straight Line method of calculating accruals wherein the fee amount is equally spread across between the Start and End date for fee calculation.

Example

Consider a loan with the following details:

- Value Date: 01-Jan-2002
- Accrual Start Date: 01-Jan-2002
- Fee Amount: USD 365,000
- Accrual Frequency: Monthly

Let us assume that the current working date of your bank is 28th February 2002.

Therefore, the previous accrual date is 31st January 2002 as the accrual frequency is 'Monthly'.

The fee accrual amount as of 01-Jan-2002 (which is the previous accrual date) = USD 31,000 (for 31 days between 1st January 2002 and 31st January 2002).

On 28th February 2002 (which we have assumed as the current working date of your bank), the system calculates the gross fee amount that has to be accrued as: USD 31,000 (previous accrued amount) + USD 28,000 (fee amount accrued for 28 days for the month of February) = USD 59,000.

Note

For contracts where a Principal amount has not been specified the Upfront Fee details can be maintained. Accruals take place only on a straight line basis.

Yield Basis method of calculating accrued fee amount

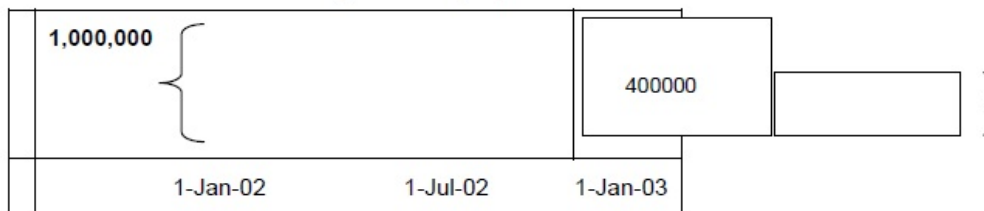
In the Yield Basis method of fee accrual, accruals are done based on the balance and the repayment schedules of the contract.

Example**Case1: Yield Basis method of accrual for loan contracts**

Assume that your bank has disbursed a loan with the following details:

- Value Date: 1-Jan-2002
- Maturity Date: 1-Jan-2003
- Principal: 1,000,000.00
- Currency: USD
- Fee Amount: 2000
- Fee Currency: USD

The detail of the loan contract is diagrammatically represented as shown:



According to the above illustration, the loan contract has a repayment schedule on 1st July 2002 and we are assuming that the customer has repaid USD 400,000 of the loan amount and therefore the outstanding balance is USD 600,000.

Oracle Lending calculates the fee accrual amount for the above loan contract as follows:

Start Date	End Date	Basis Amount	No of Days	Total Accrual Amount	Daily Avg Accrual Amount
------------	----------	--------------	------------	----------------------	--------------------------

1- Jan- 02	1- Jul- 02	1000000 For loans, the basis amount is always the expected principal balance.	181	2000x [181x1, 000,000] [181x1, 000,000 + 184x400000] = 1,421.84 The denominator is called the 'Yield Factor' and is always the sum of (No of Days x Basis Amount) for both loans and commitments.	1,421.84/181= 7.85549544
1- Jul- 02	1- Jan- 03	400000 This is the expected balance as we are assuming that the customer has paid back USD 600000.	184	2000x [184x1, 000,000] [181x1, 000,000 + 184x400000] =578.16	578.16/184= 3.142183818

Case 2: Yield Basis method of accrual for revolving type of commitments with utilized facility amount

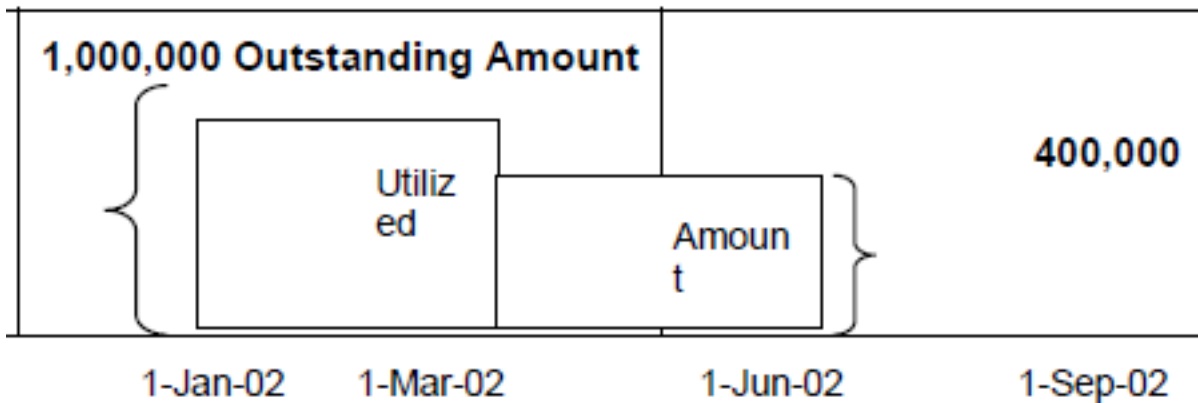
Let us assume that your bank has processed a revolving commitment with the following details:

- Value Date: 1-Jan-2002
- Maturity Date: 1-Jan-2003
- Commitment Amount: 1,800,000.00
- Currency: USD
- Fee Amount: 2,000
- Fee Currency: USD

Details of the loan linked to the above commitment

- Value Date: 1-Mar-2002
- Maturity Date: 1-Sep-2002
- Principal Amount: 1,000,000.00
- Currency: USD

The details of the commitment are diagrammatically represented below:



In the above representation, the shaded area represents the outstanding amount of the commitment and non-shaded area represents the amount utilized by the customer.

With reference to the above illustration, we are assuming that the schedules for the commitment are on 1st march 2002, 1st June 2002 and 1st September 2002. Further, we assume that the utilized amount between 1st September 2002 and 1st January 2003 is USD 400,000.

Keeping these details in view, system calculates the fee accrual amount as shown below:

Start Date	End Date	Basis Amount	No of Days	Total Accrual Amount	Daily Avg Accrual Amount
1-Jan-02	1-Mar-02	0.00 Basis Amount = Utilized Amount	59	0.0	0.00
1-Mar-02	1-Jun-02	1,000,000.00	92	$2,000 \times [1,000,000 \times 92]$ $[92 \times 1,000,000 + 92 \times 400,000]$ $= 1,428.57$	$1,428.57/92$ $= 15.52795031$
1-Jun-02	1-Sep-02	400,000.00 (We are assuming that this is the utilized amount)	92	$2,000 \times [400,000 \times 92]$ $[92 \times 1,000,000 + 92 \times 400,000]$ $= 571.43$	$571.43/92 =$ 6.211180124
1-Sep-02	1-Jan-03	0.00	122	0.00	0.00

6.2 Applying a Fee

Given below is the sequence of steps you need to follow to apply and process fees levied on a contract:

- Maintain a Fee Rule through the Fee Rule – Definition screen
- Define the attributes of a Fee Rule through the Fee Rule Maintenance screen

- Once you have defined the attributes of a Fee Rule, you have two options:
 - Define a Fee Class through the Fee Class screen. If you define a Fee Class, you can associate it with a Product directly (through the Loans and Deposits Fee screen) and the Product inherits all the attributes of the Fee Class.
 - Do not define a Fee Class, instead, associate a Fee Rule directly with a Product and define the other properties through the Loans and Deposits Fee screen.
- The contracts booked under various products, inherit the properties of the product. For each contract, you can add, edit or remove fee components through the Fee Components screen.
- Enter schedules for the fee components through the Fee Schedules screen
- Liquidate the fee components through the Fee Liquidation screen

6.2.1 Associating the Component with the Product

After defining a fee component, you need to link the fee component to a product in Oracle Lending. Consequently, you can collect and accrue fees on all contracts associated with that product.

Click 'Fee' in the Product Definition screen to invoke this screen.

Click 'Add Row' to add fee components. Click 'Default From Class' to associate the required fee component with the product. System defaults the parameters of the selected fee component. However, you can change the parameters according to your requirements.

6.2.2 Specifying the Accounting Roles

For each of the fee component that you associate with the product, Oracle Lending generates the following accounting roles:

- COMPONENT_FIA: You can use this accounting role to map to a Liability GL for the unearned fee income
- COMPONENT_FIN: You can use this accounting role to map to an Income GL for the fee earned

For more information on accounting role to head mapping, refer to the *Product Definition User Manual*.

6.2.3 Specifying Discount Accrual

For the fee component you associate with product you can specify if the component is considered for discount accrual. Discounted Accrual is applicable for both Fixed and Floating type of Fixed Maturity type Loan and Advance type of User Input fees. The discount accrual selected here for the product gets defaulted to the contract level.

Select 'Consider as Discount' check box for applying discount accrual to the component.

6.2.4 Specifying Re-Price

Among the fee components you associate with product one of the fee components can be used to transfer the unamortized fee amount in the contract to the child contract. Applying for Re-price has no impact on the schedules of the fees.

Select 'Consider as Discount' and 'Apply Reprice' check box for transferring the unamortized amount of the contract to another child contract. While transferring the amount system shows an error if both the options are not selected for the component.

Specifying the events

In addition to the various events that are available, you need to associate the following events for processing the fee components in Oracle Lending:

- Event FELR

This event is triggered whenever you associate a new upfront fee component with a contract or when you amend the financial details of a fee component.

You can define relevant accounting entries that need to be passed during this event. This is discussed in the subsequent sections of this manual.

- Event FACR

The accrual entries for the fee amount is passed when this event is triggered. You can specify the relevant accounting entries that need to be passed during this event. This is discussed in the subsequent sections of this manual.

You should maintain the following set up for charges if the option 'Consider as Discount' has been selected:

Event of association	Event of Application	Event of Liquidation
BOOK	BOOK	INIT
BOOK	VAMB	VAMI
BOOK	CAMD	CAMD

BOOK	LIQD	LIQD
BOOK	ROLL	ROLL

Specifying the accounting entries for the associated fee components

For every event associated with the product, you can specify the accounting entries that need to be posted to the respective GL's. Oracle Lending provides the following amount tags for each of the fee component associated with the product.

- COMPONENT_LIQD: You can use this amount tag to pass entries at the time of collecting a new fee or an additional fee from the customer. This amount tag contains the fee liquidation amount.
- COMPONENT_DECR: This amount tag contains the fee refund amount. This amount tag is used to pass an accounting entry if you want to refund a fee amount
- COMPONENT_ACCR: This amount tag contains the fee amount that is accrued

Specifying event-wise accounting entries

You can specify the accounting entries that need to be posted to the respective GL's during each event that is associated with the product. As discussed earlier, the events that are associated for processing fee accruals are FELR and FACR. These are the accounting entries that you need to pass during each of these events.

Accounting entries for the event FELR

During collection of a new upfront fee, you need to pass the following accounting entries:

Accounting Role	Amount Tag	Debit/ Credit Indicator
CUSTOMER	COMPONENT_LIQD This contains the fee liquidation amount that is collected as new fee.	Dr
COMPONENT_FIA This is the accounting role, which is mapped to an Unearned Income GL/ Liability GL. At the time of collecting a fee, you can credit the Unearned Income GL. You can credit the actual Income GL at the time of fee accrual.	COMPONENT_LIQD	Cr

If your bank is refunding the fee amount to the customer, you need to pass the following accounting entries:

Accounting Role	Amount Tag	Debit/Credit Indicator
COMPONENT_FIA This is the accounting role which is mapped to a Liability GL.	COMPONENT_DECR This contains the fee refund amount	Dr

CUSTOMER	COMPONENT_DECR	Cr
----------	----------------	----

Accounting entries for the event FACR

This event is triggered as part of accrual processing of the upfront fee components associated with the product. This event is triggered as part of OL automatic daily batch for those contracts that have been set up for up-front fee accrual. The accounting entries that you need to pass during this event are shown below:

Accounting Role	Amount Tag	Debit/ Credit Indicator
COMPONENT_FIA This is the accounting role which is mapped to a Liability GL.	COMPONENT_ACCR This contains the fee amount being accrued	Dr
COMPONENT_FIN This accounting role is mapped to an Income GL. You can credit this GL with the fee amount.	COMPONENT_ACCR	Cr

Specifying the advices

Your bank might want to generate messages on collection of a new fee or during fee refund operation (Event FELR). Accordingly, Oracle Lending generates a Debit Payment Advice if you are collecting a new fee. In case of fee refund operation, the system generates a Credit Payment Advice.

Indicating the values of the fee amount to be rekeyed during authorization

You can specify the parameters of the fee whose values have to be rekeyed at the time of authorizing a fee input for a particular contract. To invoke this screen, click 'Rekey Fields' in the 'Product Preferences' screen.

Authorization Rekey Fields

Main

- Currency
- Value Date
- Contract Amount
- Maturity Date
- Interest Rate
- Counter Party

Accrual Fee

- Currency
- Fee Amount
- Refund Amount
- Value Date
- Start Date
- End Date

Rollover

- Currency
- Value Date
- Rollover Amount
- Refinance Rate
- Maturity Date
- Interest Rate

Ok Cancel

You can specify any or all of the following as re-key fields:

- Fee Currency
- Fee amount
- Refund Amount
- Value Date
- Fee Calculation Start Date
- Fee Calculation End Date

Specifying the status of an upfront fee

In Oracle Lending, the status of a fee component depends on the payments made towards the fee amount. For movement to each status, you can define processing parameters, such as whether further accruals of the fee component has to be stopped, or fee related accruals already made must be reversed out, and if the reporting GL must be changed when the status changes.

You can transfer the overdue accrued fee amount to a different GL. In case of fee components falling overdue, you can specify the following:

- For the accounting role COMPONENT_FIA (which is mapped to a Unearned Income/Liability GL), you can specify that the amount in the Unearned Income/Liability GL be transferred to another GL.
- For the accounting role COMPONENT_FIN (which is mapped to an Income GL), you can specify that the amount in the Income GL be transferred to another GL.

6.2.5 Processing Lock-ins

In a structured finance business scenario, your bank may encounter a situation wherein you agree upon a commitment and allow the customer to borrow/repay any amount any number of times within a pre-defined period. At the end of the period, you can consolidate the unsettled loans into a single loan and agree upon a payment schedule. This is referred to as 'Lock-in'. Till the lock-in takes place, the unsettled amount as of a given date is not predictable as the customer might return a loan or borrow an additional amount. Therefore, Oracle Lending uses only the Straight-line method of accrual for such contracts. However, after lock-in takes place, you can instruct the system to accrue the fee amount based on yield basis method.

If you want to change the method of accrual from Straight-line method to Yield Basis method after lock-in, it is advisable to transfer the fee amount from the commitment contract to the loan contract. This is because, in Oracle Lending, status control is available only for loans. If you want to track the fee amount (that is if you do not want status control), you can change the accrual method to yield basis for the commitment contract only and the system accordingly accrue the fee amount based on yield basis method.

6.2.6 Generating Fee Accrual reports

You can generate reports to view the accrual details of the upfront fee components for loans and commitments. The report displays the following:

- Contract Reference Number
- Fee component
- Previous Accrual Date
- Till Date Accrual
- Outstanding Accrual

For more information on report generation, refer to *Reports User Manual*.

6.3 FASB Fees Amortization Using Straight Line Method

Oracle Lending facilitates transfer of unamortized fees to the child contract. You have to select the accrual method as 'Straight Line' to accrue the fee using straight line method. To accrue the fee using straight line method, you have to select the accrual method as 'Straight Line' in the 'Loans and Commitments Fee' screen.

Click 'Fee' in the Product Definition screen to invoke this screen.

You have to maintain the fee rule at the product level for computing the fee. To transfer the unamortized straight line fee to the child contract, you have to select both 'Apply for Re-price' and 'Accrual Required' option.

For the fee component you associate with product you can specify if the component is considered for straight line accrual. Straight line accrual selected here for the product gets defaulted to the contract level.

Select 'Accrual Required' check box for applying straight line accrual. The accrual method should be selected as 'Straight Line' for the fee to be accrued using straight line method.

You are allowed to attach multiple fee components to the product. For the fee component which you associate with product, you have to specify if the component is considered for straight line accrual. The straight line accrual is selected for the product to get defaulted to the contract level.

During transfer, the system checks if the unamortized fee component has selected for both 'Apply for Re-price' and 'Accrual Required' before transferring the amount from parent contract to child. An error message throws up otherwise and the system does not save the transaction.

For arrear or advance type of fee, the 'Daily Straight Line' accrual is calculated based on the number of days between the start date and end date.

Example

Let us assume the following:

- Arrear/Advance Fee Calculated – 1000
- Start Date – 01-Apr-2005
- End Date – 01-May-2005
- No of Days – 30

The Daily Straight Line is calculated based on the number of days between the start date and end date. Therefore the Accrual Amount is 33.333.

6.3.1 Maintaining Fee Rule Details

You can invoke 'Fee Rule Maintenance' screen by clicking 'Fee Rule' from the 'Loan and Commitment- Contract Input' (OLDTRONL) screen. You can define the slab ranges and the

fee amount or rate for each slab for each of the fee components like 'Loan Fee' and 'Commitment Fee'.

6.3.2 Associating Fee at Contract Level

You can associate the fee by clicking the 'Fee' button in the Loan and Commitment- Contract Input' (OLDTRONL) screen.

For more information on contract details, refer to *Disbursing a Loan* chapter in this User Manual.

On clicking the 'Fee', the 'Fee Component' screen is displayed.

Here, the system defaults the loan fee, unused fee and commitment fee components which are maintained at the product level with which this contract is associated.

The system defaults the following details:

- Fee Component
- Fee Rule
- Currency
- Association Date
- Start Date
- End Date
- Component Status

You can define the fee payment schedules in the Loan and Commitment- Contract Input' (OLDTRONL) screen under 'Schedules' tab.

The screenshot displays the 'Loan and Commitment-Contract Input' window. At the top, there are fields for Branch, Contract Reference, Facility Name, Product Code*, Version, Program Counter, Product Description, Custom Reference No, Projected Amount, User Reference No, Treasury Source, and Outstanding Amount. Below these fields is a tabbed interface with 'Schedules' selected. The 'Schedules' tab contains sections for Disbursement Mode (Auto), Principal Liquidation (Auto), Status Control (Auto/Manual), Commitment (Revolving/Non Revolving), Schedule Type, and Amortisation Type (Reducing Balance). A 'Liquidity Order' section includes a 'Stop Disbursement' checkbox. At the bottom, there are fields for Maker Id, Checker Id, Status, Maker Date Stamp, Checker Date Stamp, and Auth Status, along with a 'Cancel' button.

Here the fee payment schedules are defined under Schedule Details as seen above.

You are allowed to amend the above preferences in future through the 'Fee Amendment' screen.

You can amend fee schedules in 'Schedules Details' tab.

Here you can amend the schedules of a particular component of a contract if required.

The system posts the following entries in case of Fee Liquidation:

- Fee collected in Advance
 - At Fee Collection (FLIQ):

Accounting Role	Dr / Cr	Amount Tag
CUSTOMER	Dr.	Component_LIQD
Component_RIA	Cr.	Component_LIQD

- At Fee Accrual (FACR):

Accounting Role	Dr / Cr	Amount Tag
Component_RIA	Dr.	Component_ACCR
Component_INC	Cr.	Component_ACCR

- Component_RIA - Fee Component Received in Advance
- Component_INC - Fee Component Income
- CUSTOMER - Borrower
- Component_FLIQ - Fee Component Liquidated
- Component_FACR - Fee Component Accrued.

- Fee collected in arrears
 - At Fee Accrual (FACR):

Accounting Role	Dr. / Cr.	Amount Tag
Component_REC	Dr.	Component_ACCR
Component_INC	Cr.	Component_ACCR

- At Fee Collection (FLIQ)

Accounting Role	Dr. / Cr.	Amount Tag
CUSTOMER	Dr.	Component_LIQD
Component_REC	Cr.	Component_LIQD

- Component_REC - Fee Component Receivable
- Component_INC - Fee Component Income
- CUSTOMER - Borrower
- Component_LIQD - Fee Component Liquidated
- Component_ACCR - Fee Component Accrued

6.4 Liquidating Fee Components

You can manually liquidate the fee schedules defined for fee components in the 'Fee Liquidation' screen. You can liquidate even future dated schedules through this screen. You can invoke this screen by clicking 'Liquidation Order' available in the Schedules tab.

The screenshot displays the 'Principal Liquidation' interface. At the top, there is a 'Contract Ref No' input field. Below this, the title 'Principal Liquidation' is shown. A navigation bar includes '1 Of 1' and a 'Go' button. The main area contains a table with the following columns: Component, Auto Liquidation, Interim, Bullet, Billing Notice Days, and Suppress. The table is currently empty. At the bottom right, there are 'Ok' and 'Cancel' buttons.

6.5 Transferring Memo Interest to FAS91 Fee

When the status of a loan contract status changes from non-performing to performing, the system performs FAS91 fee liquidation for the commitment contract after processing status change for the underlying loan contract. Fee Liquidation (FELR) event is registered at the commitment contract for the deferred interest component with effective date as status change

date. The fee liquidation amount that is moved from the Memo GLs to the Real GLs during status change is tracked as the deferred interest amount for FELR event.

Oracle Lending processes fee liquidation as under for batch and online status change:

As mentioned before, in case of manual status change, FELR event is registered at the commitment contract level individually for each loan contract, when the status change happens.

In case of automatic status change for a loan contract wherein 'Propagate Status to loan' box is not checked for the linked commitment, FELR event is registered at the commitment contract level individually for each loan contract, when the status change happens during the day. If there is a systematic status change during end of day batch process for multiple loans under a commitment contract, then one single consolidated FELR event is registered at the commitment contract by summing up the memo interest across all the loans under a commitment that were changed from non-performing to performing.

If 'Propagate Status to Loan' check box is selected for the commitment and its status is changed to 'Performing', then all underlying loan contracts which are in 'Non-performing' status is systematically moved to 'Performing' status during End of Day. For such status change for the loan contracts, one single consolidated FELR event is registered at the commitment contract by summing up the memo interest across all the loans that have changed from 'Non-performing' to 'Performing'. If loans under the commitment are booked with multiple currencies, then memo interest for foreign currency loans are converted into commitment currency.

6.5.1 Restarting Amortization Fee Accrual

When a commitment changes from 'Performing' to 'Non-performing', un-amortization fee accrual stops. When the status of the commitment changes to 'Performing', the system does an amortization of fees as though the fees were received on the date of the status change. This process of amortization restart happens in the following steps:

- The system computes the outstanding fee amount for each component as Total Fee Liquidation Amount - Total Fee Refund Amount - Till Date Accrual.
- The system refunds the outstanding fee amount (Unamortized).
- The system liquidates the outstanding fee amount (Unamortized) with start date as status change date and end date as old fee end date.

The aforementioned process is performed for each individual amortization fee component, including FAS 91 fee, Marks Fee, and Deferred Interest Fee component.

The system performs the following validations for each fee component after commitment status change:

- Status change date should be less than the fee end date
- Status change date should be less than the commitment maturity date

If any one of the above validation fails, then system does not perform amortization fee accrual restart for that component. In such cases, the system catches up the accrual for the component for the non-performing period during the status change from 'Non-performing' to 'Performing'.

After the systematic refund and liquidation, the actual accrual process begins for each amortization fee component of performing commitment, by taking into account the current outstanding fee amount.

6.5.1.1 Reversal of Fee Payment

You can initiate fee payment reversal using 'Fee Payment Reversal' screen. To invoke this screen, click 'Reverse' in the 'Fee Liquidation' screen.

When you initiate the fee payment reversal, you can exclude it from loan statement.

Exclude From Statement

Select this field to not allow the fee payment and its reversal appear in the Loan Statement.

Remarks

You may add remarks, if you wish to, in this field.

6.5.2 Associating the Accrual Fee Component

After defining a fee component, you need to link the fee component to a product in Oracle Lending.

Click 'Accrual Fee Details' in the 'Product Definition' screen to invoke the 'Accrual Fee Input' screen.

Component	Effective Date	Accrual Method	Amount	Currency
-----------	----------------	----------------	--------	----------

Click 'Add row' to add fee components. Click 'Default From Class' to associate the required fee component with the product. System defaults the parameters of the selected fee component. However, you can change the parameters according to your requirements.

You need to specify the following details:

Accrual Method

Specify the accrual method from the adjoining drop-down list. This list displays the following values:

- Straight Line
- Yield
- Flat Amount.

Basis Amount

Select the basis amount on which the fee component should be calculated from the adjoining drop-down list. This list displays the following values:

- Expected balance
- Expected Outstanding Facility
- Expected utilized Facility

Fee Type

Specify the fee type from the adjoining drop-down list. This list displays the following values:

- Income
- Expense

Payment Method

Specify the fee type from the adjoining drop-down list. This list displays the following values:

- Discounted
- Bearing

Allow Method Amendment

Select this check box to indicate that the amendment method is allowed for the accrual fee component.

Allow End Date input

Select this check box to indicate that the fee component (if applicable for the product involved in the contract) cease to be associated with a contract on the contract 'End Date.

CLP Buy Price Diff

Select this check box to indicate that the difference between the PAR price (100%) and actual buy price is booked as fee against that component.

Note

- For the Commitments associated with the CLP positions, system maintains separate Income and Expense type of amortization FEE components to handle the amortization FEE amount computed based on the price difference between the Buy Price and Par value (100%). In case of premium price quotation for the Buy trades, expense type of amortization FEE is created and Income type is used for Discount Price quotation.
 - These Income and Expense components should be unique for a commitment product. Such Amortization FEE components are identified by flag "CLP Buy Price Diff". In a CLP commitment product, system allows one income and one expense type of Amortization FEE components with the flag "CLP Buy Price Diff"
-

Asset Transfer Marks

Select this option to indicate that the amortization fee component is of the asset transfer marks type. This is defaulted to the component level when details of the amortization fee are being entered.

Accrual Required

You have the option to accrue the fee earned on syndication contracts. To do this, you have to check this option.

Consider as Discount

Select this check box to indicate that the discount accrual to the component is applied.

Deferred Interest Component

Select this check box to indicate that this component should represent deferred interest. When the loan status changes to 'Performing' from 'Non-performing', the system checks the value of the backend parameter 'ALLOW_REPERFORMING_LOAN_FUNC'. If the value of this parameter is 'Y', the system performs memo interest reversal. Amortization fee liquidation is done on deferred fee interest component for the memo interest amount that is moved to Real GL as part of the reversal.

Note that you can maintain only one deferred interest component for a product.

The system posts the following accounting entries:

For normal amortization FEE component of income type:

Accounting Role	Dr / Cr	Amount Tag
CUSTOMER	Dr.	Component_LIQD
FEE_Received_In Advance	Cr.	Component_LIQD

For normal amortization FEE component of expense type:

Accounting Role	Dr / Cr	Amount Tag
CUSTOMER	Cr.	Component_LIQD
FEE_Paid_In Advance	Dr.	Component_LIQD

For amortization FEE components of Income type (CLP Buy Price Diff):

Accounting Role	Dr / Cr	Amount Tag
SLT-PREM-DISC	Dr.	Component_LIQD
FEE_Received_In Advance	Cr.	Component_LIQD

For amortization FEE component of expense type (CLP Buy Price Diff):

Accounting Role	Dr / Cr	Amount Tag
SLT-PREM-DISC	Cr.	Component_LIQD
FEE_Paid_In Advance	Dr.	Component_LIQD

7. Defining Discount Accrual Fee Classes

The chapter contains the following sections:

- [Section 7.1, "Introduction"](#)
- [Section 7.2, "Defining a Discount Accrual Fee class"](#)
- [Section 7.3, "Events and Accounting Entries for Discount Accrual"](#)
- [Section 7.4, "Specifying Status Change Details for Discount Accrual"](#)
- [Section 7.5, "Processing for Internal Rate of Return Calculation"](#)

7.1 Introduction

In Oracle Lending, you can define the different *types* of charges or fees that apply on a product as "classes". A charge class is a specific type of charge component (For example, 'Charges for amending the terms of a loan').

When defining a product, you merely have to attach the required classes. In this manner, a contract processed under a particular product acquires the classes (components) associated with the product.

A discount accrual fee class can be made applicable for loans and bills processed in Oracle Lending. To apply a discount accrual fee, you should first define attributes for each of the components.

Steps involved in processing discount accrual fees

The following steps are involved in processing discount accrual fees:

1. Defining discount accrual fee classes
2. Associating discount accrual fee classes with a product

7.2 Defining a Discount Accrual Fee class

A discount accrual fee class specifies the accrual parameters for interest, charges and fees.

You can define the attributes of a discount accrual fee class in the 'Discount Accrual Preference Class Maintenance' screen.

You can invoke the 'Discount Accrual Maintenance' screen by typing 'OLDACRCL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Before defining the attributes of a discount accrual fee class, you should assign the class a unique identifier, called the Class Code and briefly describe the class. A description would help you easily identify the class.

When building a discount accrual fee class, you define certain attributes such as:

- Whether Discount accrual should be performed for the class
- The frequency at which discount accrual should be performed. This can be either Daily or Monthly. For monthly accruals, the discount accrual is done on the last day of the month.
- How foreclosures in respect of the contracts using the class, must be handled. You can opt for complete accruals, or refund
- The acquisition type for the class. You can specify any of the following options:
 - Par
 - Par/Discount
 - Par/Premium
 - Par/Discount/Premium
- The day count methods for each currency using the class. You can define the day count methods for both the numerator and the denominator.

7.2.1 **Associating Discount Accrual Components to Products**

After building discount accrual fee classes you can associate the class with loans or bills products. Click the 'Discount Accrual' in the 'Product Definition' screen. The 'Discount Accrual Preference Association' screen is invoked.

To associate discount accrual fee class with a product, click 'Default From Class' in the 'Discount Accrual Preference Association' screen. Select the appropriate discount accrual fee class from the list of classes.

The attributes defined for the discount accrual fee class defaults to the product. You have the option to modify the attributes defined for the class, to suit the requirement of the product you are creating.

Alternatively, you can choose to define the discount accrual details for the product.

Note

- If the Acquisition type is different from what is maintained at Discount Accrual Class level then system gives an error and the contract does not save.
 - You are allowed to change acquisition type during the life cycle of the contract on the basis of the maintenance done at the product level.
-

7.3 Events and Accounting Entries for Discount Accrual

While defining the accounting entries for the Loans and Bills modules you must identify the events and accounting entries that are required for discount accrual fee accounting. One of these is the YTM based Discount Accrual (YACR) event. It is meant to indicate the periodic discount accruals for the contract.

The Accounting Roles that should be associated with the event YACR are:

Accounting Role	Description	Acquisition Type	Product Type
EIMDISCR1A	Effective Interest Based Discount To Be Accrued	Discount	Asset
EIMDISC1NC	Effective Interest Based Discount Accrued Till Date	Discount	Asset
EIMPREM1PIA		Premium	Asset
EIMPREM1EXP		Premium	Asset
EIMINTAD-JREC		Par	Asset
EIMINTADJ1NC		Par	Asset
EIMDISC1PIA		Discount	Liability
EIMDISC1EXP		Discount	Liability
EIMPREM1RIA		Premium	Liability
EIMPREM1NC		Premium	Liability
EIMINTAD-JPAY		Par	Liability
EIMINTADJ-EXP		Par	Liability

The Amount Tags for the YACR event:

Amount Tag	Description
EIMDISC_ACCR	Net Discount Accrual amount for the processing day
EIMDISC_ADJ	Discount Accrual Refund Amount

The following entries should be maintained for the YACR event:

Accounting Role	Amount Tag	Dr/Cr Indicator
EIMDISCR1A	EIMDISC_ACCR	Debit
EIMDISC1NC	EIMDISC_ACCR	Credit

Note

The account head mapped to the accounting role 'EIBDISCOUNT_RIA' and account heads mapped to the subsystem specific RIA (Received in Advance) accounting roles should be maintained as the same account. For discount accrual, you must also maintain the following accounting set-up for the Charge Liquidation (LIQD/INIT/VAMI/ROLL/CAMD) event. This is in addition to the normal accounting set-up that you would define for the charge liquidation event.

Accounting Role	Description
component_RIA*	Charge amount Received in Advance
Charge comp_RIA	Charge amount Received in Advance
<Charge Comp>PIA	Charge amount Paid in Advance
<Fee Comp>RIA	Fee Amount Received in Advance

* The component is replaced by the appropriate Charge Rule.

Amount Tag	Description
component_DISC*	Charge Amount to be discounted
<Charge comp>_DISC(Existing Tag)	Charge Discount Amount
<Charge Comp>_PREM	Charge Premium Amount
<Fee Comp>_DISC	Fee Discount Amount

* The component is replaced by the appropriate Charge Rule.

You should maintain the following for the normal accounting entry setup for LIQD event:

Amount Tag	Description
EIMDISC_ADJ - (Existing Tag)	Discount Accrual Refund Amount
EIMPREM_ACCR	Net Premium Accrual amount for the processing day
EIMINTADJ_ACCR	Interest Adjustment Amount
EIMPREM_ADJ	Premium Accrual Refund Amount

You should maintain the following accounting roles for setting up accounting entries for the YACR event:

Along with the normal accounting entry setup for the LIQD event, you must also maintain the following accounting entries:

Accounting Role	Amount Tag	Dr/Cr Indicator
EIMDISCRJA	EIMDISC_ADJ	Debit
CUSTOMER	EIMDISC_ADJ	Credit
EIMDISCRJA	EIMDISC_ADJ	Debit
CUSTOMER	EIMDISC_ADJ	Credit
CUSTOMER	EIMPREM_ADJ	Debit
EIMPREMPIA	EIMPREM_ADJ	Credit
EIMPREMRJA	EIMPREM_ADJ	Debit

CUSTOMER	EIMPREM_ADJ	Credit
CUSTOMER	EIMDISC_ADJ	Debit
EIMDISCPIA	EIMDISC_ADJ	Credit

The following entries should be maintained for the liquidation event.

Accounting Role	Amount Tag	Dr/Cr
<Charge rule>_RIA	<Charge rule>_DISC	Credit
CUSTOMER	<Charge rule>_DISC	Debit
<Charge rule>_INC	<Charge rule>_LIQD	Credit
CUSTOMER	<Charge rule>_LIQD	Debit
CUSTOMER	<Charge rule>_DISC	Debit
<Charge rule>_RIA	<Charge rule>_DISC	Credit
CUSTOMER	<Charge rule>_PREM	Credit
<Charge rule>_PIA	<Charge rule>_PREM	Debit
CUSTOMER	<Charge rule>_PREM	Debit
<Charge rule>_RIA	<Charge rule>_PREM	Credit
CUSTOMER	<Charge rule>_DISC	Credit
<Charge rule>_PIA	<Charge rule>_DISC	Debit

You should maintain the following accounting entries for the YACR event:

Accounting Role	Amount Tag	Dr/Cr
EIMDISCRJA	EIMDISC_ACCR	Debit
EIMDISCINC	EIMDISC_ACCR	Credit
EIMPREMEXP	EIMPREM_ACCR	Debit
EIMPREMPIA	EIMPREM_ACCR	Credit
EIMINTADJREC	EIMINTADJ_ACCR	Debit
EIMINTADJINC	EIMINTADJ_ACCR	Credit
EIMPREMRIA	EIMPREM_ACCR	Debit
EIMPREMINC	EIMPREM_ACCR	Credit
EIMDISCEXP	EIMDISC_ACCR	Debit
EIMDISCPIA	EIMDISC_ACCR	Credit
EIMINTADJEXP	EIMINTADJ_ACCR	Debit

EIMINTADJPAY	EIMINTADJ_ACCR	Credit
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7.4 Specifying Status Change Details for Discount Accrual

Discount accruals in respect of a loan or a bill could result in status changes. You must maintain the following details as part of status maintenance for loans and bills, for discount accruals:

- Whether discount accruals should be stopped or reversed
- The transfer GLs for discount accrual

You can specify the following roles as part of the transfer GLs:

Accounting Role	Description
EIMDISCR1A	Effective Interest Based Discount To Be Accrued
EIMDISCINC	Effective Interest Based Discount Accrued Till Date

Note

The accounting roles for discount accrual are available to indicate the transfer GL as part of status change.

7.4.1 Processing for Contract Status Change

The impact of status change of contracts on Transfer of Balances, Stop Accruals and Reverse Accruals is as follows:

Transfer of Balances

The following balances are transferred to new GL:

- Premium TBA – Premium Accrued
- Discount TBA – Discount Accrued
- Interest Adjustment Accrued Already + Interest Adjustment Accrued

Stop of Accruals

YACR does not pass any entries.

Reverse of Accruals

The following balances are reversed:

- Premium Accrued
- Discount Accrued
- Interest Adjustment Accrued Already + Interest Adjustment Accrued

7.5 Processing for Internal Rate of Return Calculation

This section contains the following topics:

- [Section 7.5.1, "Recalculation of IRR with new effective date"](#)
- [Section 7.5.2, "Computation of Net Present Value based on Acquisition Type"](#)
- [Section 7.5.3, "Computation of Net Discount Accrual Amount for a Processing Day"](#)

- [Section 7.5.4, "Discount Accrual Processing - an Example"](#)

The Acquisition Type specified at the Discount Accrual Preference Class Maintenance is recognized during IRR calculation and stored in the IRR tables. During contract save, the acquisition type is derived using the following logic:

Product	Inflow/Outflow	Acquisition Type
Asset*	Inflow>Outflow	Discount
Asset	Inflow<Outflow	Premium
Asset	Inflow=Outflow	Par
Liability*	Inflow>Outflow	Premium
Liability	Inflow<Outflow	Discount
Liability	Inflow=Outflow	Par

The following information is stored for every IRR Effective Date when the IRR calculation/ recalculation happens and also during the Discount Accrual Batch:

- O/S Principal
- O/S Bearing Interest Accrual
- Discounted Interest TBA
- Premium TBA
- Discount TBA
- Expense Fee TBA
- Income Fee TBA
- Interest Adjustment Accrued Already
- Premium Accrued Till Date
- Discount Accrued Till Date

7.5.1 **Recalculation of IRR with new effective date**

In case of Bearing contracts, IRR recalculation is done using a new effective date, during the following events:

Contract Amendment without Schedule Re-definition:

- VD Increase of Principal
- VD Amendment of Maturity Date
- VD Amendment of Interest Rate
- Floating Interest Rate Revision
- Partial Prepayment – Principal
- Partial Prepayment – Interest

Rollover:

- New Charge on the following Events
 - CAMD

- VAMI
- LIQD – Partial Prepayment
- ROLL
- Upfront Fee Amendment

In case of Discounted contracts, IRR recalculation is done using a new effective date, during the following events:

Contract Amendment without Schedule Re-definition:

- Partial Prepayment – Principal
- Rollover
- New Charge
- CAMD
- ROLL
- LIQD – Partial Prepayment
- Upfront Fee Amendment

Note

- In case of both Bearing and Discounted contracts, IRR is calculated with the currently active effective date during Contract Amendment with Schedule Re-definition event
- IRR Re-calculation is undone during Reversal of Partial Prepayment
- In case IRR Re-calculation has happened for any un-reversed event with IRR Effective Date >= Payment Value Date, then IRR Re-calculation is done as of the earliest IRR Effective Date.
- IRR Re-calculation does not happen in following cases:
 - Full Prepayment
 - Regular Payment
 - Overdue Payment
 - Reversal of Full Prepayment
 - Reversal of Regular Payment
 - Reversal of Overdue Payment
- In case of Bearing and Discounted contracts, the following actions are allowed prior to the currently active IRR Effective Date, provided there is no future un-reversed charge or upfront fee cash flow with Due Date > New IRR Effective Date:
 - Schedule Re-definition
 - VD Increase of Principal
 - VD Amendment of Interest Rate
 - VD Amendment of Maturity Date Change
 - Floating Interest Rate Revision
 - Principal Prepayment
 - Interest Prepayment
 - Up-front Fee Amendment
- IRR calculation is done during the event BOOK instead of INIT in future-dated contracts
- Cash Flow for Charge Components being Liquidated in BOOK or INIT is Populated with Due Date = Value Date.

- For Charge Components with Charge Currency <> Contract Currency and Cash Flow Due Date = Value Date, the Charge Amount in Contract Currency during BOOK event is frozen.
 - In case Charge Currency <> Contract Currency AND Contract Currency = Settlement Account Currency, the Charge Amount in Contract Currency frozen during BOOK would be used to pass Accounting Entries during INIT for the Charge Amount to the Settlement Account also.
 - New Charge during Contract Amendment with Schedule Re-definition is Disallowed wherein the currently active IRR Effective Date < Today.
 - New Charge used as Prepayment Penalty during LIQD Event is allowed in case of Partial & Full Prepayment only
 - In case of Full Prepayment, %LIQD Amount Tag is populated instead of %DISC or %PREM Amount Tag
 - Catch-Up of DA Accrual during various events namely, Amendment, Rate Revision, Liquidation, Rollover, Reversal of Prepayment, and so on similar to Catch-Up of Interest Liquidation in OL, BC is done.
 - During Full Pre-payment, YACR passes outstanding accrual unconditionally to ensure the following without any NPV Calculation:
 - Premium Accrued= Premium TBA
 - Discount Accrued= Discount TBA
 - Interest Adjustment= 0
 - During foreclosure of the contract the same processing as that of Discount is followed for Premium that is either 'Complete pending accrual' or 'Refund' happens based on the flag at discount accrual class level
 - In case of Par case there is no Refund. Pending accruals are completed.
 - EIM are not supported for the following types of Contracts
 - Negative Interest Contracts
 - Call and Notice Type of Contracts
 - For Charge components marked as "Consider as Discount" and denominated in a Charge Currency <> Contract Currency, the %DISC Amount Tag is posted into the %RIA Head in Contract Currency.
 - In case Charge Currency <> Contract Currency AND Contract Currency = Settlement Account Currency, the Exchange Rate input in Settlements Screen is used to convert Charge Amount to Contract Currency.
 - EIM is supported for Commitments also. IRR is recalculated whenever the commitment is linked to Loan Contracts. In case of revolving commitments IRR is recalculated if Commitments are delinked from loan contracts.
 - PYCYCM handling is done during YACR event. Previous Year, Current Year, and Current month Accruals are passed separately.
 - The following Rollover types are supported:
 - New Version
 - Spawned
 - Linked
-

7.5.2 Computation of Net Present Value based on Acquisition Type

The NPV calculation is different for different acquisition types.

If the acquisition type is Discount:

NPV = O/S Principal

+O/S Bearing Interest Accrued*

+O/S Acquired Interest

+ (Expense Fee TBA –Expense Fee Accrued)

- (Income Fee TBA –Income Fee Accrued)

- (Discounted Interest TBA – Discounted Interest Accrued)*

- (Discount TBA – Discount Accrued)

If Acquisition type is Premium:

NPV = O/S Principal

+O/S Bearing Interest Accrued*

+O/S Acquired Interest

+ (Expense Fee TBA –Expense Fee Accrued)

- (Income Fee TBA –Income Fee Accrued)

- (Discounted Interest TBA – Discounted Interest Accrued)*

+ (Premium TBA – Premium Accrued)

If Acquisition type is Par

NPV = O/S Principal

+O/S Bearing Interest Accrued*

+O/S Acquired Interest

+ (Expense Fee TBA –Expense Fee Accrued)

- (Income Fee TBA –Income Fee Accrued)

- (Discounted Interest TBA – Discounted Interest Accrued)*

+ (Interest Adjustment Accrued Already + Interest Adjustment Accrued)

Note

- The values suffixed with the asterisk* are mutually exclusive.
 - 'O/S Bearing Interest Accrued' is for bearing type of contracts
 - 'Discounted Interest TBA – Discounted Interest Accrued' is for discounted type of contracts
 - While computing IRR, the system ensures that IRR values less than or equal to zero are not allowed during IRR Calculation/Recalculation
 - Cash flows as of every IRR effective date are stored whenever IRR calculation/re-calculation happens
-

7.5.3 Computation of Net Discount Accrual Amount for a Processing Day

The net discount accrual amount for a processing day is computed as follows:

- All future cash flows are discounted to the processing day using the IRR effective as of the processing day, and the net present value (NPV) of the contract as of the processing day is obtained
- The till date discount accrual amount is computed using the following expression:

$$TDA_n = NPV_n - (P_n - DTA_s) - AI_n + DA_s$$

Where,

- **TDA_n** represents the Till Date Discount Accrual for *n*th Accrual Date,
- **NPV_n**, the Net Present Value of the contract as of *n*th Accrual Date,
- **P_n**, the Outstanding Principal of the contract as of *n*th Accrual Date
- **DTA_s**, the Discount to be accrued as of current IRR Effective Date
- **AI_n**, the Current Period Accrued Interest as of *n*th Accrual Date,
- **DA_s**, the Discount Accrued as of current IRR Effective Date

The difference between the 'Till date discount accrual' amount as of the previous processing day and the 'Till date discount accrual' amount as of the current processing day is the 'Net Discount accrual' amount that is realized as income as of the processing day. The expression used would be

$$NDA_n = TDA_n - TDA_{(n-1)}$$

Where,

- **NDAn** represents the Accrual for *n*th Accrual Date,
- **TDA_n**, the Till Date Discount Accrual for *n*th Accrual Date and
- **TDA_{n-1}**, the Till Date Discount Accrual for *n-1*th Accrual Date

7.5.4 Discount Accrual Processing - an Example

Let us consider a Loan contract with following parameters

Loan Amount	USD 1,000,000
Value Date	01-Jan-2003
Maturity Date	01-Jan-2004
Interest Rate	12%
Commission Rate	6%
Commission Value Date	01-Jan-2003
Interest Repayment Frequency	Monthly (Month Ends)
Principal Repayment Frequency	Bullet
Interest Basis	Actual/365
Discount Accrual Day count Numerator Method	Actual
Discount Accrual Day count Denominator method	365

Interest Payment Method	Bearing
IRR	20.30%

The projected cash flow for the contract would be:

Due Date	Component	Amount (USD)
01-Jan-2003	Principal	-1,000,000
01-Jan-2003	Commission	60,000
01-Feb-2003	Interest	10,191.78
01-Mar-2003	Interest	9,205.48
01-Apr-2003	Interest	10,191.78
01-May-2003	Interest	9,863.01
01-Jun-2003	Interest	10,191.78
01-Jul-2003	Interest	9,863.01
01-Aug-2003	Interest	10,191.78
01-Sep-2003	Interest	10,191.78
01-Oct-2003	Interest	9,863.01
01-Nov-2003	Interest	10,191.78
01-Dec-2003	Interest	9,863.01
01-Jan-2004	Interest	10,191.78
01-Jan-2004	Principal	1,000,000

If the Discount Accrual Processing Date is 15-Feb-2003, the processing for discount accrual is as follows:

Step 1

NPV of the contract is computed as of 15-Feb-2003 by discounting the future cash flows as shown below:

Due Date	Amount	$(d_t - d_1) / D$	1+IR R	$(1+IRR)^{(d_t - d_1) / D}$	Discount CF
01-Mar-03	9205.48	0.038	1.203	1.0071	9140.46
01-Apr-03	10191.78	0.123	1.203	1.023	9962.22
01-May-03	9863.01	0.205	1.203	1.0387	9495.54
01-Jun-03	10191.78	0.29	1.203	1.0551	9659.27

01-Jul-03	9863.01	0.373	1.203	1.0713	9206.78
01-Aug-03	10191.78	0.458	1.203	1.0882	9365.53
01-Sep-03	10191.78	0.542	1.203	1.1054	9219.70
01-Oct-03	9863.01	0.625	1.203	1.1224	8787.80
01-Nov-03	10191.78	0.71	1.203	1.1401	8939.02
01-Dec-03	9863.01	0.792	1.203	1.5755	8520.56
01-Jan-04	1010191.78	0.877	1.203	1.1759	859105.75
					951402.94

The NPV of the Contract as of 15-Feb-2003 = USD 951,402.94

Step 2

IRR Start date = 01-Jan-2003

Outstanding Principal as of 12-Feb-2003 = USD 1,000,000

Discount to be accrued as of 01-Jan-2003 = USD 60,000

Accrued Interest as of 15-Feb-2003 = USD 4602.74

Discount Accrued as of 01-Jan-2003 = USD 0.00

Previous process till date = 14-Feb-2003

Till Date Accrual as of 14-Feb-2003 (TDA_{n-1}) = USD 6647.43

$$TDA_n = NPV_n - (P_n - DTA_s) - AI_n + DA_s$$

$$TDA_n = 951402.94 - (1000000 - 60000) - 4602.74 + 0$$

$$TDA_n = 6800.2$$

$$\text{Net Discount Accrual} = TDA_n - TDA_{n-1}$$

$$\text{Net Discount Accrual} = 6800.20 - 6647.43$$

$$\text{Net Discount Accrual} = 152.77$$

8. Processing Repayments

This chapter contains the following sections:

- [Section 8.1, "Introduction"](#)
- [Section 8.2, "Defining Schedules for a Product"](#)
- [Section 8.3, "Setting Product Schedule Preferences"](#)
- [Section 8.4, "Defining Repayment Schedules"](#)
- [Section 8.5, "Pay Receivable Upload"](#)
- [Section 8.6, "Principal Schedule Upload"](#)
- [Section 8.7, "Setting Loan Schedule Preferences"](#)
- [Section 8.8, "Specifying the Preferences of the Contract"](#)
- [Section 8.9, "Revision and Repayment Schedules"](#)
- [Section 8.10, "Making Manual Payments"](#)
- [Section 8.11, "Simulating Payments"](#)
- [Section 8.12, "Processing a Loan Payment when Contra Accounting is Applicable"](#)

8.1 Introduction

When you disburse a loan to a customer, you also decide on the terms of the repayment of the loan.

You may have your own repayment schemes.

For example, you may prefer monthly repayments of interest and repayment of the principal on maturity, and so on.

Or

You may design repayment schedules to suit the convenience of your customer. Your customer may want to make interest repayments annually, instead of every month,

In Oracle Lending, you can customize your repayment schedules for a loan product. The same schedules, by default, apply to the loans involving the product. However, when processing a specific loan, you can change the repayment schedule, which it acquires, from the product it involves.

8.2 Defining Schedules for a Product

You can define schedules for the repayment of various components like the principal, interest, charges, and fees.

The attributes of the schedules for a product are defined through the Product Preferences screen. The following are the attributes of a repayment schedule:

- Mode of liquidation - auto or manual. This can be changed at the time of loan processing
- Recomputation of schedules when a repayment of principal is made before it is due
- Liquidation of back valued schedules upon initiation of a loan. This can be changed at the time of loan processing
- The schedule type - amortized, capitalized, or normal

The Automatic Contract Update function automatically liquidates those schedules that you have marked for auto liquidation. If schedules are marked for manual liquidation, you have to liquidate them through the Contract Schedule Payments function.

Once you specify the attributes of schedules in the Product Preferences screen, you have to define the frequency of repayments in the Product Schedules screen.

When processing a specific loan, you can define the amount of principal that has to be repaid (at the *frequency* you specified) and the number of such repayment schedules. You can also change the schedule details that a loan inherits from the product that it involves.

Note

If you do not define any schedules for the product, by default, the loans involving the product have bullet (or balloon) schedules. That is, all the components are liquidated on maturity.

8.3 Setting Product Schedule Preferences

You should define the attributes of the schedules for a product through the Product Preferences screen.

You can invoke the 'Product Definition' screen by typing 'OLDPRMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

From this screen, click 'Preferences'

The screenshot shows the 'Preferences' dialog box with the following fields and options:

- Product Code: [Text Field]
- Product Description: [Text Field]
- Tab: **Main Preferences** (selected), Additional Preference, Holiday Preferences, Other
- Payment Method: [Bearing] (dropdown)
- Schedule type: [Normal] (dropdown)
- Notice Day Basis: [Product] (dropdown)
- Notice Days: [Text Field]
- Grace Days: [0] (text field)
- Rate Variance:
 - Normal Rate Variance: [Text Field]
 - Maximum Rate Variance: [Text Field]
- Accruals:
 - Accrual Frequency: [Monthly] (dropdown)
 - Start Month: [Text Field]
- Spread Type:
 - Spread Type: Flat, Slab/Tier
- Rate:
 - Rate Code: Buy / Sell Rate, Mid Rate
 - Rate Type: [Text Field]
- Tenor:
 - Minimum Tenor: [Text Field]
 - Default: [Text Field]
 - Maximum Tenor: [Text Field]
 - Tenor Unit: [Days] (dropdown)
- Bottom Bar: Rekey Fields | Installment Details | Liquidation Order | Rollover Details | Schedules | Linkage Preferences | Special Penalty |
- Buttons: Ok, Exit

Components of a loan can be liquidated automatically or manually. On the other hand, you can also indicate that certain specific components must be liquidated automatically. In the

Product Preferences screen you have to indicate whether the mode of liquidation of repayment schedules are to be automatic.

Specify **Auto** liquidation if you want the components of a loan (involving a product) to be liquidated automatically.

In this case, a schedule is liquidated automatically on the day it falls due, during beginning of day processing (by the Automatic Contract Update function).

Now, consider the following situation:

1. You have indicated automatic liquidation
2. The schedule date falls on a holiday
3. You have specified (through the Contract Preferences screen) that the holiday be ignored while calculating the schedule date

In such a situation, a repayment falling on a holiday would be processed according to your specification for holiday handling (in the Loans Branch Parameters screen). It would be as follows:

- If you specified that processing has to be done on the last working day before the holiday for automatic events right up to the day before the next working day, the schedule falling on the holiday is liquidated during end of day processing on the last working day before the holiday.
- If you specified that processing has to be done only up to the System Date, then only those events scheduled for today (the last working day before the holiday) are processed. The events of the holiday are processed on the next working day after the holiday, during beginning of day processing.

If a loan has been defined for verification of funds before automatic liquidation (through the Contract On-line Preferences screen), those components whose schedule dates fall on the same day are liquidated in the order you have specified when defining the product.

If the funds are insufficient, the liquidation is done to the extent of the available balance in the repayment account. The components are liquidated in the order that you specify. This is reported in the Exception Report generated at the end of every day, automatically (by the Automatic Contract Update function).

If you have not specified that the funds be verified, and there are insufficient funds in the repayment account:

- The repayment account is put into a debit balance (if you have allowed overdraft) and the schedules for the components liquidated to the extent of the debit balance that you have allowed for the account. You can liquidate beyond the allowed debit balance for an account. The system, however, display an override message, which is recorded for audit trail purposes. Debit interest, as specified for the type of account (current or savings), is applied on the debit balance.
- If the repayment account has not been defined with overdraft, the liquidation is not processed.

The liquidation order is used when you want to liquidate the dues in a certain order: say interest first and then the principal. For example, if there is a penalty interest, you may want to recover it first.

Example

You can indicate that the repayment schedules for the principal have to be liquidated automatically if you are sure that your customer can repay the schedule amount on time.

Another scenario where you could define automatic schedules could be when the customer has a deposit the interest from which, is servicing his loan.

Recomputing schedules after a repayment in advance

You have to specify whether the interest on the future schedules of a loan has to be recalculated in case a prepayment is made on a schedule (that is, the principal repayment is made before its due date).

Example

Parivallal Express Services has taken a long-term loan with the following terms:

- Initiation on: 01 January '98
- Maturity on: 31 December '01
- Principal: USD 360,000
- Interest: fixed at 15% per annum
- Repayment: a principal of USD 10,000 every month, with interest

For the first four repayments, Parivallal Express Services pays back USD 10,000 plus the interest applicable. On the fifth monthly payment, Parivallal Express Services pays back USD 40,000 instead of the USD 10,000 that is scheduled. The interest applicable as of that day is also paid.

The prepayment of the principal entails a change in the subsequent interest schedule amounts. This is because, when the interest amount for each repayment is calculated on initiation of a loan, it is on the "expected balance" as of a payment date.

Thus, in this case, the interest amount for the first repayment is 15% p.a. on 360,000; for the second repayment is 15% on 350,000, and so on.

The prepayment changes the expected balance (in this case, USD 40,000 has been paid back instead of the scheduled USD 10,000). Thus, the interest applicable for the subsequent schedules are less, as the actual balance is less than the expected balance.

The recalculation of the subsequent interest schedules are done only if you have specified that schedules have to be redefined on a prepayment. Otherwise, the interest amounts for the subsequent schedules are the same as that calculated based on the earlier expected balance.

Note

The subsequent interest schedules are redefined. The subsequent principal schedules are marked as paid to the extent of the prepayment. In the case of an amortized schedule, the amount of repayment for the schedule immediately after the prepayment is different from the rest of the schedules.

Liquidating back valued schedules during initiation

You have to indicate whether for a back-dated loan that has schedules prior to today's date, the schedules have to be liquidated when the loan is initiated. A back dated loan is one, which has an initiation date, which falls before today's date.

Example

Loans can be initiated

- As of today
- A date in the future

- As of a date in the past

If today's date is 15 October 1997, and you initiate a loan of 15,000 USD with a Value Date (date on which the loan comes into effect) as 15 September 1997, accounting entries for initiation are passed as of 15 September 1997.

Suppose that there has been an interest payment schedule for 30 September 1997, for 500 USD. If you specify that back valued schedules should be liquidated, accounting entries are passed to liquidate this schedule (too), when the loan is initiated. If you specify that back dated schedules are not to be liquidated, only accrual entries are passed till today.

Note

The entries associated with each event (initiation and liquidation in this case) are passed only if they have been defined for the product. Further, the accounts used are the ones defined for each entry.

Specifying the payment method

You have to specify whether the payment method for the interest components is to be bearing, discounted, or true discounted. This *cannot* be changed at the time of processing a loan.

Bearing

The interest is liquidated on schedule payment date(s).

Example

You have advanced Ms Yvonne Cousteau a loan of USD 10,000, under the 'Short Term Loans for Individuals' scheme, at 10% interest, for a year.

Now, under the bearing type of interest payment method, the nominal (USD 10,000), which becomes the principal in this case, is advanced to Ms Cousteau and the interest on it is collected over the one year, which is the tenor of the loan.

Discounted

In this interest payment method, the interest is deducted at the time of initiating the loan.

Example

Carrying forward the example of Ms Yvonne Cousteau's loan of USD 10,000, under the scheme 'Short Term Loans for Individuals', at 10% interest for a year, under the discounted type of interest payment, the total interest (Actual/Actual) calculated for the tenor of the loan, USD 1,000, is deducted from the principal (USD 10,000) and only USD 9,000 is advanced.

True discounted

In this interest payment method, the interest is calculated on the principal in a manner differing slightly from the discounted method. The interest rate is applied on the Principal instead of the Nominal, as is done in the discounted method.

Example

You have advanced Mr. Brian Williams a loan of USD 10,000 under the scheme 'Short-term Loans For Industries at 10% interest' for a year. Under the true discounted type of interest payment, the interest amount in absolute terms is not USD 1,000 but lesser than that. This is because the interest rate of 10% is not applied on USD 10,000 but on the actual amount disbursed (derived by the system) which is USD 9090.91.

Specifying the component

You can define different repayment schedules for the different components according to your needs. First of all, you should specify the component for which you want to define the schedule. All components - the principal and any other component depending upon your ICCF definition for the loan — are available in the form of a picklist. You have to define schedules for each of them.

If you indicated (in the Product Preferences screen) that the Schedule Payment Type is amortized, then, you have to specify the frequency not for the principal but for the 'amortized' principal (principal + total (main) interest accrued on the loan, equally spread out across the number of schedules). In the picklist, you see 'Amortized' displayed and you have to define the frequency for this.

When defining repayment schedules for specific loans, the amount of repayment needs to be specified only for the principal. The interest, commission, and fee amounts to be calculated by the system automatically, depending on the repayment date and the principal (amount). However, for loans with special interest, you also have to provide the interest amount.

If you are entering a loan contract for which you need to define installment schedules, you have to select installment as the component. To define installment schedules the contract must be linked to a product for which installment schedules are allowed.

For more information, refer to *Defining Attributes Specific to Loan Product* chapter in this manual.

Setting the reference date

You can indicate whether the dates of repayment schedules should be calculated based on the Value Date (date of initiation of the loan) of the loan involving the product, or a Calendar Date.

If you specify that the Reference is the Value Date (date of initiation of the loan), the dates for schedule repayments are based on this date and the frequency.

If the Reference is specified as the Calendar Date, the dates for schedule repayments are based on the Start Date (specified by you), the Month and the Frequency. The following example illustrates this concept:

Example

A loan starts on 15 September 1997 and the frequency of repayment is monthly. If the Reference is specified as Value Date, the monthly schedule dates fall due on 15 October 1997, 15 November 1997, and so on, till the loan matures.

If the Reference is specified as Calendar Date, and the Start Date is fixed as 1 October 1997, the first repayment date is 1 October 1997. The subsequent repayment dates are 1 November 1997, 1 December 1997, and so on, till the loan matures. In this case, the interest days for the first repayment is from 15 September 1997 to 30 September 1997.

If Reference is set to Value Date (loan initiation date), you need to specify only the Frequency (monthly, quarterly, and so on.) and the unit of frequency (if you specify the frequency as monthly and the unit as 1, it means one schedule for one month). The system sets the schedule according to the Frequency and Unit of Frequency you have specified, beginning on the Value Date.

Example

If the Value Date of a loan is 10 December 1997 and you indicate the frequency as monthly and unit as 1, then the first schedule is liquidated on 10 January 1998, the next one on 10 February 1998, and so on.

For the same loan if you were to define a fortnightly schedule, you indicate the frequency as daily and unit as 15. The first schedule, in this case, is liquidated on 25 December 1997, the next one on 10 February 1998, and so on.

Specifying the frequency of schedules

For a periodic schedule, you can indicate the frequency of repayment for each component. This could be:

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

Specifying the frequency unit

You can specify the number of units for the frequency you have set for a particular component.

Example

If you want a payment every 15 days, you have to specify

- The frequency as Daily
- The units as 15

For payments every three weeks, you have to define

- The frequency as weekly
- The unit as three

Specifying the Start Date

If you have set the Reference as Calendar Date, and the frequency as weekly, quarterly, half-yearly or annual, indicate the month in which the first schedule falls due.

If you have set the Reference as Calendar Date, you should indicate the date on which the schedule should fall due. Specify 31 to indicate that the schedule should fall due on the last day of the month (that is, 31 for months with 31 days, 30 for months with 30 days and 28 or 29, for February).

The schedule repayment dates are computed using the Frequency, (Start) Month and the (Start) Date.

Example

You have defined the frequency as quarterly, specified March as the first month, and given the date as 31.

The repayment schedules are 31 March, 30 June, 30 September, and 31 December. For a loan starting anytime before 31 March, the first liquidation is on 31 March. The Number of interest days are calculated from the Value Date to 31 March. From then on, it follows the quarterly cycle.

Similarly, you have defined the frequency for another product's default schedules as half-yearly; indicated the month as June; and given the date as 31.

For a loan that is initiated anytime before June, the first liquidation takes place on 30 June and the next one on 31 December. For a loan initiated after 30 June, the first liquidation takes

place on 31 December, and so on. The start month and date indicate the first schedule, so that subsequent schedules can be automatically set from that point on.

A schedule date:

- Should be later than or the same as the Value Date
- Cannot be beyond the Maturity Date

Further, you can have only one schedule for a component for a date.

Defining Principal schedules for discounted loans

For a discounted loan, you can define repayment schedules for the principal component.

You can specify the default schedules for the principal component in the Product Default Schedules screen when you define the product, and these schedules are defaulted to discounted loan contracts involving the product.

When you initiate a discounted loan in the Loans Contract Online screen, which uses a product for which principal component schedules have been defined, the principal schedules are applied by default, from the product definition. You can make changes to these schedules for the contract.

Note

After a discounted loan is authorized, you cannot subsequently amend any repayment schedules for principal component that have been defined for the loan.

8.3.1 Processing Overpayment and Refund of Interest/Fees

When you select the check box 'overpayment allowed' in the 'Loans and Deposits 'Product Preference' screen overpayment of interest/fee is allowed for the loan product. System calculates the overpaid amount with all the future schedules and overpayment for the bullet schedule is not allowed. If the amount due for a schedule gets changed due to principal payment, then the system adjusts the same after re-computation.

8.3.1.1 Refunding the Excess Amount

You can refund the excess amount paid at any time. You can also refund the interest / fee amount paid, even though there is no overpayment done. The overpaid amount can be refunded through the ' Refund Online' screen.

You can invoke the ' Refund Online' screen by typing 'OLDREFND' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can specify the following details in this screen.

Contract Ref No

Select the contract reference number of the loan contract for which the overpaid interest/fee amount has to be refunded. The following details of the payment get displayed:

- Value date
- Schedule Due date
- Amount due
- Amount paid
- Refund Amount

Refund Amount

Specify the amount that has to be refunded. This amount cannot be greater than the amount paid.

Note

The entries posted as part of 'RFND' event is for the amount entered in the 'Refund Amount' option.

Refund

Select this check box to unlock the screen and select 'Refund Amount' and save it for processing the refund.

Remarks

Enter remarks about the amount refund if any.

Refunding of Interest and Fee can be done through the same screen and at the same instance.

The following restrictions are applicable for overpayment and refund of interest/fees:

- Overpayment of fee is not applicable for 'User Input' type of fee.
- Payment reversal after refund is not allowed.
- During Loan Reprice, if the 'Transfer main interest' is selected then the excess amount paid is adjusted against the interest calculated for the period between last schedule date and the reprice date. The residual interest due amount is transferred to the reprice child contract and if the same is residual interest amount is +ve, then it is treated as acquired interest else as overpayment and gets settled on first schedule of the component of child contract. Transfer of Interest is not allowed for back valued reprice
- Refund of transferred interest (Transferred interest includes excess amount paid as well) is not allowed
- For Discounted and True Discounted loans, in case of any full or partial pre-payment is made, the system shows total interest amount paid instead of overpaid interest amount. You have to manually calculate the amount to refund. However, the system refunds the interest paid to the customer account.

8.4 Defining Repayment Schedules

The payment schedules defined for a product applies to all loans involving the product. When you process a loan in the Contract Schedules screen, the details defined for the product (which the loan involves) is displayed. You can change the schedules that a loan acquires when processing it in the Contract Schedules screen.

You can redo the schedules defined for the product, by clicking 'Schedules' from the 'Product Preferences' screen. The schedules that have not been liquidated and which fall due on the current system date, or later than the current system date, is erased and you can go on to define the new repayment schedules.

The attributes of the schedules inherited from the product can be changed for a loan through the Contract Preferences screen. However, the schedule payment type - whether amortized, capitalized, or normal — is as specified for the product. You cannot change it.

8.5 Pay Receivable Upload

You can invoke the 'Payable Receivable Upload' screen from the application typing 'OLDPRUPL' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Payable Receivable Upload

New Enter Query

XL File to be Uploaded No file chosen

Reference Number

1 Of 1

Contract Reference	Component	Due date	Pay/Receive	Branch

Error Log

Maker Id	LBL_CHECKER_ID	Authorization Status
Release Time	Checker Date Stamp	Status

- For payable receivable upload, you should enter the below fields in the .csv file to be uploaded.
 - Contract Reference Number
 - Component
 - Payable/Receivable Amount
 - Due Date
- Click 'New' and select the .csv file name using the LOV in the search block field 'XL File to be uploaded' and upload the file.
- You should key in negative amount for payable and positive amount for receivable amount in the Excel spreadsheet. After uploading the file, you should click the save button.
- The system performs the below validations during the save of payable receivable upload and appropriate error messages are displayed if any validation is failed
 - Header format of the uploaded .csv file should be in accordance with the upload template.
 - Format of the individual line items must be in accordance with the upload template.
- Records are saved upon successful validation and the system displays a message saying the upload is successful; the uploaded records are updated in the detailed block and enabled for authorization.
- Once the records are populated in the detailed block, you are not allowed to delete any record individually. In cases where you want to delete some of the records, you should delete the upload and perform a new upload.

Authorizing Pay Receive Upload

You can invoke the 'Payable Receivable Upload Authorization' screen from the application typing 'OLDPRUAT' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

- Authorization of the payable/receivable upload fails if any of the following validations are failed.
 - The contract reference number should be valid.
 - Sum of amount due - (amount settled +payable/receivable) should be zero.
- Payable / receivable upload may contain multiple components for each contract and so the validations are done component-wise in the order of the uploaded csv file
- In case of any error during authorization, exceptions are logged and the authorization of the payable receivable upload is failed. You can view the exception in sub screen for error log.
- When there are multiple components in the upload, out of which, some are validated successfully and some are failed, the system processes the validated components and reject the failed components with appropriate error messages.
- You should re-upload the rejected components and manually remove the components which are processed in the csv file (since system does not know if the component is new or existing).

Update on the contract is processed for the records once the authorization is successful in the payable receivable upload screen as part of the event CAMD. The maker and checker details are updated accordingly and version number is incremented.

8.6 Principal Schedule Upload

You can invoke the 'Principal Schedule Upload' screen from the application typing 'OLDPSUPL' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

The screenshot shows the 'Principal Schedule Upload' application window. At the top, there are 'New' and 'Enter Query' buttons. Below that, there is a section for file upload with a label 'XL File to be Uploaded', a 'Choose File' button, and the text 'No file chosen'. There is also a 'Reference Number' input field. A navigation bar shows '1 Of 1' records with navigation arrows and a 'Go' button. Below the navigation bar is a table with the following columns: Contract Reference, Start Date, Frequency, Unit, and Amount. The table is currently empty. At the bottom of the window, there is an 'Error Log' section with fields for 'Maker Id', 'Checker Id', 'Status', 'Release Time', 'Checker Date Stamp', and 'Authorization Status'. An 'Exit' button is located in the bottom right corner.

- For principal schedule upload, you should enter the below fields in the .csv file to be uploaded
 - Contract Reference Number
 - Schedule Start Date
 - Frequency
 - Unit
 - Amount
- Click 'New' and the .csv file name using the LOV in the search block field 'XL File to be uploaded' and upload the file. After uploading the file, you can click the save button.
- The system performs below validations during the save of principal schedule upload and appropriate error messages are displayed if any validation is failed.
 - Header format of the uploaded .csv file should be in accordance with the upload template.
 - Format of the individual line items must be in accordance with the upload template.
- Record are saved on successful validation and the system displays a message saying the upload is successful; the uploaded records are updated in the detailed block and enabled for authorization.
- Once the records are populated in the detailed block, you are not allowed to delete any record individually. In case you need to delete some of the records, you need to delete the upload and perform a new upload.

Authorizing Principal Schedule Upload

You can invoke the 'Principal Schedule Upload Authorization' screen from the application typing 'OLDPSAUT' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

- Authorization of the principal schedule upload fails if any of the following validations are failed.
 - The contract reference number should be valid.
 - Start date should not be lesser than or equal to the last liquidation date.
 - Start date should not be lesser than value date and greater than the maturity date of the contract.
 - Sum of all schedule amounts for a contract should not exceed contract amount.
 - If rollover is already captured for the contract for which principal schedule is uploaded, the system validates that if the schedule due date is less than the maturity date of the contract. In such cases, the rollover captured is failed. However, the payment message generated as part of PMSG event are not cancelled. This should be operationally controlled.
- In case of any error during authorization, exception is logged and the authorization of the Principal Schedule upload is failed.
- You can view the exception in sub screen for error log.
- When there are multiple contracts in the upload, out of which, some are validated successfully and some are failed, the system processes the validated contracts and reject the failed contracts with appropriate error messages.
- You should re-upload the rejected contracts and manually remove the contracts which are processed in the csv file (since system does not know if the contracts are new or existing).
- Update on the contract is processed for the records once the authorization is successful in the principal schedule screen as part of the event CAMD. The maker and checker

details are updated and version number is incremented. The CAMD event is STP'd to the OL module.

8.7 Setting Loan Schedule Preferences

Schedule preferences are the attributes of the repayment schedules defined for the loan.

The attributes that have been defined for a product are inherited by all loans involving the product. Some of these attributes can be changed. They are:

- The liquidation of schedules that fall due before the day on which the loan is booked
- The liquidation mode (auto to manual)

The following attribute defined for the product, and inherited by the contract, cannot be changed:

- The schedule type – amortized, capitalized, or normal is inherited from the product and displayed for the loan.

Through a set of fields in the Contract Preferences screen, you can specify an additional set of schedule related attributes for a loan that you are processing:

- How liquidation dates falling on holidays should be handled
- Whether schedule dates should be cascaded in case you have indicated that they (schedule dates) be moved forward or backward when they fall on a holiday
- The holiday table, of the country of the loan currency, that has to be checked before setting automatic schedules
- Whether back valued schedules should be liquidated on loan initiation
- The type of amortization, if amortization has been specified for the product and therefore, the loan
- Whether availability of funds in the repayment account has to be verified if components have the same schedule date and repayment account, and automatic liquidation has been specified

Note

(Only the attributes that deal with schedules are discussed here. Attributes like mode of status control and type of commitment which are present in this screen are dealt with in the chapters Disbursing a Loan and Commitments, respectively please refer these chapters.)

8.8 Specifying the Preferences of the Contract

Although schedules are inherited by a loan from the product, through the Contract Preferences screen, you can to define your own schedules for a loan.

A schedule date:

- Should be later than or the same as the Value Date
- You can have only one schedule for a component for a date
- It cannot be beyond the Maturity Date

8.8.1 Types of Repayment Schedules

When creating a product, you define the repayment schedules. The repayment schedule can be:

- Amortized
- Capitalized
- Normal

The *schedules type* that you define for the product applies to all loans involving the product. When you process a loan, the schedule type is displayed in the Contract On-line Preferences screen.

For example, if you have specified, “amortized” for the product, this is applicable to the loan too. You cannot change it.

8.8.1.1 Amortization of Payment Schedules

By specifying that your payment schedules have to be amortized over the period of repayment, you indicate that all the repayments should be in Equated Installments. These repayment schedules are drawn up by taking the Principal and the Main Component. The ‘main’ component is the one you defined for display in the Contract Details screen.

If you specify amortized schedules, schedules are set in Equated Installments according to the frequency you have defined.

Note

- If a loan is to be amortized, it should have fixed type of interest and bearing interest payment method.
 - Multiple Pre-EMI schedule for amortization contracts are applicable. Pre-EMI is applicable only main interest component. Only after defining pre-EMI schedule, amortization schedule can be defined.
-

Capitalization

You can capitalize the interest payment on a loan by:

- Specifying the type of schedule (through the Product Preferences screen). The loan inherits this from the product
- Specifying the frequency for the capitalization through the Product Default Schedules screen. The frequency can be changed for the loan.

If the repayments of principal or interest on a loan are not made on a particular schedule date, they will be capitalized for the next schedule. The outstanding interest is added to the outstanding principal on the schedule date and this becomes the principal for the next schedule. If a partial payment has been made, the unpaid amount is capitalized (the unpaid interest is added to the unpaid principal and this becomes the principal for the next schedule).

Example

You have specified that the interest should be capitalized for Ms Yvonne Cousteau’s loan of USD 20,000 and indicated the frequency as quarterly. The first schedule date is 30 June 1998. On this date, the outstanding principal on Ms Cousteau’s loan is USD 20,000 and the outstanding interest, at 20%, is USD 986 for the first three months.

Since it is to be capitalized, this is added to the principal and USD 20,986 becomes the principal on which the interest is calculated during the next quarter.

Note

Capitalization is done only for the 'main' interest, and only, if it is a fixed interest of the bearing type.

Normal

If you have specified normal type of schedules, you can define your own schedules for loans involving the product.

A schedule date:

- Should be later than, or the same as, the Value Date
- Can have only one schedule for a component for a date
- Cannot be beyond the Maturity Date

8.8.2 Defining Installment Schedules for Loans

Your bank may need to define a flexible repayment schedule for some customers who avail loans. The customer may need to repay fixed amounts on certain schedules, which you must adjust towards both interest and principal.

For such loans, with payment method as bearing, and normal schedules, you can define installment schedules. The amount repaid on the due date of an installment schedule is considered as inclusive of interest computed on the main component.

It is possible to have more than one installment schedule for a contract. To define installment schedules, you must:

- Specify installment schedules as allowable, for the product, in the Product Preferences screen. Select the 'Allow Installment Schedule' box. When you do this, for any loan contract involving the product, you can define installment schedules.
- When you enter a loan contract using the product for which installment schedules are allowable, in the Contract Schedules screen, select "Installment" as the component, and specify the fixed amount being repaid. The interest payable on the main component is computed and deducted from the fixed amount, and the remaining portion is appropriated towards repayment of principal.

8.8.2.1 Processing Late Payment

During the payment of an overdue installment schedule, the principal and interest components are liquidated for the overdue amounts. The interest amount is recalculated on the outstanding principal for the overdue days. The Interest amount for the remaining days in the current schedule is calculated on the current principal outstanding. The principal and interest due amount for the subsequent schedules are recalculated with the new principal outstanding amount.

Note

Loan repayment happens in multiples of installment amount and there are no partial pre-payments for installment loans. During multiple overdue schedules it is paid on the same value date. You need to make separate payments if the value dates are different.

Example

A contract is booked with the following details

Specifications	Details
Loan Amount	1,000,000.00
Value Date	1-Aug-08
Installment Schedule Start Date	6-Oct-08
Maturity date	31-Dec-09
Installment Amount	50,000.00
Interest Rate	4%

The schedule details is below.

Schedule Date	Outstanding Principal	Interest Rate	Principal Due	Interest Due
6-Oct-08	1,000,000.00	4%	42,767.12	7,232.88
6-Nov-08	1,000,000.00	4%	46,602.74	3,397.26
8-Dec-08	1,000,000.00	4%	46,493.15	3,506.85
6-Jan-09	1,000,000.00	4%	46,821.92	3,178.08
6-Feb-09	1,000,000.00	4%	46,602.74	3,397.26
6-Mar-09	1,000,000.00	4%	46,931.51	3,068.49
6-Apr-09	1,000,000.00	4%	46,602.74	3,397.26
6-May-09	1,000,000.00	4%	46,712.33	3,287.67
6-Jun-09	1,000,000.00	4%	46,602.74	3,397.26
6-Jul-09	1,000,000.00	4%	46,712.33	3,287.67
6-Aug-09	1,000,000.00	4%	46,602.74	3,397.26
6-Sep-09	1,000,000.00	4%	46,602.74	3,397.26
6-Oct-09	1,000,000.00	4%	46,712.33	3,287.67
6-Nov-09	1,000,000.00	4%	46,602.74	3,397.26
6-Dec-09	1,000,000.00	4%	46,712.33	3,287.67
31-Dec-09	1,000,000.00	4%	303,917.81	2,739.73

Now assuming the schedule due on 6th October is paid on the 20th October then the schedules are recalculated as below.

Interest for 14 overdue days is, $1,000,000 * 4\% * (14/365) = 1,534.24$

Remaining interest for schedule is $957,232.88 * 4\% * (17/365) = 1,783.34$

So total interest for Schedule due on 6th November is, $1534.24 + 1783.34 = 3317.58$.

Principal Outstanding on 6th November is, $50,000 - 3317.58 = 46,682.42$

Schedule Date	Outstanding Principal	Interest Rate	Principal Due	Interest Due
20-Oct-08	1,000,000.00	4%	42,767.12	7,232.88
6-Nov-08	957,232.88	4%	46,682.42	3,317.58
8-Dec-08	957,232.88	4%	46,643.13	3,356.87
6-Jan-09	957,232.88	4%	46,957.84	3,042.16
6-Feb-09	957,232.88	4%	46,748.03	3,251.97
6-Mar-09	957,232.88	4%	47,062.74	2,937.26
6-Apr-09	957,232.88	4%	46,748.03	3,251.97
6-May-09	957,232.88	4%	46,852.93	3,147.07
6-Jun-09	957,232.88	4%	46,748.03	3,251.97
6-Jul-09	957,232.88	4%	46,852.93	3,147.07
6-Aug-09	957,232.88	4%	46,748.03	3,251.97
6-Sep-09	957,232.88	4%	46,748.03	3,251.97
6-Oct-09	957,232.88	4%	46,852.93	3,147.07
6-Nov-09	957,232.88	4%	46,748.03	3,251.97
6-Dec-09	957,232.88	4%	46,852.93	3,147.07
31-Dec-09	957,232.88	4%	301,986.84	2622.55

8.8.3 Specifying the Amortization Type

If you have specified that the schedule type is to be “amortized,” you should specify the method in which the amortization is to be applied.

- Reducing balance
- Rule 78

8.8.4 Liquidating Back Valued Schedules

If you specified, while defining the product, that for a back-dated loan with repayment schedules prior to today’s date, the schedules have to be liquidated when the loan is initiated, the same applies to the loan you are entering.

However, through this screen, you can choose *not* to liquidate back valued schedules.

Example

Loans can be initiated:

- As of today
- A date in the future
- As of a date in the past

Suppose today is 15 October 1997 and you book a loan of 15,000 USD with the value date (date on which the loan comes into effect) as 15 September 1997. Accounting entries are passed with the Initiation Date on 15 September.

But if there had been an interest payment schedule for 30 September 1997 for 500 USD, then if you specify that back valued schedules should be liquidated, the liquidation entries for this schedule is also passed.

If you specify that back dated schedules are not to be liquidated, only accrual entries are passed till today.

Note

The entries associated with each event (initiation and liquidation in this case) is passed only if they have been defined for the product. Further, the accounts used are the ones defined for each entry.

8.8.5 When the Repayment Schedule Date is a Holiday

You have specified that repayment schedules should be generated automatically once you indicate the frequency, number and the date of first repayment. When the system computes the repayment dates based on these values, there is a chance that one or more schedules fall due on a holiday. In such a case, you have two choices:

- Ignore the holiday and retain the schedule due date
- Move it either backward or forward, by specifying

If you specify that holidays are to be ignored, the schedule dates are fixed without taking the holidays into account. In such a case, if a schedule date falls on a holiday, the processing of such a schedule is determined by your holiday handling specifications for automatic processes, in the Branch Parameters screen:

- If you have specified that processing has to be done on the previous working day for automatic events right up to the day before the next working day, the schedule falling on the holiday is liquidated during end of day processing on the previous working day.
- If you have specified that processing has to be done only up to the System Date, then only the events scheduled for the System Date will be processed. The events of the holiday are processed on the next working day during beginning of day processing.

Example

A monthly repayment schedule date for Taggart Iron and Steel's loan for USD 100,000 (for one year at 16% interest) falls on 24th October, a holiday.

If you have said Ignore Holidays by clicking this field, the schedule date remains on 24th October when the schedules are fixed. The processing of this is determined by your holiday handling specifications in the Branch Parameters screen:

- If you specified that processing has to be done today (on System date) for automatic events up to the day before the next working day, then, on 23rd October itself, the schedule of 24th October is liquidated during the EOD run of the Automatic Contract Update function.

- If you have specified that processing has to be done only up to the System Date, then, on 23rd October, only the events scheduled for that date are processed. This means that since the schedule date is 24th October, which is a holiday, the schedule is processed on 26th October (the next working day), during the BOD run of the Automatic Contract Update function.

Note

In the above scenario if schedule date falls on (End of month) 31 October, a holiday, then irrespective of processing option specified at branch param level, system processes the 31 October liquidation on 30 October itself.

8.8.6 Moving Schedules Forward or Backward

A schedule date falls on a holiday and you have not specified that holidays are to be ignored at the time of schedule definition. In such a case, you should indicate the movement of the schedule date forward or backward to the next working day, or the previous working day, respectively. Since the schedule date itself is moved to a working day, the payment is processed on the day it falls due, *as of that day*.

Example

For a loan, you have defined monthly schedules falling due on the following dates:

- 31 March 1999
- 30 April 1999
- 31 May 1999

30 April 1999 is a holiday. You have the following options in fixing the date for that schedule:

- You can *ignore* the holiday. The schedule date is still be on 30 April 1999, despite the holiday. The liquidation of the schedule is done as per your specifications in the Branch Parameters screen.
- You can move the schedule date *forward* to the next working day, which happens to be 1 May 1999. The schedule is liquidated during Beginning of day (BOD) processes on this date, as it is a working day. The across-the-month movement discussed subsequently comes into the picture here.
- You can move the schedule date *backward*. *The schedule date is 29 April 1999, the last working day before the holiday*. The schedule is liquidated during BOD processes on this date, as it is a working day.

8.8.7 Moving Schedule Dates across the Month

If you have chosen to move a schedule falling due on a holiday to the next working day, or to the previous working day, and it crosses over into another month, the schedule date is moved *only* if you so indicate. If not, the schedule date is kept in the same month.

Example**Scenario 1:**

You have defined a repayment schedule that falls due on 30 April 1998. This happens to be a holiday. You indicated that in case of a holiday, the schedule date is to be moved forward to the next working day.

If you also indicated that the schedule can be moved across the month, then the schedule is automatically moved to 1 May 1998 (the next working day).

If you disallowed movement across the month, but indicated forward movement for the schedule, the schedule date falls on the holiday without any movement.

Scenario 2:

You defined a repayment schedule that falls due on 1 May 1998. This happens to be a holiday. You indicated that in case of a holiday, the schedule date is to be moved backward to the previous working day.

If you also indicated that the schedule can be moved across the month, then the schedule is automatically moved to 30 April 1998, the previous working day.

If you disallowed movement across the month, but indicated backward movement for this schedule, the schedule date falls due on the holiday without any movement. The idea being that the schedule is not moved across months.

8.8.8 Cascading Schedules

The question of cascading schedules arises only if:

- You have specified that a schedule falling due on a holiday has to be moved forward or backward
- The schedule has been defined with a definite frequency

If you have indicated that schedules should be cascaded, the schedule date for the next payable schedule will depend on how the schedule date was moved for a holiday. The following example illustrates how this concept of cascading schedules functions.

Example

A monthly schedule has been defined with backward movement and a schedule date falling due on 30 April 1998 was moved to 29 April 1998, 30 April 1998 *being a holiday*.

The schedule date for May depends on whether you have chosen to cascade schedules. If you have, the schedule date for May is set as 29 May 1998, as the frequency has been specified as monthly. For subsequent schedules also, 29 May 1998 is considered the last schedule date. That is, the next schedule is 29 June, the following one 29 July, and so on, until another holiday is encountered.

If you have not specified that schedules have to be cascaded, the date originally specified, is the date for drawing up the schedules. Even if the April month end schedule has been moved to 29 April 1998, the next schedule remains 30 May 1998. The following one is 30 June, and so on.

Even if another holiday is encountered, and the schedule date for that particular schedule is moved suitably, 30 remains the date for the following schedule, whenever it falls.

When you cascade schedules, the last schedule (at maturity), however, is liquidated on the original maturity date and is not changed like the interim schedules. Hence, for this particular schedule, the interest calculation days may vary from those of previous schedules, as the case may be.

8.8.9 Specifying the Holiday Currency

You can specify the country of the loan currency for which the holiday table should be checked before drawing the payment schedules related to the loan. In case a schedule falls on a holiday and you have specified that the schedule be moved forward or backward, the movement happens according to the holidays in this country.

By default, the currency to be checked is the loan currency. If a currency other than this is specified, the holiday table is checked for both the currencies.

8.8.10 Specifying the Mode of Liquidation

When creating a product, you specify the mode of liquidation – whether automatic or manual. Your specifications applies to all loans involving the product. Through the Contract Preferences screen, you can change the mode of liquidation for the loan you are processing, from automatic to manual, or vice versa.

8.8.11 Ascertaining the Availability of Funds

When the customer's repayment account is debited automatically by the system, you can specify that the availability of funds for liquidation of the various components of a loan has to be ascertained before the liquidation is done.

This feature is of significance when:

- The components have the same schedule dates, and are serviced by a single repayment account
- The funds in the repayment account are insufficient

If the availability of funds has to be ascertained:

- All the components which are due is liquidated only if funds are available in the repayment account
- If there are insufficient funds, a partial liquidation of components are done to the extent of funds in the account. If this is the case:
 - The payment schedules for those components, which have not been liquidated, or which have been partly liquidated, is left outstanding. Aging analysis on such loans are carried out as specified for the product and an appropriate penalty applied.
 - The component(s) for which funds are available is liquidated in the order you specified in the Liquidation Order screen. Here in, you may have allotted priority to the recovery of certain components. For example, you may have specified that you would like to recover the interest, commission and fees first, and then, the principal. If the liquidation order is not specified for the components, then, it is liquidated in the order Penalty Interest (if this has been applied), then Interest and finally Principal.

If availability of funds need not be ascertained and the liquidation results in the account going into a debit balance:

- All the components are liquidated only if you have allowed overdraft for the repayment account. The schedules for the components are liquidated to the extent of the debit balance that you have allowed. If the overdraft exceeds the debit balance allowed, the liquidation is done with an overdraft override that is automatically recorded.

On a repayment account that has a debit balance, debit interest as specified for the type of account (current or savings), will be applied.

- No liquidation is done (even for a partial amount) if the account has not been defined for overdraft.

Loans with payments, which have not been processed, due to non-availability of funds, appears in the Exception Report generated by the Automatic Contract Update function for the day.

Note

For the final principal payment on maturity, the availability of funds in the payment account always be verified.

8.8.12 Invoking the Contract Schedules Screen

When you are in the 'Loan and Commitment- Contract Input' screen, you will see sections in the screen saying, Schedules, Linkages, and Rollover. When you click on any of these, the respective screen is displayed. To go to the 'Contract Schedules' screen, click **Schedules**.

Note

For compounding interest schedule, you need to select schedule 'Type' as Compounding during contract creation. Based on the schedule maintenance, during BOD the system compounds the accrued interest.

In Product screen, ensure to maintain 'Base Computation Method' as 'Simple' and 'Exponential Interest Method' not should be selected.

The compounding interest schedule is applicable only for for Bearing Normal products.

Loan and Commitment-Contract Input

New Enter Query

Branch Contract Reference Facility Name

Product Code * Version Of Program Counter

Product Description Custom Reference No Projected Amount

User Reference No Treasury Source Outstanding Amount

Contract Preference **Schedules** Linkages Rollover

Schedule Details

1 Of 1 Go + -

Type	Schedule Flag	Component	Start Date	No	Frequency	Unit
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Default

Redefinition

Distribute Principals

Payment Details

Events | BA Details | ICCF | Advices | Settlements | Overwrite default SI | Tax | MIS | UDF | Charges | Installment Loan | Payment Summary | Fee | Cust

Maker Id Checker Id Status

Maker Date Stamp Checker Date Stamp Auth Status

8.9 Revision and Repayment Schedules

In the Contract Schedules screen, you can define two types of schedules:

- Those for the revision of interest rates for a loan with periodic interest rates
- Those for the revision of interest rates for a loan with fixed interest rates, and
- Those for repayment of the various components

Note

To indicate a Revision schedule you can select R in the option list positioned next to the Rev field.

8.9.1 Interest Rate Revision Schedule

A Floating Rate Table - that contains the market rates for the day – is maintained in the ICCF sub-system so that the latest rates can be applied to contracts.

The market rates vary on a daily basis and are maintained in this table. The rates can be applied either every time they change or at periodic intervals. See the section on Specifying Rate Code Usage in the chapter 'Processing Interest, Charge or Fee'. But in the case of commercial or corporate loans, these rates can be applied on a periodic basis so that you are in tune with the market rates. At the same time you do not have to apply the market rates on a daily basis.

You can specify whether the latest market rates have to be applied every time they change, or if they have to be applied periodically, by defining an attribute called the Rate Code Usage through the Product ICCF Details screen for a floating interest type. If you specify 'auto' rate code usage, all the rate changes made during the liquidation or accrual period is considered. If you specify 'periodic' rate code usage, the rates are periodically refreshed and applied according to the frequency you specify.

For a loan that has been defined with, periodic interest, you can specify the following:

- The frequency at which the periodic rate change has to be applied
- The dates on which the periodic rate change has to be applied.

8.9.2 Specifying the Rate Revision Frequency

In the OL Contract Schedules screen, select the component for which the Rate Revision frequency has to be defined (say INTEREST1). Select the 'Rev box' (Revision Box) to indicate that it is a rate revision schedule. Next, enter your specifications in the frequency (it could be daily, weekly, and so on.), the number, and the unit fields. In addition, give the Start Date on which the first revision has to take place.

For example, if you specify the frequency as weekly, the revision takes place every week beginning on the Start Date that you have specified.

8.9.3 Specifying the Rate Revision Dates

In the OL Contract Schedules screen, select the component for which the Rate Revision frequency has to be defined (say INTEREST1). Select the 'Rev box' (Revision box) to indicate that it is a rate revision schedule.

Then, instead of specifying the other schedule details like the frequency, the number and unit, indicate the date in the Start Date field. The rate revision is done on that date.

Example

A loan of USD 200,000 to Cavillieri and Barrett Finance Corporation has been initiated on 10 December 1997 and is to be repaid at Maturity on 16 December 1997. It has been defined with rate revisions and they are to be performed on the following dates:

- 12 December 1997
- 14 December 1997
- 16 December 1997

Select the component, INT1, indicate rate revision by selecting the Rev box and give the date in the Start Date field as 12 December. Then select the same component, INT1 and specify the date as 14 December. Repeat the process for the same component for 16 December.

The rates applicable on the specified dates are applied on the loan at the time of calculating interest.

You can specify the frequency through this screen. To do this, you have to specify a rate revision schedule for the component (by giving the frequency and the Start Date for the first rate revision), as well as a repayment schedule, if it is to have one.

8.9.4 Repayment Schedule

For a repayment schedule, the amount of repayment needs to be specified only for the Principal. The interest, commission, and fee components are calculated by the system automatically, depending on the repayment date and amount of the principal. However, if the interest type is Special, you should specify the interest amount. Similarly, if the loan has been defined with any other fixed amount component, you have to enter an amount for this.

The repayment schedules for the components of the loan are those defined for the product it involves. You can change the schedules for a loan when processing it.

8.9.5 Interest Repayment Schedules

This section explains about interest repayment schedules as different from rate revision schedules.

For a loan on which floating interest has to be applied at periodic intervals, you may have to define:

- An interest rate revision schedule for the interest component
- A repayment schedule

The following example shows how this is achieved:

Example

You have a loan where for the component interest, you have to define an interest rate revision schedule for revisions every week as well as a monthly repayment schedule. The Start Date of the contract is 1 October 1997 and the End Date is 30 November 1997.

The contract has been defined with a periodic rate and the rates in the floating rate table change in the following manner:

Date	Rate
1 October 1997	12
12 October 1997	11.5
25 October 1997	11
15 November 1997	12
30 November 1997	12.5

Defining a frequency based rate revision schedule

To define a schedule with periodic rate code usage, through the Contract Schedules screen, mark the component as a revision schedule (by checking the Rev box) and specify the component, say INTEREST, from the drop-down list.

Give the frequency at which the interest rate has to be refreshed, say weekly. Give the Start Date, as 15 October. The first revision happens on this day, and every week from then on. Save the inputs.

Defining a date based rate revision schedule

If you were to define specific dates – 7 October, 15 October and 23 October — for the rate revisions to happen, then, through the Contract Schedules screen, mark the component as a revision schedule (by checking the Rev box) and specify the component, say INTEREST, from the drop-down list.

Specify the date on which the rate revision is to be done, in the Start Date field, as 7 October. Similarly, define the other dates, but by picking up the same component INTEREST from the drop-down list each time.

Defining a repayment schedule for the same component

Now to define a repayment schedule for the same component, INTEREST, do not check the Rev box. Choose the same component from the drop-down list. Now draw up a repayment schedule for this component. Give a value in the Start Date field, say 31 October 1997. The first interest liquidation is done on this date.

In the frequency field enter 'monthly' and in the unit field specify '1'. This means the interest repayments are done once a month beginning 31 October.

That is, for a contract defined with frequency-based periodic rates, the rates prevailing on the refresh dates are used for accruals and liquidation.

In the contract we are discussing, with the refresh frequency defined as weekly and the Start Date as 15 October, the rate applied for the interest liquidation on 31 October is as follows:

From	To	Rate
1 October	15 October	11.5
16 October	31 October	11

For a contract defined with date-based Periodic rates, the rates prevailing on the specific refresh dates are used for accruals and liquidation. Shown below are the rates applicable on the specified revision dates:

Revision Date	Rate Applicable
7 October	12
15 October	11.5
23 October	11.5

In the contract we are discussing, the rates applied for the interest liquidation on 31 October is as follows:

From	To	Rate
1 October	7 October	12
8 October	14 October	12

15 October	31 October	11.5
------------	------------	------

8.9.6 Specifying Schedules for a Loan with a Fixed Interest Rate

You can define a revision schedule for a component of a deposit for which you have defined a fixed rate of interest. The revision schedule can be brought into effect when you change the fixed rate through an amendment.

You can specify the revision schedule for the interest component in the Contract Schedules screen. You must select 'R' in the "Rev" field to indicate that the schedule being defined is a revision schedule for the component.

The schedules defined for each component at the time of product definition apply to the loan. However, you can change the frequency, number, unit and the start date to suit the specific requirements of the loan that you are processing. You will have to specify the amount only if the schedule being defined involves the principal component or a special interest.

The amount for interest, commission and fee components (if they are rates) are calculated by the system automatically, depending on the start date, number of schedules, frequency and repayment amount of the principal. However, an amount can be entered here for interest only if the Interest Calculation Method has been defined as Special. The fee amount can be input only if it is a flat fee.

For a loan, you can define repayment schedules that:

- Fall due at regular intervals
- At irregular intervals

Now, if you want to define schedules that fall due at regular intervals, all you have to do is, for a component specify the start date, the frequency, the unit and the principal amount. Since you would have already registered the Maturity Date of the loan (for a fixed maturity type), in the Contract Details screen, the schedules would automatically be spread out into equal intervals.

Based on this information, the system calculates the dates on which the repayments or interest revisions fall due.

Example

Consider the following details for a loan:

A loan of USD 100,000 comes into effect on 1 January 1998 and matures on 31 October 1998. Suppose you want to have 10 monthly schedules for principal repayment, you have to specify the Start Date as 31 January 1998, the frequency as monthly, the unit as 1, and the principal amount as 10,000. The schedules would be spread out over 10 months and would fall due every month-end.

Now, you have a 15-month loan beginning 1 January 1998 and ending 31 March 1999. Suppose, you want to define four quarterly schedules and three monthly schedules for principal repayment of this loan. These are irregular schedules and the '**Number**' field assumes importance here.

Here, for the component principal, you have to give the Start Date as 31 March 1998, the frequency as quarterly and the unit as 1. The number of such schedules will be four. Hence your quarterly schedule dates will be calculated as:

- 31 March 1998 (Start Date)
- 30 June 1998

- 30 September 1998
- 31 December 1998

You have to specify for the same component – the principal – the Start date as 31 January 1999, the frequency as monthly, the unit as 1, and the number as '3', if you want to fix three monthly repayment schedules after 31 December 1998. They will be calculated as falling due on:

- 31 January 1999
- 28 February 1999
- 31 March 1999

8.9.7 Redefining Schedules

Repayments that are scheduled for a date later/previous than today can be redefined. Redefinition can be done for unpaid schedules (component wise). For the component, redefinition can be done from last payment/paid date. During CAMD/VAMI Schedule redefinition partial and fully paid schedules (component-wise) moves to liquidated schedule summary. This redefinition can be done even after the loan has come into effect and a few schedules have been liquidated.

However, schedules with a date earlier than today's date that are yet to be liquidated cannot be rescheduled. You have to liquidate them through the Manual Liquidation function. Aging analysis and penalty processing are done on such overdue schedules.

The redefinition of schedules are done automatically on the following occasions:

- For loans with fixed interest, commission or fee rates, the schedule amounts for these components are automatically changed when there is a change in the rate.
- For a loan with amortized schedules, the schedule amounts are recalculated when there is a change in the main interest rate
- When the Maturity Date is changed - a change in the Maturity Date is handled in the following manner:
 - Extension of the Maturity Date: The principal repayment schedule that was defined for the earlier Maturity Date is moved to the new Maturity Date. Other components (interest, commission, or fee) that are dependent on the tenor of the loan are recalculated and spread equally over the rest of the repayment schedules for these components.
 - Advancement of the Maturity Date: All the schedules that are beyond the new Maturity Date are advanced to the new Maturity Date. The amount of other components (interest, commission, or fee) that are dependent on the tenor of the loan is recalculated and spread equally over the rest of the repayment schedules for these components.
- When the Principal is increased: the increased amount is added on to the last principal schedule. Other components (interest, commission or fee) that are dependent on the principal of the loan are recalculated and spread equally over the rest of the repayment schedules.
- When there is a prepayment of interest and you have defined recalculation of schedules on repayment

There may be some situations wherein you would want to redefine the schedules, i.e., you may want to change the payment dates or amounts. In such cases, you can change the schedules by invoking the Contract Input screen and clicking the 'Schedules' tab. If you click the redefinition button on the schedules screen, all the schedules with today's date or a date in the future is erased and you are allowed to enter a new set of schedules.

To redefine a schedule for only one component, highlight the schedule make the changes and click the 'Add Row' button. If the schedules have already been authorized then you have to make the changes through the Modify function.

After making the changes, you can save the redefined schedules by clicking 'Add Row'. To delete a schedule (before authorization) click the 'Delete Row' button.

8.9.8 Authorizing a Redefined Schedule

The redefinition of schedules for a loan amounts to a modification of the contract. The contract should be authorized before you can begin the end of day processing.

For details on authorization, refer the chapter on operations on a loan.

8.9.9 Viewing Schedule Details

When you click 'Payment Details' in the 'Loan and Commitment - Contract Input' screen, you can see the Payment Schedule Details screen. Here you can view the details of the schedules for a particular contract. To go back to the schedule definition screen, click the 'Exit' button.

Schedule Summary

Projected Amount Due	Due As Per Rate Fixing	Total Amount Paid	Total Adjusted Amount	Expected Balance	Pay Receive Amount	Local Currency Equivalent
8,525.00	8,525.00	0.00	0.00	91,666.67	0.00	0.00
8,514.88	8,514.88	0.00	0.00	83,333.34	0.00	0.00
8,493.05	8,493.05	0.00	0.00	75,000.01	0.00	0.00
8,481.87	8,481.87	0.00	0.00	66,666.68	0.00	0.00
8,465.37	8,465.37	0.00	0.00	58,333.35	0.00	0.00
8,445.14	8,445.14	0.00	0.00	50,000.02	0.00	0.00

Schedule Details

Component	Pay In/Out	Adjusted Amount	Expected Balance	Projected Amount Due	Due As Per Rate Fixing	Amount Paid	Moratorium
<input checked="" type="checkbox"/> OL_FPA1	Pay In	0.00	0.00	2.09	2.09	0.00	

Interest Rate Details

Calculation Date	Rate Type	Rate Code	Principal Basis	Base Rate	Base Index Rate	Spread / Margin
<input checked="" type="checkbox"/> 2016-04-04	Fixed		1,000.00		2	0.5

Amount Paid

Local Currency	Process Date	Value Date	Amount Paid	Lcy Equivalent Paid
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Schedule Summary

This section contains total schedule amount across component for a schedule

- Pay By Date
- Projected Amount Due
- Due As Per Rate Fixing
- Total Amount Paid
- Total Adjusted Amount
- Expected Balance
- Pay Receive Amount

- Local Currency Equivalent

Schedule Details

This section contains component wise break up for each schedule date

- Component
- Pay In/Out
- Projected Amount Due
- Due As Per Rate Fixing
- Amount Paid
- Moratorium Interest
- Adjusted Amount
- Expected Balance
- Pay Receive Amount
- Component Type
- Due Date

Interest Rate Details

This section contains interest rate details for each component for a given schedule date

-
- Calculation Date
- Rate Type
- Rate Code
- Principal Basis
- Base Rate
- Base Index Rate
- Spread / Margin
- Spread Adjustment
- Final Rate
- No. of Days
- Compound Interest
- Simple Interest
- Total Interest
- Cumulative Interest
- Rate Pickup Date
- RFR Effective Rate
- Rate Factor
- Annualised CCR
- NonCumulative CR

Unannualised CCR

Amount Paid

This section contains payment details for each component for a given schedule date.

- Process Date
- Value Date

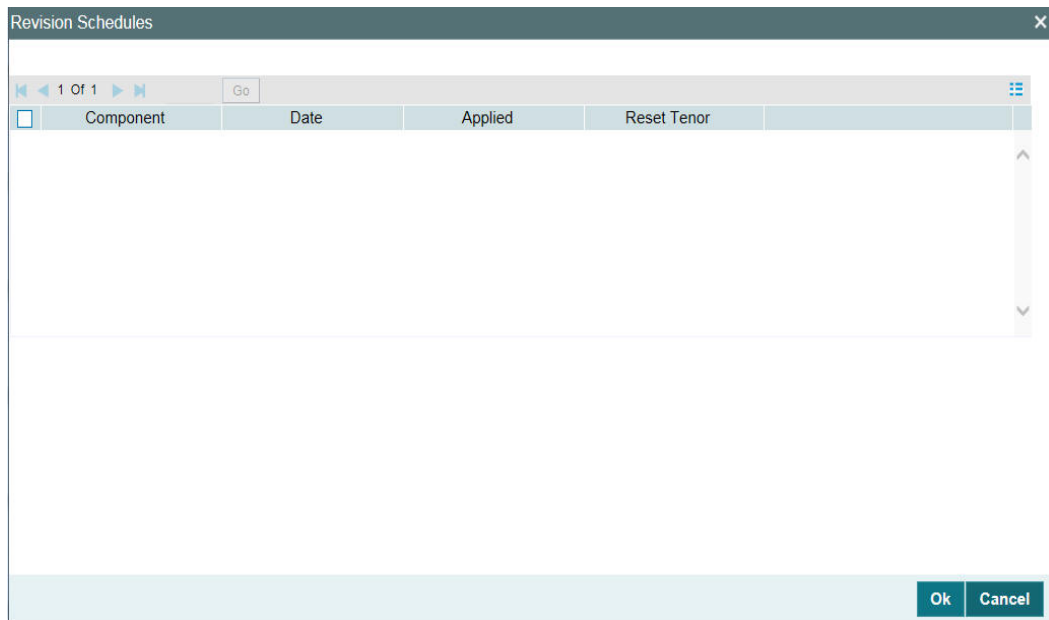
- Amount Settled
- Lcy Equivalent Settled

Note

- You can view the remaining Principal balance after deducting the Principal amount due for a particular schedule.
 - You can view the Interest amount in FCY and also its LCY equivalent in case of FCY Loans.
-

8.9.10 Viewing Revision Schedule Details

When you click 'Revision Details' in the 'Loan and Commitment - Contract Input' screen, you can see the 'Revision Schedules' screen. Here you can view the details of the revision schedules for a particular contract.



In this screen, you can see the following details for the component:

- Component
- Revision date
- Revision applied
- Reset Tenor

8.10 Making Manual Payments

The various components in a contract can be liquidated either automatically or manually. The mode of liquidation of each component is specified at the time of defining a product and then again, at the time of loan processing. An automatic liquidation is done, on schedule payment days, by the Automatic Contract Update program.

Even if you have defined a contract with automatic liquidation, you can liquidate it manually, one day before the schedule date.

8.10.1 Invoking the Contract Schedule Payments Screen

You can invoke the 'Manual Payment' screen by typing 'OLDPMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Maker ID	Checker Id	Status
Maker Date Stamp	Checker Date Stamp	Authorization Status

The following operations can be performed on a payment through the Contract Schedule Payments screen:

- Input of Manual payments
- Deletion manual payments
- Reversal manual payments

The manual payments made through this function can be:

- Scheduled payments, which are due
- Payments, which are made prior to a scheduled payment date. (These are called Prepayments and they can be made even if the loan has been defined for automatic liquidation of components).
- Back value dated payments, the value date for such payments cannot be earlier than the most recent schedule that was paid. If there is more than one schedule outstanding and you want to assign the value date of each schedule payment, you should enter the liquidation of each schedule separately.
- You can either link a single facility or multiple collateral/pool to an OL contract. For the Collateral/Pool/Facility linkage, you should specify the linked amount and linked %. Based on this contract amount utilization takes place. When a manual payment is done, and on Save the system decreases the utilized amount and increase the available amount as per the 'Linked Percent' entered in the contract. As per the linked percent the utilized amount decreases and the available amount will increase. For more information, refer to *Linking OL contract to a facility or multiple collateral/pool* section.

The value date you have entered is used for all the entries generated by the system.

8.10.2 Input of Manual Payments

Once you enter the loan reference number in the Contract Schedule Payments you can see the following details displayed on the screen:

- The counterparty (customer) code
- The currency of the loan
- The status of the loan
- The total outstanding amount as of the value date (the date on which the payment is being made)
- The version of the loan (that is the number of times that the loan has been modified)

The Value Date here is the date on which the liquidation entries are passed. When you enter a Value Date in this screen, if there are any payments due on that date, they are displayed and you can liquidate them.

If there are no schedules due on that date, the schedule becomes a prepayment. But this is only if the Value Date is not a back valued date. You can have a back valued date but it cannot be earlier than the last schedule that was paid. You can also liquidate back valued schedules by entering a Limit amount.

If the Value Date is today or a date in the future, the prepayment is processed.

The Payment Limit Date or Amount of the payment should be given at the time of payment. If you have given a payment limit date, the system shows all the components, which are due till the limit date. If you have given the amount limit in the Amount field, it shows all the schedules for the limit amount.

Example

Say for a particular contract, there are two interest schedules pending on Ms Yvonne Cousteau loan — one on 1 October 1997 and the other on 15 October 1997. The third schedule is due on 30 October 1997.

If you give the Limit date as 25 October, (today's date) the system shows the amount due for the interest component on the schedule dates of 1 October, and 15 October.

If you give the limit date as 1 November 1997, the system shows the schedules falling on 1 October, 15 October, and 30 October, and you can liquidate them accordingly.

Since today's date is 25 October, if you liquidate the schedule due on 30 October, it amounts to a pre-payment. You can charge a prepayment penalty rate or an amount, which you enter in this screen.

Note

While the Prepayment Limit Date is used to pick up the schedules pending as of that date, the Value Date is taken into account by the system for passing accounting entries.

Alternatively, the system picks up a schedule according to the amount being paid. You can see the next schedule, which is due, within the limit of this amount. If the amount being paid is more than the total amount payable for the next schedule, the next schedule is considered. The total amount due for these schedules is displayed.

Example

System date: 1 June:

Payment schedules for a contract are as follows:

Schedule Date	30 June	31 July	30 August
Principal	1000	1000	1000
Interest	100	100	100
Commission	50	50	50
Fee	20	20	20

For the above schedule, if a prepayment is made as of an amount, the system validates it in the following manner:

Suppose the amount paid is USD 1000. The next available schedule is as of 30 June and the total amount due is USD 1170. This schedule is taken for processing and you can make the payments.

If the amount paid is USD 1170, which is equal to the schedule amount of 30 June, again only the schedule for 30 June is taken for processing.

If the amount paid is USD 1,270, which is more than the amount due for the schedule of 30 June, the schedule of 31 July will be picked up by the system for processing. After completely liquidating the schedule of 30 June, you can liquidate the interest schedule as of 31 July, which is the next schedule.

If the amount paid is USD 1300, the schedule for 31 July is taken for processing. The complete schedule of 30 June can be liquidated along with the interest component of 31 July. The remaining USD 30 can be used to partially liquidate the commission component for 31 July.

The Disc. Rate and the Liquidated Nominal fields are used for processing T-Bills. Liquidated Nominal is the amount that you would receive when you redeem a T-Bill on the maturity date. This is also known as the face value of the T-Bill. The discount rate is used to calculate the Net Present Value (NPV) of a T-Bill when it is liquidated before the liquidation date i.e. the actual value obtained on the T-Bill when you redeem it prior to the maturity date.

The following formula may be used to arrive at the NPV:

$$\left(\frac{P}{1 + (rn)} \right)$$

Where,

- P is the Face Value of the T-Bill
- R is the discount rate applicable
- N is the period for which NPV is calculated

You have to enter in the Amount Paid field the actual amount being paid. This amount can either be allocated to the various components manually, by entering the break up of the amount against the various components, or automatically by clicking the **Allocate** button. 'L'

Alternatively, you can also enter the amounts against the individual components. Click the 'S' button to view the Sum amount to be paid. Click 'P' button to view the component wise amount to be paid on the closure date. The Principle, Main interest Component, and Tax as on the closure date are displayed. You cannot edit the displayed amounts.

The Computed amount to be paid is defaulted against the Principal and Main Interest component wise. It is disabled when the value date of the payment is after the maturity date of the contract. The system considers all the rollover preferences set in the contract level and display the amounts.

The system performs a Rollover on the maturity date of the contract. The system executes the future dated payment in the liquidation batch. Principal, Interest, and Tax amounts are liquidated.

Note

You cannot perform any other financial activity on the contract once the future dated payment is captured.

The automatic allocation is done based on the Liquidation order you have defined for the product. If you have not specified the order of liquidation for the principal and the interest type of components, the amount is allocated for liquidation in the following order:

- Penalty interest (if one has been applied)
- Interest
- Principal

Note

If a payment that covers both past and future schedules is made, the system forces you to pay out the past schedules before the future schedules are paid.

If an ICCF component is based on the outstanding principal, you cannot make a payment where the amount is more than what is due for the component as of the system date.

You can waive a portion of interest amount overdue by specifying the interest waiver amount in the field, 'Interest Waived' and check the field, 'Waive Interest' to process the interest waive. This interest waive is applicable for only main interest.

Example

Suppose a Loan Contract has the interest amount due of USD 29589.04 due as on 28-OCT-2008 which is also the scheduled due date. The amount received from the customer is USD 29000. You can waive the difference of USD 589.04, and the schedule does not go into overdue.

FX Variation on FCY Loans**Payment By**

You can either select Foreign Currency or Local Currency

Spot Rate

The system calculates FX variation based on user input rate on Spot Rate and daily exchange rate as D-1, D,D+1,D+2. Each exchange rate variance on daily basis, accrual on FX variation is calculated and posted on daily event.

If the payment is within the due date, the system allows to enter the manual spot rate for LCY conversion. By default spot rate is displayed based on D-1 rate.

8.10.3 **Specifying Prepayment Schedule Processing**

Indicate the type of payment schedule processing that you want to maintain. You can select one of the following options:

- FIFO - If FIFO option is selected, then the schedules are rebuilt based on the FIFO logic.
- LIFO - If LIFO option is selected, then the schedules are rebuilt based on the LIFO logic.
- Prorata - This option is defaulted from the "Bilateral Loans Product Definition" screen.

For more information, refer to 'Processing Prepayment Schedule' section in this manual.

8.10.4 **Handling Prepayments**

When a prepayment is made for the principal, it constitutes a schedule violation of the contract. In such cases, a penalty in the form of a penalty amount for loans is charged.

The penalty amount that is entered by you are added to the liquidation amount in case of loans. The penalty amount will also be reversed in case of a reversal of prepayment with penalty.

You are allowed to enter a prepayment penalty, only if the principal is prepaid. The other components are automatically liquidated. If prepayment of a component is done, then the schedules of the components for which this component is the basis are recomputed automatically. This is illustrated in the table below.

Component	Basis Amount	Category
Interest	Principal	Expected

If principal, which is the basis for interest (which is calculated on the Expected amount of the basis component) is prepaid, then the interest (which is a component based on principal) for the future schedules are recomputed automatically.

The prepayment penalty amount does not affect any schedules of the contract

Adjustment Amount

You can collect an additional interest amount over and above the regular interest that you have charged the customer. You can enter the same in this field.

Additional Adjustment Amount

You can reimburse an additional interest amount, in case you have collected excess interest from the customer. You can enter the amount to be reimbursed in this field.

These adjustment amounts does not affect any schedules of the contract.

Prepaid Principal Interest Rate

This is the interest rate that is applied on the prepaid principal. If the final rate computed (after penalty deductions) during payment is less than 0, the rate for the payment is set to 0. For account linked deposits, the rate is recomputed based on the contract currency, tenor and amount. For interest reapplication, full rate re-computation (of Rate + Tenor Spread + Amount Spread) is done for the prepaid amount whereas for the outstanding balance, only the amount spread would be reapplied.

Liqd. of Int. on Prepaid Principal

This check box is selected if you have selected the same in the Loans and Deposits Product – Preferences screen. You can change the preference you have specified in the Contract Payment screen. If you have selected this box, you are not allowed to enter the 'Amount' for interest liquidation. The amount is computed and liquidated by the system. In addition, in case of prepayment, the rate is recomputed based on the contract currency, tenor, and amount.

Reapply Interest on Prepaid Amount

This check box is selected if you have selected the same in the Loans and Deposits Product – Preferences screen. You can change the preference you have specified in the Contract Payment screen. If you have selected this option, the interest on the prepaid amount is recalculated during prepayment, based on the rate applicable for the current tenor of the deposit.

Reapply Interest on Outstanding Amount

This check box is selected if you have selected the same in the Loans and Deposits Product – Preferences screen. You can change the preference you have specified in the Contract Payment screen. If you have selected this box, the interest on the outstanding amount is recalculated during prepayment. The repayment is based on the current amount spread applicable for the outstanding amount of the deposit.

Refund Tax to Customer

Select this check box if you want to refund the excess tax amount collected from the customer. The system generates the amount tags for reimbursing the excess tax deducted. If you leave this box unchecked, the amount is not refunded to the customer.

In case of an agency contract, if you make a full prepayment on the value date of the contract, the system triggers a contract reversal operation. This reversal is not sent to the Originations module through STP. The corresponding contract have to be manually reversed in the Originations module. This reversal is then be sent as a feed to the Intellect system. In case the contract is not linked to an agency, the system sends a cancel message to the Intellect system.

Reduce Tenor

This option gets defaulted if it is selected at the product level. You can select this option in 'Manual payment' screen. This option works only with LIFO payment schedule processing type.

Pre Closure of Loan

This check box value gets defaulted from the 'Bilateral Loans Product Definition' screen. Select this check box to close the loan manually if the loan is not required by the customer. Automatic closure happens only if maturity date is reached and automatic liquidation is set.

Manual Payment	
New	Enter Query
<input type="checkbox"/> Liqd of int on Prepaid Principal <input type="checkbox"/> Reapply Interest on Prepaid Amount <input type="checkbox"/> Reapply Interest on Outstanding Amount <input type="checkbox"/> Refund Tax to Customer <input type="checkbox"/> Liquidate Deposit <input type="checkbox"/> Residual Required <input type="checkbox"/> Reduce Tenor <input checked="" type="checkbox"/> Interest Refund Required <input type="checkbox"/> Pre Closure of Loan	Prepaid Principal Interest Rate _____ Penalty Rate _____ Penalty Amount _____ External Transaction Ref No _____ Prepayment Schedule Processing: <ul style="list-style-type: none"> <input checked="" type="radio"/> FIFO <input type="radio"/> LIFO <input type="radio"/> Pro-rata
Adjustment Account	Additional Adjustment Account
Settlements Tax Events MIS Charges Breakup Advices Message Preview Transactions	
Maker ID	Checker Id
Maker Date Stamp	Checker Date Stamp
	Status
	Authorization Status

8.10.4.1 Handling Prepayment on Rolled-over Contracts

After rollover, you can make a prepayment for the child contract (which will be a new version on the parent contract).

For contracts where forward-dated rollover instructions are captured and prepayment is done on the value date of the contract (start of new interest period), the system sends the cancel message for new interest period to Intellect, though the contract data is not updated immediately to new interest period.

For contracts where forward-dated rollover instructions are captured and prepayment is done on the value date of the contract (start of current interest period), the system sends the cancel message for new interest period to Intellect, though the contract data is not updated for the new interest period. Additionally, it sends a cancel message for the current interest period.

8.10.5 Specifying Residual Liquidation Entries

Residual Required

Select this check box if residual option is needed for payment. This check box is defaulted from 'Contract and Commitment - Contract Input' screen (OLDTRONL). However, this can be superseded at 'Manual Payment' screen (OLDPMNT).

Note

This option is available in 'Payment Simulation' screen.

Residual Amount

Residual amount handling for Manual Liquidation

Residual amount should be in loan currency, in case of cross-currency it is converted into loan currency amount.

If the residual amount is more than zero and comes in positive value, then the payment is treated as "Lower Payment". The lower amount is taken to Asset GL.

If Principal component payment amount is less than the schedule amount and the difference between the schedule amount and payment amount is within the positive threshold amount. The difference amount is moved to Asset GL.

If the lower amount is more than the residual threshold maintained for the currency then below error message is displayed. If the residual amount less than zero and comes as negative value then the payment is treated as excess payment. The excess amount is taken into Expense GL.

“The lower payment amount <Currency><Amount>is more than the Residual limit <Currency><Limit>.”

If non-principal component payment amount is less than the schedule amount and the difference between the schedule amount and payment amount is within the threshold amount. The difference amount is moved to Expense GL.

If principal component payment amount is greater than the schedule amount and the difference between the schedule amount and payment amount is within Negative threshold amount. The difference amount is moved to Income GL.

If non-principal component payment amount is greater than the schedule amount and the difference between the payment amount and schedule amount is within the threshold amount. The difference amount is moved to income GL.

If the excess amount is more than the negative residual amount maintained for the currency, the below error message is displayed.

“Amount paid excess <Currency><Amount> is more than the Negative Residual limit <Currency><Limit>”

Residual amount handling for Auto Liquidation

In case if you have selected ‘Residual Required’ at contract creation level (OLDTRONL), then

- No limit is maintained for residual threshold for a currency, then it will be considered as zero amounts and no excess/lower amount processing is done.

Residual amount handling done during ‘AUTO LIQD’ is similar to the functionality of manual liquidation

8.10.6 Navigating to Other Screens

In the Contract Schedule payment screen, you have a set of icons, using which, you can navigate to the following screens:

Settlements	Click to go to the Settlement Message Details screen
Tax	Click to see the Tax details screen
Events	Click to view the Events screen
MIS	Click to view the Transaction MIS Maintenance screen
Charges	Click to view the Contract Charge Details screen
Breakup	Click to view the Schedule Breakup screen

Advices	Click to see the Advices screen. You can suppress advices using this screen
Message Preview	Click 'Message Preview' tab to preview the messages/advices generated for unauthorized contracts.

8.10.7 Paying Tax

When there are taxes charged on the interest, principal, and so on, the payment of the component always include the corresponding tax amount. If the payment does not include the full amount due, the proportional tax amount must be liquidated. You should input the total amount to be applied to the component. The system then calculates the corresponding tax amount (based on the tax rate) and distributes the amount paid between the component and the tax.

Example

If a customer owes USD 1000 in interest (tax inclusive), the tax rate is 10%, and he pays you USD 1000, the payment is automatically distributed into USD 909.09 (interest) and USD 90.91 (the tax component).

He will still owe you USD 90.91 in interest and USD 9.09 in tax

Total tax is always calculated on the full schedule. Therefore, if there is a rounding difference, it is adjusted in the last liquidation.

Example

In the above instance, the tax component has come to USD 90.91 for that schedule. Suppose the total tax component is USD 273. If this is paid in three schedules the total comes to USD 272.73 (90.91 + 90.91 + 90.91 = 272.73). During the last liquidation, the system rounds off the total of such schedules for tax to the nearest decimal point, that is, USD 273.

8.10.8 Viewing the Schedule Break-up Details

In the Schedule Payments screen, you can see a row of icons. Click 'Breakup' to view the Schedule Breakup screen.

8.10.8.1 Schedule Payment Component

In this screen, you can see the schedules being liquidated on account of this particular payment for which you are doing manual liquidation. The component getting paid is displayed.

8.10.8.2 Schedule Payment Due Date

The due date of the component being liquidated is displayed.

Example

Consider Ms Yvonne Cousteau's loan. For the component 'Interest' a payment of USD 100 was due on 1 October 1997. Another payment of USD 150 was due on 15 October 1997.

Now, Ms Cousteau pays USD 125 on 20 October 1997. Since there was no schedule due on this date, you decide to do a manual payment.

Now, since you have indicated the amount paid as USD 125 in an earlier field in this screen, an Amount Paid of USD 100 is shown for 1 October. For 15 October, an amount of USD 25 is shown as the Amount Paid.

You can also see the Amounts, which are due on a particular date.

Component	Due Date	Basis Amount	Amount Paid
Interest	1October	100	100
Interest	15 October	150	25

8.10.8.3 Schedule Payment Amount Due

The amount outstanding for the component being liquidated is displayed here.

8.10.8.4 Schedule payment amount paid

You can see here the amount paid for the component as of the value date (today's date).

Refer example in Schedule Due Date.

8.10.9 Viewing Messages using Message Preview

For more information on message preview, refer to 'Viewing Messages using Message Preview' section, 'Disbursing a Loan' chapter.

8.10.10 Deleting Manual Payments

Payments made using the Manual payments function can be deleted before the payment is authorized.

All the entries passed during the payment will also be deleted. All the schedules are restored to the original status. In short, the pre-payment status of the contract are restored.

From the Actions Menu, choose Delete or click 'Delete' in the toolbar. You are prompted to confirm the deletion. Once you confirm it, all the entries that have been saved but not authorized, are deleted.

8.10.11 Authorizing Manual Payments

You can invoke this function from the Application Browser. You should enter the Reference number, the value date of the payment and the amount paid (of those manual payments that you want to authorize). The payment details are displayed along with the overrides and an authorization will be sought. If you choose not to authorize the manual payment, the authorization screen is dismissed.

8.10.12 Reversing Manual Payments

You can reverse authorized manual payments. The system makes the following validations before reversing a payment:

- A principal payment can be reversed only if the payment date is equal to, or later than, the last interest and commission schedule due date
- An interest payment can be reversed only in the reverse chronological order of its payment.

In the Contract view screen, to reverse a payment, you have to invoke the manual payments function and specify the Contract Reference Number. You have to enter the Amount Paid. You have to click on Reverse in the Processing sub-menu of the Actions Menu.

If the payment involves accounts in different currencies, the conversion rates to be used for reversal are picked up from the contract as specified during Contract Input.

If a new payment account was specified for a component during the input of the payment, the reversal is done to the new account. If the new account is in a currency different from that of the contract and a conversion rate was specified, the rate from the payments function is used for the reversal.

The reversal of a payment may sometimes entail a change in the status of a contract. If the contract is set for automatic status change, this change is made by the system automatically.

Automatic payments made by the Automatic Contract Update program can also be reversed through the manual payments function.

You can reverse the payments of Interest/Principal at loan level at commitment level made against any kind of schedule even after the Loan/Commitment is liquidated.

Click 'Reverse' in the application tool bar to reverse the payments.

Fee payments made against the commitment/loans so on, can be reversed irrespective of the contract being liquidated or for the bullet schedule.

Click 'Reverse' in the application tool bar to reverse the payments.

Note

- The interest and principal payments arising out of rollover / re-price are not allowed for reversal.
 - LIQD or FLIQ reversed should be the latest LIQD or FLIQ event.
 - The auto LIQD reversal for bearing capitalized type of loans is not allowed.
-

8.10.13 Marking Contract as Active

You can invoke the 'Mark Active' screen from the application typing 'OLDMKATV' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

You can click 'New' and select the contract which has to be marked active. The LOV displays all the liquidated and authorized contract reference numbers and you are allowed to select one. On selection of contract reference number, the other fields in the details block are auto populated, except for the field 'Remarks'.

You can enter the remarks if required and proceed to save the contract.

1. Below validations are performed before the contract is saved.
 - A contract status is allowed to mark as active from liquidated, only when the liquidation event was performed lesser than or equal to 30 calendar days. The transaction date of the last 'LIQD' event is used to calculate the same.
 - While marking the OL loan contract status as active from liquidated, the system checks that the status of the OL commitment contract should not be 'Liquidated'.
2. The system display appropriate error messages if any of the above validations are failed. The record is saved and submitted for authorization upon successful validation.
3. You are provided with an option to delete the record in the 'Mark Active' screen before it is authorized.
4. When a LS contract is marked as 'Active' from 'Liquidated', the same is not straight through processed to OL module to change the status of the linked contract from 'Liquidated' to 'Active'. You should manually change the contract status for the OL contracts.
5. An event 'MRKA' is registered in the LS and OL contracts for the status change.

Authorizing Mark Active Contracts

You can invoke the 'Mark Active Authorization' screen from the application typing 'OLDATAUT' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Once the record is authorized, the contract status is changed to 'Active' and the system performs the accrual as below till the application date in the EOD.

- For OL commitment contracts, the fees associated with the commitment contract is accrued.

- For OL loan contracts, the interest component is accrued.

Note

It is possible that the status can be non-performing for the activated OL contracts. In such cases, the system performs memo accruals.

8.10.14 Marking Contracts as Liquidated

You can select active commitment and loan contracts and change the status to 'Liquidated', if the contract satisfies all criteria for liquidation status. This can be done through the 'Mark Liquidated' screen.

You can invoke the 'Mark Liquidated' screen by typing 'OLDMKLIQ' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Specify the following in this screen:

Contract Ref No

Specify the contract reference number. Alternatively, you can also select it from the option list. The list displays active commitment and loan contracts.

Facility Name

System displays the facility name once the contract reference number is chosen. You cannot modify this field.

Branch

System displays the branch once the contract reference number is chosen. You cannot modify this field.

Department

System displays the department name once the contract reference number is chosen. You cannot modify this field.

Principal Outstanding

System displays the outstanding principal amount once the contract reference number is chosen. You cannot modify this field.

Contract Amount

System displays the contract amount once the contract reference number is chosen. You cannot modify this field.

Counterparty

System displays the counterparty once the contract reference number is chosen. You cannot modify this field.

Value Date

System displays the value date once the contract reference number is chosen. You cannot modify this field.

Mature Date

System displays the maturity date once the contract reference number is chosen. You cannot modify this field.

Remarks

You may add remarks if you wish to, in this field.

Note

You can only change status from 'Active' to 'Liquidated'; no other status change can be done from this screen.

The following operations can be performed through this screen:

- New - This operation initiates contract status change for a contract. When you click on 'New' button, the 'Contract Ref No' is enabled and you can select the required contract to be liquidated.
- Save - During this operation, system performs the contract lock check and if the selected contract is locked by any other user, save operation fails.
 - When there is no contract lock, system validates whether the status of the contract can be changed to 'Liquidated'. Once all validations are successful, the following override message is displayed:

Contract will be liquidated. Proceed?
 - If the override is selected as 'Yes', the contract status is changed from 'Active' to 'Liquidated' and LIQD event is registered. If the override is selected as 'No', save operation will fail.
- Authorization - During this operation, LIQD event is authorized.
- Delete - During this operation, saved and unauthorized status change of the contract is deleted.

Note

The branch and department code restrictions and maker and checker functionality is applicable to this screen.

8.10.14.1 Validations

The system performs the following validations during the save operation in 'Mark Liquidated' screen.

- Validation for loan contracts;
 - Contract should be in 'Active' and authorized status.
 - There should be no outstanding amount for any Principal and Interest/Fee component.
- Validation for commitment contracts:
 - Contract should be in 'Active' and authorized status.
 - There should be no outstanding amount of any Principal and Fee components.
 - Commitment cannot be marked as liquidated if any underlying loans are in 'Active' or 'Uninitiated' or 'Hold' status.
 - Maturity date of the commitment should be less than or equal to application date.
 - Commitment cannot be liquidated if any Straight Through Processing (STP) failure records exist for that commitment in STP browser.

8.10.14.2 Authorizing Mark Liquidated Contracts

You can invoke the 'Mark Liquidated Authorization' screen by typing 'OLDMKAUT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Once the record is authorized successfully, the contract status is changed to 'Liquidated'

- LIQD event is registered in the contract with no accounting entries
- Fee accruals are stopped; the existing accruals will remain unchanged
- The maker and checker details are updated in the contract for the event 'LIQD'.
- Further operations are not allowed on the liquidated contract.
- Reversal of liquidation is not allowed in the 'Contract and Commitment - Contract Input' screen

8.11 Simulating Payments

Loan payment simulation is used to view the impact on repayment schedules, tenor, and maturity date after the payment.

Payments can be saved from this payment simulation screen. Once the payment is saved, you can view the schedule details and breakup of the payment.

View Advice button displays the advice generated. In 'Payment' screen (OLDPMNT) if you create a new payment with same value date and limit date which is already simulated, the system populates the dues as per the simulated payment.

You can invoke the 'Payment Simulation' screen by typing 'OLDPMNSI' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

8.12 Processing a Loan Payment when Contra Accounting is Applicable

The interest on some loans (non performing assets) may be booked to a Contra GL. You would have indicated this by checking the box 'Contra Accounting Applicable', and specifying the Contra GL in the field 'Contra GL', in the Status Maintenance screen. This would have been indicated for a particular status of the loan. When a loan transaction is processed, the system first checks the status of the loan. For any status other than 'NORMAL', the system first checks if Contra Accounting is applicable. For the product, you have selected the box 'Contra Accounting Applicable' in the Status Maintenance screen.

If Contra Accounting is applicable, the system first process the principal amount payment and then the interest amount payment.

8.12.1 Events for Contra Accounting

Following are the accounting events for Contra Accounting:

ACCR

Dr	Memo Income	Component_ACCR
Cr	Memo Receivable	Component_ACCR
Dr	Receivable	Component_ACCR

Cr	Income	Component_ACCR
----	--------	----------------

LIQD

Dr	Customer	PRINCIPAL_LIQD
Cr	Asset	PRINCIPAL_LIQD
Dr	Customer	Main_Interest_Component_LIQD
Cr	Receivable	Main_Interest_Component_LIQD
Dr	Income	Main_Interest_Component_CBIN
Cr	Cash Basis Income	Main_Interest_Component_CBIN

CICR (Contra Increment)

Dr	Income	Main_Interest_Component_CICR
Cr	Contra GL	Main_Interest_Component_CICR

CDCR (Contra Decrement)

Dr	Contra GL	Main_Interest_Component_CDCR
Cr	Income GL	Main_Interest_Component_CDCR

RESR

Dr	Expense	PRINCIPAL_RINC
Cr	Reserve GL	PRINCIPAL_RINC
Dr	Reserve GL	PRINCIPAL_RDEC
Cr	Income	PRINCIPAL_RDEC

8.12.2 Processing Principal Payment

When the principal payment exceeds the principal amount to be provided, the excess amount is moved from the Reserve GL or the Contra GL, and booked into the Income GL.

If the following is true:

Principal Amount Paid > (Outstanding Principal – Reserve Amount – Contra Amount);

The following are the accounting entries:

Dr	Reserve Amount	Write Back from Reserve
----	----------------	-------------------------

Cr	Income	Write Back from Reserve
Dr	Contra Account	Write Back from Contra
Cr	Income	Write Back from Contra

The system considers the Reserve GL first and then the Contra GL when moving funds to the Income GL.

The following example illustrates the same:

- Outstanding Principal – USD 100
- Reserve Amount – USD 20
- Contra Amount – USD 45

Case 1

Principal Amount Paid – USD 30

Hence, Principal Amount < (Outstanding Principal – Reserve Amount – Contra Amount)

The accounting entries are as follows:

- Dr. Customer USD 30
- Cr. Asset USD 30

Case 2

Principal Amount Paid – USD 40

Hence, Principal Amount > (Outstanding Principal – Reserve Amount – Contra Amount)

The accounting entries will be as follows:

- Dr. Customer USD 40
- Cr. Asset USD 40
- Dr. Reserve USD 5
- Cr. Income USD 5

Case 3

Principal Amount Paid – USD 70

Hence, Principal Amount > (Outstanding Principal – Reserve Amount – Contra Amount)

The accounting entries will be as follows:

- Dr. Customer USD 70
- Cr. Asset USD 70
- Dr. Reserve USD 20
- Cr. Income USD 20
- Dr. Contra USD 15
- Cr. Income USD 15

As the example illustrates, the excess amount is first written back from the Reserve GL, and then the Contra GL if necessary.

8.12.3 Processing Interest Payment

If Contra Accounting is applicable and a payment is made on an interest component, the credit entry is made in the Contra GL that you have specified in the Status Maintenance screen, and not the Income GL.

You can invoke the 'Status Maintenance' screen by typing 'OLDSTATS' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows the 'Status Maintenance' window with the following fields and options:

- Product *** and **Status *** (text input fields)
- Product Description** (text input field)
- Sequence** (text input field)
- Adverse Status**
- Transaction Code** (text input field)
- Derivation Rule** (text input field)
- Transaction Description** (text input field)
- Elements** (dropdown menu)
- Operators** (dropdown menu)
- Logical Operators** (dropdown menu)

Accruals

- Stop Accruals
- Reverse Accruals
- Memo Accrual
- Stop Accrual Fee

Automatic Movement

- Forward
- Reverse

Automatic Reval Movement

- Reval Balance Movement Req

Credit Acceleration

- Acceleration

Transfer Schedules

- Past Schedules
- Future Schedules

Contra Details

- Contra Accounting Applicable
- Contra GL** (text input field)
-
-
-
- De-Acceleration

Footer Fields: Maker, Checker, Date Time, Date Time, Mod No, Record Status, Authorization Status,

Credit Acceleration

Credit Acceleration is supported for 'Bearing Normal' and 'Bearing Amortized' loan products.

If this check box is selected, in case of forward status change the system triggers VAMI to decrease the maturity date to current date and a new version of the contract is created. This is applicable of manual/auto status change and back date/future dated contract booking.

- In case of manual status change, credit acceleration is triggered as part of authorization of status change.
- In case of back dated contract, credit acceleration is triggered as part of contract authorization. Credit acceleration is not triggered if any future dated transactions exist for contract like future dated VAMI or future dated payment.
- Credit acceleration is not triggered if maturity date of the contract is crossed.
- Credit acceleration is not triggered if disbursements are pending for the contract.
- Credit acceleration is triggered if amount is completely disbursed or stop disbursement is selected.

Note

Using 'Bulk Status Change' (OLDSTCHB) screen, you select multiple contracts and change their status (credit acceleration happens as part of status change for eligible contracts).

The accounting entries passed during the LIQD event are as follows:

Dr	Customer	Component_LIQD
Cr	ICCFCOMP_INC	Component_LIQD
Dr	ICCFCOMP_INC	Component_LIQD
Cr	Contra GL	Component_LIQD

Credit De-Acceleration

Credit De-Acceleration is supported for 'Bearing Normal' and 'Bearing Amortized' loan products.

If this check box is selected, in case of backward status change the system restores the contract to its original schedule before credit acceleration through a VAMI event and a new version of the contract is created. This is applicable of manual/auto status change and back date/future dated contract booking. Once the status change is authorized, de-acceleration is triggered.

De-Acceleration feature is available only if "DE_ACCELERATION_ALLOWED" parameter in Loan parameter is 'Y'. In addition, no other operation is allowed for the contract after credit acceleration until it is de-accelerated.

Note

Using 'Bulk Status Change' (OLDSTCHB) screen, you select multiple contracts and change their status (credit de-acceleration happens as part of status change for eligible contracts).

8.12.4 **Increasing/Decreasing Contra GL Balance**

You can increase / decrease the contra GL balance for contract through the 'Contra GL Adjustment' screen.

You can invoke the 'Contract GL Adjustment' screen by typing 'OLDCONTR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, specify the following details:

Reference No.

Enter the Reference Number of the transaction for which you would like to reduce the contra amount.

When you enter the Reference Number, the following details will be defaulted in this screen:

- Department
- Branch
- Currency
- Treasury
- Contract Balance Amount
- Counterparty
- Contra Balance
- Status of the transaction
- Value Date of the transaction

Amount Paid

Specify the amount that is paid; this also the amount of the contra balance which is reduced or increased.

Lcy Eqvt

The Lcy equivalent is computed (if the transaction currency and the currency of the amount paid are different) and displayed. If the transaction currency and the currency amount paid are not different, the Lcy equivalent will be the value that you have entered against the field 'Amount Paid'.

Account Dr.

The Contra GL/Income GL which should be debited is displayed here based on contra increase or decrease operation.

Account Cr.

The Contra GL/Income GL which should be credited is displayed here based on contra increase or decrease operation.

Contra GL Adjustment

Specify the type of contra GL adjustment (increase or decrease) that is to be associated with the contract. By default, the contra GL adjustment indicator is 'Contra Decrease'. You can select one of the following options

- Contra Increase
- Contra Decrease

If the transaction is for Contra Balance Increase, then CICR event is triggered,

The accounting entries posted are as follows:

Dr	INTERESTINCOME GL	Main Interest_CICR
Cr	Contra GL	Main Interest_CICR

If the transaction is for Contra Balance Decrease, then CDCR event is triggered

The accounting entries posted are as follows:

Dr	Contra GL	Main Interest_CDCR
Cr	INTERESTINCOME GL	Main Interest_CDCR

Remarks

You may add remarks if you want to, in this field.

9. Rolling-over a Loan

This chapter contains the following sections:

- [Section 9.1, "Introduction"](#)
- [Section 9.2, "Features of the Product Roll-over Details Screen "](#)
- [Section 9.3, "Specifying Contract Roll-Over Details"](#)
- [Section 9.4, "Specifying Details for Normal Rollover"](#)
- [Section 9.5, "Specifying Details for Rollover Split"](#)
- [Section 9.6, "Specifying Details for Rollover Consolidation"](#)
- [Section 9.7, "Advices for a Rolled-Over Loan"](#)
- [Section 9.8, "Authorizing a Manual Roll-Over"](#)

9.1 Introduction

A rollover is the renewal of a loan. Instead of liquidating a loan on maturity, you can roll it over into a new loan. The outstanding principal of the old loan is rolled-over with or without the interest outstanding on it. When a loan is rolled-over (renewed), it is processed in the following manner:

- A new version of the loan with the same contract reference number is initiated
- A new loan with a different contract reference number is initiated
- The original loan could be split into multiple loans as a result of the rollover
- The original loan could be consolidated along with other loans as a result of the rollover

You can rollover a loan that you are processing, provided a rollover is allowed for the product, the loan involves.

For a product with rollover defined, you can specify if loans involving the product should inherit the following:

- The attributes defined for the ICCF components (interest, charges and fees) from the product.
- Those defined for the initial contract. This gains significance, if you changed the attributes that the (initial) contract acquired, from the product. The rolled-over loan will acquire the changed attributes.
- For a product with new version of rollover mechanism, you can click 'Rollover' button and save the contract, only if 'Cont Booking For Addl Amt Only' check is selected before the maturity date. After this, the system fires 'RAMD' event. In addition, entries are posted for additional amount which is rolled over.

In addition, you have to specify the following for a product, defined with rollover:

- Whether it is to be rolled-over along with outstanding interest
- Whether tax has to be applied on the rolled-over loan
- Whether the principal of the rolled-over interest, should be taxed

However, when processing a loan, you can change the attributes that the loan acquires from the product. At the time of contract processing, you can indicate if a rollover is to be automatic or manual. In addition, indicate the maturity type (fixed, call, or notice); the maturity date for a fixed maturity loan and the notice days for a loan with notice type of maturity.

You should also indicate the following:

- Whether only the outstanding principal is to be rolled-over
- Whether the outstanding principal is to be rolled-over with interest
- Whether a special amount is to be rolled-over. If a part of the principal and interest from the old loan has been liquidated and only the outstanding principal - with or without interest, is rolled-over, it is called a special amount.

9.2 Features of the Product Roll-over Details Screen

When defining a product, you have to specify whether loans involving the product can be rolled-over. If rollover has been allowed for a product, all the loans involving the product can, by default, be rolled-over.

Note

However, a loan involving such a product is rolled-over only if it is not liquidated, on its Maturity Date. You can choose not to rollover a loan involving a product with the rollover facility. This can be indicated when processing the loan.

Note

If you want contingent entries to be posted, then select 'Cont Booking For Addl Amt Only' check box. This is applicable only if the 'Rollover Mechanism' is 'New Version' and 'Rollover Method' is 'Normal'. If contingent entries are booked for a contract, the system does not allow VAMI, PYMNT, and REVN events.

The rollover details for the product that you are defining can be specified in the Product Roll-over details screen. Click 'Rollover Details' button in the Product Preferences screen to invoke this screen.

The following are the features of the product roll-over details screen.

- [Section 9.2.1, "Specifying whether Rollover is Applicable"](#)
- [Section 9.2.2, "Specifying the Rollover Mechanism"](#)
- [Section 9.2.3, "Specifying the Rollover Method "](#)
- [Section 9.2.4, "Mode of roll-over"](#)
- [Section 9.2.5, "Roll-over of Interest, Charge and Fee Components"](#)
- [Section 9.2.6, "Maximum Allowed Rollover"](#)
- [Section 9.2.7, "Maturity Date Basis"](#)[Section 9.2.8, "Applying Tax on Roll-Over"](#)
- [Section 9.2.9, "Deduct tax on Roll-Over"](#)
- [Section 9.2.10, "Contingent Entries for Additional Amount"](#)
- [Section 9.2.11, "Applying a Charge on the Roll-Over Amount"](#)
- [Section 9.2.12, "Liquidating Overdue Schedules"](#)
- [Section 9.2.13, "Interest Rate on Rollover"](#)
- [Section 9.2.14, "Indicating the Values to be Re-keyed during Authorization"](#)

9.2.1 Specifying whether Rollover is Applicable

Select the option 'Yes' in the section 'Rollover' to indicate contracts booked under this product can be rolled over. Select the option 'No' to indicate contracts under this product cannot be rolled over. You can, for a contract, change this preference. This can be done while entering a contract in the OL Contract Online screen.

9.2.2 Specifying the Rollover Mechanism

You can indicate whether rolling over a loan contract using the product must create a new version of the original contract, a spawn contract, or a linked contract.

Rollover

Allowed Yes
 NO

Mechanism
Spawn Contract
Linked Contract

Method

Installment Status

- Select 'New Version' if a new version of the original contract must be created. During rollover, you can either amend the charges or settlements accounts.

Note

- Charge amount amendment is supported only for 'New Version' rollover.
- You can amend the charge amount while doing manual and auto rollover. To amend the charge amount, you need to maintain 'Association Event' as 'RAMD', 'Application Event' as 'RAMD', and 'Liquidation Event' as 'ROLL' in 'Charge Class Maintenance' screen (LFDCHGCE). To liquidate charge amount as part of auto rollover, you have to do RAMD before maturity date based on number of days maintained at product level.
- You cannot amend charge amount, if you maintain 'Association Event' as 'BOOK', 'Application Event' as 'ROLL', and 'Liquidation Event' as 'ROLL' in 'Charge Class Maintenance' screen (LFDCHGCE). The system liquidates the charge amount on rollover whatever the amount is computed based on rule for both auto and manual rollover.

- Select 'Spawn Contract' if a child contract must be created on rollover.
- Select 'Linked Contract' if a contract needs to be created manually. This contract needs to be booked before the maturity date of the parent rollover contract. The linked contract is taken as a new contract with Rollover-reference-no field of the deal populated with the reference number of the parent contract. The BOOK event fires a NEW event RAMD for the parent contract. No further modifications allowed after RAMD.

Note

RFR (Risk Free Rate) is supported for New Version Rollover, Spawn Normal Rollover, and Spawn Split Rollover.

9.2.3 Specifying the Rollover Method

If you have indicated the rollover mechanism applicable for contracts using the product in the Rollover Mechanism field as 'New Contract' (as in the case of borrower draw down products),

then you can use this field to indicate whether a single new contract must be created for the rolled over amount.

Or

Whether the original contract must be split into multiple contracts, or consolidated with other contracts into a single new contract, when rolled over using the rollover operation.

Accordingly, select any of the options, 'Normal', 'Split', or 'Consolidated', in this field, as applicable.

If you indicate the 'Split' option, you can specify the preferences for the split, when you enter the borrower draw down contract using the product.

If you indicate the 'Consolidate' option, you can specify the other draw down contracts with which the original contract must be consolidated into a single contract, when you enter the borrower draw down using the product.

Specifying the maturity basis

You must indicate the tenor basis upon which the maturity days specified for the rolled-over contract will be reckoned, in the Roll By field. The options are Days, Months, Quarters, Semi-annuals, and Years.

9.2.4 Mode of roll-over

For a loan involving a product with rollover facility, you should specify the mode of rollover, automatic, semi-auto, or manual during processing. The mode of rollover also depends on whether the mode of liquidation of the loan is automatic or manual.

9.2.4.1 Impact of Liquidation Mode on Roll-Over

The mode of liquidation of a loan (automatic, semi-auto, or manual) has the following impact when the rollover is carried out:

Auto liquidation and auto roll-over

The old loan is liquidated and a new one initiated on the Maturity Date of the loan. It is processed during the BOD run of the Automatic Contract Update function. If the Maturity Date falls on a holiday then the liquidation and the rollover are processed, as per your holiday handling specifications in the Branch Parameters screen.

- If you specified that processing has to be done today (the last working day before the holiday), then for automatic events, the schedule falling on the holiday, is liquidated today during End of Day processing.
- If you specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) are processed. The events falling on the holiday are processed on the first working day after the holiday, during Beginning of Day processing.

Auto liquidation (of principal) and manual roll-over

The old loan is liquidated automatically on the Maturity Date. If the loan has to be rolled-over, the instructions should be specified before the Maturity Date. At times the contract is not liquidated because of the lack of funds in the repayment account. In such cases you can give rollover instructions even after the maturity date, saying that the contract has to be rolled-over, as of the maturity date.

Manual liquidation (of principal)

Rollover has to be manual. The loan is not liquidated by the Auto Liquidation function. You can either liquidate it or specify that it has to be rolled-over. This can be specified at any time before or after the Maturity Date of the loan, if the contract has not yet been liquidated.

If you have defined that the loan should be liquidated manually, you cannot roll it over automatically.

When a loan is rolled-over or renewed for interest, charge or fee components, it can assume the following attributes:

- Those of the product involving the loan being rolled-over
- Those of the old loan itself

Semi-auto liquidation

The system processes all the events and waits for instructions from the user to send the necessary messages. The messages are held in the outgoing browser. These messages are payment messages and not advices or notices.

In addition, the system displays only those semi-automatic contracts on which user confirmation is required to send out the messages for that respective event.

The events INIT, LIQD, and ROLL are automatically processed by the system and it processes only the accounting entries. These events appear in the 'Forward Processing' screen for the user to confirm whether the messages generated to be sent or not.

If the user confirms the event on the value date, the messages are sent out immediately. Based on the confirmation received from the user, system releases these messages.

9.2.5 Roll-over of Interest, Charge and Fee Components

The interest, charge and fee components of the new (rolled-over) loan can be picked up, either from the old loan or from the product involving the old loan. The following example illustrates this point:

Example

When defining a product you specified that all loans involving it have an interest schedules every month and an annual fee.

Assume that you have processed a loan, involving this product, with the following attributes:

- Interest payment only on Maturity Date
- No fees

When rolling-over this loan, you have two options:

- You can indicate that the interest and fee details specified for the product, are to be applied to the new (rolled-over) loan. In such a case, the new loan have an interest payment schedules every month and an annual fee.
- You can specify that the interest and fee details, defined for the loan being rolled-over (old loan), should be made applicable to the new loan. In this case, the new loan have an interest payment schedule only on Maturity Date and have no annual fee.

9.2.6 Maximum Allowed Rollover

Specify the value for the maximum number of rollover needs to be allowed at the product level. The system does not allow you to do the rollover for the contracts more than or equal to maximum allowed rollover set and appropriate error message is displayed.

Note

This is applicable only for version, spawn normal, split rollovers This is not applicable for consolidated rollover and re-price concepts.

9.2.7 **Maturity Date Basis**

Select the Maturity Date basis for a rolled over contract. Select the option 'Product' if you want the tenor of the rolled over contract to be the default tenor maintained for the product. Select the option 'Contract' if you want the tenor of the rolled over contract to be the one currently applicable for the contract.

9.2.8 **Applying Tax on Roll-Over**

For tax to be applicable on a rolled-over loan:

- It should be applicable to the product involving the loan
- It should not have been waived for the old loan

You have to indicate whether tax has to be applied, on the rolled-over loan also.

9.2.8.1 **Rolling-over with Interest**

You have to specify whether the loan that you are rolling-over, should be rolled-over along with the outstanding interest. If you so specify, the principal of the new loan, is the sum of the outstanding principal and the outstanding interest on the old loan. This applies only to loans with a bearing (add-on) method of interest liquidation.

If all the outstanding interest has been paid, then the loan can be renewed without the interest. If not, it is rolled-over with the interest that is still outstanding on it.

A loan is rolled-over with only the main interest that is outstanding. It is that interest component, which you specify as the main interest in the ICCF Product Details screen (this will be displayed in the Contract Main screen). Other interest components and the penalty interest, if there are any, are not rolled-over.

The following example illustrates how this concept works.

Example

Consider the example of Ms Yvonne Cousteau, who has taken a loan of USD 10,000 under the Short Term Loans for Individuals scheme,

- On 1 June 1997
- At 20% interest
- To be liquidated at Maturity, on 31 December 1997
- Ms Cousteau is unable to repay the loan, therefore, you decide to renew it (roll it over into a new loan).
- You have two options:
- You can roll it over without the outstanding interest
- You can roll it over along with the outstanding interest

If you roll it over without interest, the new principal is USD 10,000. The accrued interest on this loan is liquidated. The loan is rolled-over, only if the interest can be liquidated. If there are no funds in the repayment account, there can be no rollover.

If you roll the old loan over (renew it), along with the unpaid interest, the principal of this renewed loan is USD 1, 1167 (USD 10,000 + USD 1,167) as of 31 December 1997. The interest on the new loan is applied on a principal of USD 11,167.

9.2.9 Deduct tax on Roll-Over

When a loan is initiated, tax is applied on the principal of the loan. When this loan is rolled-over or renewed, you have two choices (depending on the tax laws of your Country):

- Apply tax on the principal (outstanding principal + outstanding interest or only the outstanding principal), of the new loan
- Since the principal of the old loan would have already been taxed once, you can choose to waive the tax on the principal of the rolled-over loan. However, if this principal has the outstanding interest from the old loan incorporated, then only the interest portion is taxed.

This option applies only to tax on principal and not to tax on interest.

This field assumes importance, when:

- Tax (for principal as well as interest) has not been waived on the old loan
- Tax, has not been waived on the rolled-over loan

If this tax is not waived for the old loan, it is applied on the new loan. If it is waived on the old loan it is not applied on the renewed loan.

Choose Deduct Tax on Rollover, if tax on the old loan has to be liquidated before it is rolled-over.

9.2.10 Contingent Entries for Additional Amount

Select the 'Cont. Booking For Addl Amt Only' check box to indicate contingent entries for the additional rollover amount must be passed when the child rollover contract is booked, for contracts using the product. If you select this check box, contingent entries for the additional rollover amount are passed. If you do not select this option, contingent entries are passed for the total principal amount of the child rollover contract.

9.2.11 Applying a Charge on the Roll-Over Amount

Select the 'Apply Charge on Rollover Amt' check box to indicate a charge is applied on the amount being rolled over.

9.2.12 Liquidating Overdue Schedules

Select the 'Liquidate Overdue Schedules' check box to indicate schedules for the original deal that are overdue on the day of rollover should be liquidated before the deal is rolled over. If you have selected this check box but the overdue schedules cannot be automatically liquidated, the deal is not rolled over and it is reported as an exception condition in the Daily Exception Report.

9.2.13 Interest Rate on Rollover

Select the 'Repickup Interest Rate on Rollover' check box to indicate the interest for the rolled over contract should be picked up again on rollover of the contract. If you do not select this box, the interest for the rolled over contract is the latest interest applicable for the contract.

9.2.14 Indicating the Values to be Re-keyed during Authorization

You can specify the fields whose values have to be rekeyed at the time of authorizing rollover contracts. The re-key option serves as a means of ensuring the accuracy of inputs. The fields that have to be rekeyed during the authorization of rollover contracts are specified in the Authorize Rekey Fields screen. Click 'Rekey Fields' in the 'Preferences' screen to invoke this screen.

Section	Field	Checked
Main	Currency	Yes
	Value Date	Yes
	Contract Amount	Yes
	Maturity Date	Yes
	Interest Rate	Yes
	Counter Party	No
Accrual Fee	Currency	No
	Fee Amount	No
	Refund Amount	No
	Value Date	No
	Start Date	No
	End Date	No
Rollover	Currency	No
	Value Date	No
	Rollover Amount	No
	Refinance Rate	No
	Maturity Date	No
	Interest Rate	No

In this screen, you can specify any or all of the following re-key fields:

- Currency
- Value Date
- Rollover amount
- Maturity Date
- Interest Rate
- Refinance Rate

9.3 Specifying Contract Roll-Over Details

Instead of liquidating a loan on maturity date, you can renew it into a new contract. As part of rolling over a contract, the original contract should be liquidated and a new contract should be initiated. In Oracle Lending, these two processes are done in a single step.

9.3.1 Rollover Preferences for a Loan Contract

To recall, when a loan is rolled-over (renewed), it is processed in the following manner, depending upon the rollover mechanism and rollover method specified:

- A new version of the loan with the same contract reference number is initiated
- A new loan with a different contract reference number is initiated
- The original loan could be split into multiple loans as a result of the rollover

- The original loan could be consolidated along with other loans as a result of the rollover

The rollover method indicates:

- Whether a single new contract must be created when the original contract is rolled over
- Whether the original contract must be split into multiple contracts when rolled over
- Whether the original contract must be consolidated into one single contract along with other contracts, when rolled over

The rollover method specified for the product used by the contract is defaulted, and you can change it when you enter the contract, if required.

9.4 Specifying Details for Normal Rollover

If you have chosen the rollover method as “Normal”, then you must enter the corresponding details for the rollover, in the Rollover tab in the Loan and Commitment- Contract Input screen.

In the case of normal rollover, the system either creates a new draw down contract with a new contract reference number for the original one being rolled over (if the rollover mechanism specified is ‘New Contract’), or a new version of the original contract, with the same reference number (if the rollover mechanism specified is ‘New Version’).

You can rollover a loan in the ‘Loans and Commitment – Contract Input’ screen. In the ‘Loans and Commitment – Contract Input’ screen, click ‘Rollover’ from menu.

At the time of contract creation, you can maintain/change the rollover instructions. Click ‘Rollover’ tab to rollover a contract maintain/change the rollover instructions. You can specify the rollover instructions for the rolled over contract. After specifying the rollover details, you need to save the contract.

When you rollover the contract, the system completes the rollover process with the specified rollover instructions and a new version is created for the event ROLL.

To authorize the rolled over contract, both the versions created during rollover have to be authorized simultaneously.

By default, a contract is rolledover with all the terms of the original contract. However, you can change certain terms by specifying them in the Rollover Details screen while creating and modifying a contract.

The following are the features of the contract rollover screen:

- [Section 9.4.1, "Mode of Roll-Over of a Contract "](#)
- [Section 9.4.2, "Manual Rollover"](#)
- [Section 9.4.3, "Specifying the Roll-Over Amount"](#)
- [Section 9.4.4, "Specifying the Manner in which the Special Amount should be Treated"](#)
- [Section 9.4.5, "Applying Tax"](#)
- [Section 9.4.6, "Specifying Charge to be Applied on the Rolled-over Amount"](#)
- [Section 9.4.7, "Specifying the Schedule Basis for the rolled over contract"](#)
- [Section 9.4.8, "Specifying whether New Components have to be Included"](#)
- [Section 9.4.9, "Specifying whether Overdue Schedules should be liquidated"](#)
- [Section 9.4.10, "Specifying the Maturity Type"](#)
- [Section 9.4.11, "Indicating the Interest Basis for Roll-over"](#)
- [Section 9.4.12, "Specifying the Refinancing Rate for the rolled over Contract"](#)

9.4.1 Mode of Roll-Over of a Contract

You can rollover a loan automatically or manually.

Automatic Rollover

The Automatic Contract Update function automatically rolls over a loan on its maturity date, if you have:

- Allowed rollover for the loan at the time of defining the product
- Specified auto, in the Contract Details screen

If you have marked a loan for auto liquidation and auto rollover, the system original loan and creates a new rolled-over loan on the Maturity date of the original loan. This is done by the Automatic Contract Update function during its Beginning of Day run.

If the Maturity Date falls on a holiday, then the liquidation and the rollover are processed as per your holiday handling specifications in the Branch Parameters screen:

- If you have specified that processing has to be done today (the last working day before the holiday), then the automatic events schedule falling on the holiday is liquidated during End of Day processing.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events falling on the holiday will be processed on the first working day after the holiday, during Beginning of Day processing.

If the holiday is a month end, then the liquidation and rollover does not cross the month. It is done in the same month, irrespective of the specifications in the Branch Parameters screen.

Note

Since a rolled-over contract is initiated automatically, it is also authorized automatically. The Maker and Authorizer fields of the new contract shows 'Auto'.

Example

Today's date	14 November 1997
Next working date	16 November 1997 (which means 15 November 1997 is a holiday)

During its BOD run, the Automatic Contract Update function rolls over loans with a maturity date of 14 November 1997.

The processing of the roll-over which falls due on a holiday depends on your holiday handling specifications in the Branch Parameters screen:

- You could have specified that automatic processes scheduled for the holiday(s) are to be carried out on the last working day before the holiday(s). In such a case, the contract is rolled over, during the EOD processing of the Automatic Contract Update function, on 14 November 1997. This function rolls over loans with an End Date of 15 November 1997.
- If you have not specified this, the rollover takes place during the BOD processing of the Automatic Contract Update function. This function rolls over contracts with an End Date of 15 November 1997, during its BOD run on the next working day that is 16 November 1997.

The Activity Journal for the day reports the details of loans that were rolled-over automatically during the day. If a loan that had to be rolled-over was not rolled-over for some reason, it is reported in the Exception Report for the day. The reason for the contract not being rolled-over is also reported in the Exception Report. This report is generated every day, by the Automatic Contract Update function, during its EOD run.

9.4.2 **Manual Rollover**

You can rollover a loan manually through the Roll-over Details screen. If a loan has to be rolled-over:

- The latest activity on the loan has to be authorized
- It should be past its Maturity Date
- It should not have been liquidated

Choose Rollover from the Processing sub-menu of the Actions Menu when the loan you want to rollover is highlighted in the Contract Summary screen or the Contract Detailed screen. By default, the loan is rolled-over with the same terms as the original loan. However, you can change certain terms through the Roll-over Details Screen while creating and modifying a contract.

- You can apply, on the renewed loan, the interest, charge and fee applicable to the product of the old loan. If these have been changed for the old loan, you have the choice of applying the changed terms (for ICCF components only), of the old loan to the rolled-over loan.
- You can change the Maturity Type (fixed, call or notice); the Maturity Date; and in case of a notice type of maturity, you can change the notice days.

However, the Reference Number of the renewed (or rolled-over) loan is the same as that of the old loan.

9.4.3 Specifying the Roll-Over Amount

When you roll-over a loan you can roll-over:

- The outstanding principal of the loan

You can indicate for the product that a loan is to be rolled-over with interest. Then at the time of loan processing, you can specify that only the outstanding principal has to be rolled-over.

However, only when all the outstanding interest is paid (liquidated manually or automatically), can the loan be renewed without the interest.

- The outstanding principal and the outstanding interest together

If you have specified for the product that only the outstanding principal should be rolled-over, and you find that the outstanding interest has not been liquidated on this particular loan under process. Then you can specify through this screen that the rollover be made along with the outstanding interest.

- An amount that is different from the total of the outstanding principal and the outstanding interest. This is a special amount

The special amount is:

- Less than the outstanding principal + interest. This is because the amount by which it is less is liquidated against the interest and principal of the old loan. The remaining amount is rolled-over.
- The special amount can never be more than the outstanding principal + interest of the old loan. If it is, then you have to initiate a new loan.

Ms Yvonne Cousteau has taken a loan of USD 10,000 under the Short Term Loans for Individuals scheme:

- On 1 June 1997
- At 20% interest
- To be liquidated, at Maturity, on 31 December 1997

Since Ms Cousteau is unable to repay the loan you decide to renew the loan (roll it over).

You have two options:

- You can roll it over without interest
- You can roll it over along with the interest

If you roll it over without interest, the principal of the new loan will be USD 10,000. The accrued interest on this loan is liquidated. If you roll the old loan over (renew it), along with the unpaid interest, the principal of this renewed loan is USD 1, 1167 (USD 10,000 + USD 1,167) as of 31 December 1997.

Ms Cousteau decides to pay back USD 1,000 on 31 December 1997, the Maturity Date of the old loan. A part of the interest is thus, be liquidated. The new outstanding interest (USD 167), will be rolled-over with the outstanding principal USD 10,000 and the principal of the rolled-over loan is USD 10,167. This is what is termed a Special amount. Interest is calculated on this principal for the renewed loan.

Note

If the rollover amount that you enter, is lesser than or greater than the outstanding principal amount of the contract being rolled over, the system displays a configurable override.

9.4.3.1 Multiple Collateral/Pool Linkages to OL Contracts

You can either link a single facility or multiple collateral/pool to an OL contract. For the Collateral/Pool/Facility linkage, you should specify the linked amount and linked %. Based on this contract amount utilization takes place.

On Contract rollover, linkage utilization amount changes depending on the rollover amount.

For more information, refer to *Linking OL contract to a facility or multiple collateral/pool* section

9.4.4 Specifying the Manner in which the Special Amount should be Treated

If you specified that the principal of the new loan is meant to be a special amount you also have to indicate the manner in which the special amount is to be treated. You can choose any one of the following options:

- Rollover Amount
- Liquidation Amount
- Maximum Rollover Amount
- Ignore

The amount that is rolled-over depends on the treatment that you specify. You can choose not to treat the special amount in a specific manner by choosing to ignore this option.

Rollover Amount

If the outstanding amount is 20,000 and the special amount is given as 25,000 the additional 5000 gets added to the loan.

If the outstanding amount is 30,000 and the special amount is given as 25,000 the additional 5000 gets liquidated.

Note

The Outstanding Amount is the sum of all the components put together.

Liquidation Amount

If the outstanding amount is 20,000 and the special amount is given as 25,000 you are not allowed to rollover.

If the outstanding amount is 30,000 and the special amount is given as 5,000 the additional 5000 gets liquidated and only 25,000 is rolled over

Additional Principal Amount

Additional Principal Amount option can be selected only if the rollover is by special amount.

Note

Individual components are liquidated in the liquidation order.

Maximum Rollover Amount

If the outstanding amount is 20,000 and the special amount is given as 25,000 you can rollover the entire outstanding amount.

If the outstanding amount is 30,000 and the special amount is given, as 25,000 only 25,000 will be rollover and the remaining 5000 is liquidated.

9.4.5 Applying Tax

When you define a product, you can specify if tax has to be applied on rolled-over loans. For tax to be applicable on a rolled-over loan:

- It should be applicable to the product involving the loan
- It should not have been waived for the old loan

If you have that tax is applicable to the rolled-over loan, then through this screen, you can waive it for the rolled-over contract.

9.4.6 Specifying Charge to be Applied on the Rolled-over Amount

When creating a product, you would have indicated if charge is to be applied on loans that are rolled over (involving the product). For charge to be applicable on a rolled over loan:

- It should be applicable to the product involving the loan.
- It should not have been waived for the original loan.

If you indicate that charge is to be applied on rolled over loans involving a product, by default, charge is applied on all loans involving the product. In this screen, you can waive charge altogether for a rolled over loan, by deselecting this field.

9.4.7 Specifying the Schedule Basis for the rolled over contract

If you have defined repayment schedules for a product, they are applied to the loan involving the product, automatically. However, you can change the schedules while processing the loan under the product.

When the loan for which the repayment schedules were changed is rolled over, you can choose to apply the repayment schedules defined for the product or retain the schedules defined for the contract.

9.4.8 Specifying whether New Components have to be Included

You may have added new components to a product after initiating a loan under it. These components that were originally not available for the old loan may be included for the rolled over contract. To do this, you have to select the 'New Components Allowed' option for the rolled over contract.

9.4.9 Specifying whether Overdue Schedules should be liquidated

At the time of rolling over a contract with overdue schedules, you may either liquidate the overdue schedules prior to rollover or include the overdue amount (for the schedules not liquidated) as part of the rolled over amount.

Select the 'Liquidate Overdue Schedules' option to liquidate the overdue schedules before rolling over a contract.

9.4.10 Specifying the Maturity Type

The Maturity Type, which you have specified for the old loan, apply to the loan being rolled-over, by default. However, you can change the Maturity Type through this screen.

If it is to be changed, you have to specify the new Maturity Type for the rolled-over loan. It could be:

Fixed	This type of loan has a fixed Maturity Date. For a loan with a fixed maturity date, you enter the changed date on which the loan should be liquidated.
Call	The Maturity Date is not fixed. The loan can be liquidated anytime
Notice	The loan is liquidated after a certain period of notice. The number of days of notice should be specified in this screen. This is only for information purposes. Whenever a report is generated on a notice type of loan, the notice days are mentioned on it. For a loan with notice type of maturity, you have to enter the Maturity Date, once the notice is issued to the counterparty (customer).

For a loan maturing at notice, enter the notice period in days. This is only for information purposes. Whenever a report is generated on a notice type of loan, the notice days are mentioned on it. For a loan with notice type of maturity, you have to enter the Maturity Date, once the notice is issued to the counterparty (customer).

Specifying the maturity days

For fixed maturity types, you must specify the number of days to be added to the new value date of the rolled-over contract, to arrive at its maturity date.

Specifying the maturity basis

You must indicate the tenor basis upon which the maturity days specified for the rolled-over contract will be reckoned, in the Roll By field. The options are Days, Months, Quarters, Semi-annuals, and Years.

If you specify the 'days' maturity basis, and do not specify the maturity days, the system 'rounds' the tenor of the original contract to the nearest maturity days basis. The rounded tenor is considered as the new tenor of the rolled-over contract.

Example

For a loan, the value date of the original contract is 1st April 2001, and the maturity date is 15th March 2002. The maturity basis (Roll By) option is 'Months', and no maturity days have been specified.

The maturity date for the rolled over contract is arrived at as follows:

Tenor of the contract = Rounded off (number of months between 15th –March 2002 and 1st April 2001) = 11

Maturity date of the rolled over contract = (15th March 2002 + Tenor) = (15th March 2002 + 11) = 15th February 2003

If the maturity basis for the same contract would have been 'Months', and the maturity days is 10, the maturity date of the rolled over contract would be computed as:

Maturity date of rolled over contract = (15th March 2002 + maturity days *taken in terms of the maturity basis*) = (15th March 2003 + 10 months) = 15th January 2003

9.4.11 Indicating the Interest Basis for Roll-over

Click 'Interest Details' button to enter interest related details and also RFR details.

The interest basis indicates the manner in which interest for a specific component is calculated. You can select any one of the following as the basis on which the interest rate is picked up.

- Product
- Contract
- User Defined

If you specify that the interest rate maintained at the Product level should form the interest basis then the product level interest rate is made applicable for the component at rollover. Similarly the rate maintained for the contract is made applicable if you specify that the Contract as the interest basis.

If you indicate that the interest basis should be User Defined then you have to specify the appropriate interest rate. The rate that you specify is made applicable to the respective component at rollover.

For more information on interest basis, refer to the *Interest User Manual*.

9.4.12 Specifying the Refinancing Rate for the rolled over Contract

When a loan that is funded by a pool, is rolled over, you should specify the rate that will be used to arrive at the refinance income on the new contract.

9.4.12.1 Amending Rollover instructions for TD contract by upload

You can amend rollover instructions for TD contract. The system amends the Rollover preferences, special amount preferences, and so on in the Rollover details.

Note

CAMD event is triggered when you upload amendment for rollover instruction

9.5 Specifying Details for Rollover Split

If you have chosen the rollover method as “Split”, then you must enter the corresponding details for the split, in the Split Rollover Details screen. Click ‘Split Rollover’ in the Contract Online screen to invoke this screen.

Split Rollover Details

Contract Reference Number 000SOLB170911206 User Reference Number

Rollover Amount Type

Rollover Amount Type Principal Principal + Interest Principal + Interest - Tax

Apply Charge Apply Tax

Rollover Mode

1 Of 1 Go

<input checked="" type="checkbox"/>	Split No	Max Roll Amount	Amount Type	Drawdown Schedule	Schedule Basis	Maturity Type	Maturity Days	Maturity Days Basis	Refinance Rate	Interest Details
<input checked="" type="checkbox"/>	1		Rollover		Product	Fixed		Days		Interest Details

Rate Fixing

Ok Exit

You can only split loan contracts:

- of the same customer
- of the same currency

You can specify the following general rollover details for rollover splits, just as you would for a normal loan contract (as explained in previous sections):

- Rollover amount
- Mode of rollover
- Liquidating overdue schedules
- Applying charges
- Applying tax

9.5.1 Specifying Details for Rolled Over Contracts

When you indicate the rollover method as “Split”, the system creates multiple draw down contracts out of the original draw down contract. For each rolled over contract, the system generates a split number.

You must indicate preferences for these rolled over contracts in the Split Rollover Details screen.

You must indicate the following details:

- The amount that can be rolled over to create each of the multiple contracts that will be created as part of the rollover split. You can also indicate how the amount is to be considered, just as you would in the case of a special rollover amount, as explained in previous sections, as for a normal rollover.
- The draw down schedule to which the new contract, created out of the rollover split, would be linked
- Whether the repayment schedules applicable for the rolled over contract created out of the rollover split, must be defaulted from the product used by the original contract, or the original contract itself.
- Whether the rolled over contract created out of the rollover split, is to have a fixed maturity, matures at call or at notice
- For fixed maturity contracts, the maturity date
- For contracts maturing at notice, the applicable notice days
- For fixed maturity type contracts, the number of days to be added to the value date to arrive at the maturity date.

The refinance rate for the contract split rollover contract Each of the split contracts inherits the interest components defined for the original contract. All the rate details defined for these interest components, in the original contract, such as the rate type, rate code (for floating rate components) interest basis, margin and spread, interest rate rounding components are inherited by the split contract.

9.6 Specifying Details for Rollover Consolidation

If you have chosen the rollover method as “Consolidation”, then you must enter the corresponding details for the consolidation, in the Consolidation Rollover screen.

You can invoke ‘Consolidation Rollover’ screen by typing ‘OLDCOROL’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

In this screen, you must specify the reference number of the loan contract (commitment) which you want to consolidate with other loan contracts, as part of the rollover operation.

You can only consolidate loan contracts:

- Of the same customer
- Maturing on the same date
- Of the same currency

When you select the loan reference number, the product code for the loan is displayed. You can select the other loan contracts to be consolidated.

You must specify the following details for the consolidated rolled-over contract:

Maturity Details

You can indicate whether the consolidated contract has a fixed maturity date, or matures at call or notice. For contracts maturing at notice, you can indicate the applicable notice days.

Note

For fixed maturity type contracts, you can specify the maturity date. For fixed maturity type contracts, you can specify the number of days to be added to the value date to arrive at the maturity date. You can select all the future dated maturity contracts greater than or equal to the value date. That is you can select future maturity contracts along with the matured contracts.

For the future date maturing contracts, the system liquidates the interest amount accrued till date and contract gets liquidated. Based on the amount settled till date, the interest

amount is settled and future date schedules are deleted. In addition, ROLL event is fired and accounting entries are passed for ROLL event for different maturity contracts.

Schedule Basis

You can indicate whether the repayment schedules for the consolidated contract must be defaulted from the loan product or from the driver contract.

The Mode of Rollover

You can indicate whether the rollover consolidation must be initiated automatically for the selected contracts. The mode of rollover also depends on whether the mode of liquidation of the loan is automatic or manual. This preference can be set just as you would do for a normal rollover, as explained in previous sections.

Settlement Basis

You can indicate whether settlement details for the consolidated contract must be defaulted from the loan product, or the driver contract

MIS Basis

You can indicate whether MIS details for the consolidated contract must be defaulted from the loan product, or the driver contract,

UDF Basis

You can indicate whether user-defined fields for the consolidated contract must be defaulted from the loan product, or the driver contract.

Refinance Rate

You must indicate the refinance rate for the consolidated contract.

Holiday Treatment

You can indicate whether the system must check for maturity dates of the consolidated contract falling on holidays.

If the holiday check is indicated, you can also specify whether maturity dates falling on holidays must be moved forward to the next working day, or backward to the previous working day. You can also indicate whether the moved maturity date is allowed to cross over months.

Interest Components for the Consolidated Contract

You can define the interest components to be applicable for the consolidated contract.

The interest rate can be defaulted from either the loan product, or the driver contract, or a special rate can be entered. If a special rate is to be entered, you can specify the required rate in the Rate field.

Consolidation Preferences for Driver Contracts

As part of the preferences for the consolidation contract, you can identify contracts from which information such as settlement details, schedules, MIS details and so on, can be defaulted. These contracts are called driver contracts. You can select the contracts to be used as driver contracts, in the Participant Ref No field.

You must specify the following details for the driver contracts:

- How the rolled over amount is reckoned. This could be just the outstanding principal, or outstanding principal together with interest.
- Whether charges are applicable for the consolidated contract
- Whether old schedules for the contracts getting consolidated, must be liquidated

- Whether a special rollover amount is applicable, and how the special amount is to be considered. This preference can be set just as for a normal rollover, as explained in previous sections in this chapter.

9.6.1 Loan Rewrite using Consolidated Rollover

In loan rewrite, you can settle one or more original contracts while creating a new one that consists of due balances with a specific product. The loan rewrite is supported for the following types of loans.

- Bearing and Discounted methods
- Normal and Amortized schedule types

Limitations

- If rollover is for increased principal, then the disbursal happens to the main counter party contract.

Settlement Basis/Schedule Basis/MIS Basis/UDF Basis

You need to select 'Product' option from 'Settlement Basis/Schedule Basis/MIS Basis/UDF Basis' drop-down list. If the option 'Contract' is selected, then the system displays the following error during save, "Settlement Basis/Schedule Basis/MIS Basis/UDF Basis Cannot Be Contract as the Driver Contract Product Differs with The Header Product".

Product Code

In 'Product Code' you can select the loan product, using which loan contracts need to be rolled over. It displays all products for which active contracts are available for the customer, branch and currency combination.

You can select contract of different products while entering details of participating contracts.

Rollover Amount Type

You can either select 'Rollover Amount Type' as 'Principal' or 'Principal + Interest'. If 'Principal' is selected other components gets liquidated.

Driver Contract

The details other than that specified in 'Consolidation Rollover' screen are fetched from the driver contract.

For example the check list and linkage details are defaulted from the driver contract to the new contract.

Note

IOF (The Financial Operations Tax) is collected for the consolidated contract considering it as a new contract.

Example

It is required to consolidate 2 contracts belonging to a customer with customer number, 029000114. Both have different products. Contract details are as given below

Contract 1	
Product	CLP1

Contract 1	
Interest type	Linear
Interest rate	12%
Total Amount	100,000
Interest Basis	Actual/Actual
Component Details	
Principal	
Principal Paid	50,000
Principal Overdue	25,000
Principal Expected	25,000
Interest	
Interest Paid	2,600
Interest overdue	500

Contract 2	
Product	CLP2
Interest type	Amortized
Interest rate	10
Total Amount	200,000
Interest Basis	Actual/360
Component Details	
Principal	
Principal Paid	50,000
Principal Expected	150,000
Interest	
Interest Paid	1,700

Let the below details be entered in consolidated rollover screen

Product	CLP3	
UDE Basis	User defined	
Schedule Basis	Product	

UDE Details		
Interest Rate	9%	
Consolidate details		
Contract number	Rollover Amount Type	Driver Contract
Contract1	Principal + Others	Yes
Contract 2	Principal	No

On authorization of consolidated rollover screen the system does the following.

- Liquidate the Interest of the contract Contract2 by taking the settlement contract in contract payment details.
- Fire rollover event (ROLL) and pass accounting entries for ROLL event
- Build the contract details for the new contract by using the branch, customer, currency, product given in header.
- Amount financed for the new contract is 200,500. Split up is given below
 - 50,500 from Contract1 which is the sum of Principal overdue, Principal expected, and Interest outstanding
 - 150,000 from Contract2 which is the Principal outstanding
 - Value date for the new contract is the value date given in 'Consolidation Rollover' screen
 - Interest rate for the new contract is 9%.
- Schedules are derived based on the product preference maintained for CLP3.
- New contract is in NORM status irrespective of the status of the participating contracts
- Settlement contract details for the new contract is defaulted from the default settlement instructions maintained for the customer.

9.7 Advices for a Rolled-Over Loan

In the Product Events Definition screen, you can define the events for which advices are to be generated, for loans involving a product. An advice is generated when a loan is rolled-over, if specified to do so, for the product the loan involves. Generation of advices upon rollover, if specified, is as follows:

- When the loan is rolled-over with interest (that is, the entire outstanding amount in the original loan is rolled-over without any component of the original loan being liquidated), the liquidation advice for the original loan is not generated. Instead, a rollover advice, with the details of the liquidation of the original loan and its subsequent rollover into a new loan, is generated.
- When the loan is rolled with an amount, that is not the entire outstanding amount in the original loan, the liquidation advice(s) for the original loan is generated along with the rollover advice.

9.8 Authorizing a Manual Roll-Over

The operations on a loan like input, modification, manual liquidation and manual rollover have to be authorized by a user other than the one who performed the operation. All the loans should be authorized before you can begin the End of Day operations.

When you call such a loan for authorization, the details of the liquidation of the original loan is displayed.

At the time of authorizing rolled over contracts, you need to enter the values for the re-key fields (specified at the product level).

10. Making Additional Disbursements and Rate Changes

This chapter contains the following section:

- [Section 10.1, "Introduction"](#)
- [Section 10.2, "Navigating to different tabs in Value Dated Amendment screen"](#)
- [Section 10.3, "Simulating VAMI"](#)
- [Section 10.4, "Tracking Payables and Receivables"](#)

10.1 Introduction

Any change to the terms of a loan, which affects its financial details and the accounting entries, can be made through the Value Dated Amendment function of Oracle Lending. Through this function you can make changes to authorized loans on any day before the Maturity Date of the loan.

The changes to the terms of a loan, notified through this function, take effect on a date referred to as the "Value Date". That is why the changes brought about by this function are called Value Dated Amendment.

A Value Date could be:

- Today
- A date in the future
- A date in the past

Using the Value Dated Amendment function, you can make changes to the various components of a loan such as:

- Additional disbursement of Principal
- The interest rate or amount
- The fees
- The Maturity Date

When you make a value dated amendment, only the accrual entries are passed by the Value Dated Amendment function. All the other accounting entries are passed by the Automatic Daily function.

If the value date is a date in the past, it should not be beyond the last payment date for any component.

You should ensure that a contract - on which you plan to make backdated changes - does not have amortized schedules.

In addition, a value date in the future cannot be beyond the Maturity Date of the loan. If it has to be beyond the Maturity Date of the loan, you have to first postpone the Maturity Date of the loan so that your proposed future value date falls before the new maturity date. Only after this change is authorized can you fix a value date in the future for the loan.

The system defaults to today's date.

Note

If a contract is pending for authorization in any screen and if you try to unlock in OLD-VAMND to do changes, then an error message “Unauthorized amendments exist for contract in ‘function id’ “appears.

Note

You can do financial amendments in this screen, only for non-bearing products when 'Allow schedules for discounted' check box is selected at the contract level. You can invoke the ‘Loan and Commitment - Value Dated Amendment’ screen by typing ‘OLDVAMND’ in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Loan and Commitment-Value Dated Amendment

Enter Query

Contract Reference Number _____

Counterparty _____

Counter Party Name _____

Currency _____

Outstanding Amount _____

Syndication Reference Number _____

Tranche Reference Number _____

Ticket ID _____

Product _____

Product Type Description _____

Start Date YYYY-MM-DD _____

Amendment Date YYYY-MM-DD _____

Reprogram Counter Number _____

Drawdown Number _____

VAMI Status _____

Amendments | Schedules | Linkages

Current Values

Amount _____

Rate _____

Maturity Date YYYY-MM-DD _____

Re Amort Date YYYY-MM-DD _____

Maturity Type _____

Contractual Effective Date YYYY-MM-DD _____

Contractual Maturity Date YYYY-MM-DD _____

Tenor Based Spread

Remarks

Modification

Change in Principal _____

Local Currency Equivalent _____

External Transaction Reference Number _____

Maturity Date YYYY-MM-DD _____

Maturity Type _____

Reprogram Counter

Contractual Effective Date YYYY-MM-DD _____

Contractual Maturity Date YYYY-MM-DD _____

Charges | Interest | Settlements | Tax | MIS | Fields | Advice | Events | Message Preview

Maker Id _____

Checker ID _____

Authorization Status _____

Maker Date Stamp _____

Checker Date Stamp _____

Status _____

Enter the reference number of the loan to which you want to make amendments. The main details of the loan is displayed in the screen.

Note

The ‘Ticket Id’ field is displayed only when the individual SLT trades get handed off to LS and then to OL (Origination). If the setup is to consolidate all the trades across the tickets for a CUSIP, the ticket Id is not displayed for any trade.

You can make an additional disbursement through the Value Dated Amendment function.

If you increase the principal amount, the increased amount is put into the last principal payment schedule. You, then, have to authorize the schedule, which the system has redefined to maturity. Only then you can define new schedules, as per your requirement, through the Contract Schedules screen.

For a loan, you can increase the principal through the Value Dated Amendment function. If you want to decrease the principal, you have to treat it as a repayment.

Note

VAMI reversal is allowed only for principal increase and not supported for interest rate or maturity date changes.

You can make payment on the value date and amendment can be done on the value date of the contract.

If a discount accrual component is attached to the contract and if there is a change in the amount due, then the IRR is recomputed.

For back value dated VAMI beyond the liquidation date, the IRR is recomputed, if there is a change in the amount due. The catch up YACR is due to the recomputation posted online, provided if there is a fee liquidation done prior to the VAMI.

The tier based spread is recomputed on payment of principal on the value date and on value dated amendment provided if there is a change in the principal amount.

If there is a VAMI beyond the liquidation date with the value date as value date of the contract, then the principal amount to be increased is adjusted in the bullet schedule and the interest amount is recomputed. The amount to be settled is adjusted based on the net amount paid (Total paid - Total amount reversed - Refund amount) depending on the parameter selected at the product level.

Value date amendment is not allowed for rate type change of capitalized type loans.

You can either link a single facility or multiple collateral/pool to an OL contract. For the Collateral/Pool/Facility linkage, you should specify the linked amount and linked %. Based on this contract amount utilization takes place.

In OLDTRONL, if you alter the Contract Amount, and on Save of the contract amendment, the system does the following:

- Reverses the Utilization that has happened
- Alters and updates the utilization amount for the amended contract amount.

For more information, refer to *Linking OL contract to a facility or multiple collateral/pool* section.

Outstanding Amount

Total outstanding amount of the loan contracts.

Value Dated Amendment beyond Rate Revision/Rate fixing Date

You can do value dated amendment beyond rate revision/rate fixing date. Only principal Increase and Spread change are allowed as part of this amendment.

Note

During value added amendment, you can change any interest component to floating and give the rate fixing days during amendment.

Schedule Amendment of Non-Liquidated Past Schedules

You can amend the repayment schedules if the schedule due date is in the past.

Amendment beyond Liquidation Date

Amendment beyond liquidation date can be done both for commitments and loans.

Spread Change Beyond Liquidated Schedules

You can change the spread for a effective date beyond a liquidated schedule, however it calculates the interest only from the last liquidation date.

Changes are done to re-compute the interest, from the effective date of the Spread provided the Spread type is Slab/Tier. If the Spread type is flat, then the spread can be changed from Value Dated Amendment Screen.

Based on the re-computation, if the amount due (interest to be liquidated) for a schedule changes, then based on the net interest paid (Amount paid-refund amount-amount reversed) the schedules are adjusted automatically.

Note

For a commitment, you can also decrease the principal amount as only contingent entries are passed.

Negative Value Dated Amendment

You can reduce loan balance in case of an HFS transfer by selecting the 'HFS Transfer' check box. The system then posts the corresponding accounting entries as per the product set-up for HFS transfer.

Negative VAMI for Loan reduces CoC balances such as contra and write off, along with HFI loan position.

10.1.1 Changing the Maturity Date

Enter the new Maturity Date in the screen.

When you change the Maturity Date or the Principal of a loan:

- If you have advanced the Maturity Date, the schedules falling due after the new Maturity Date is redefined to the Maturity Date.
- If you have postponed the Maturity Date, the schedules that have not been liquidated and which fall due before the new maturity Date is redefined to the new Maturity Date.

You have to authorize the change in Maturity Date, before you redefine the schedules according to your requirements, through the Contract Schedules screen.

When you extend the Maturity Date of a loan, the time code of the credit line to which the contract is linked should be beyond the new Maturity Date. If not, the system seeks an override.

The new Maturity Date is applicable to the loan from the Value Date of the contract. You can also change the maturity date of the active commitment after its maturity date.

Note

- The system recalculates the fee schedules on the maturity date, if there are any such fee schedules and if they are not liquidated, and shifts them to new maturity date.
- The system allows the commitment reductions (VAMI with decrease in amount) for the existing maturity date even after crossing the maturity date of the Commitment.
- The system does not allow change in maturity date and change in commitment reduction in the same instance through this screen.

- On changing the maturity date of the commitment, the bullet schedule is shifted to the new maturity date if its not liquidated.
-

10.1.2 Enabling the Reprogramming Counter

Whenever any event (loan disbursement, value dated amendment, schedule changes, and so on.) in the life-cycle of a loan contract results in a negative cash flow for a bank, you have to enable the reprogramming counter by selecting the check box positioned next to the Reprogram Counter field.

10.1.3 Interest Refund Required

This check box is selected if the bank intends to pass the interest benefit of certain events to the borrower.

Following are instances of such events.

- VAMI - Interest decrease, Maturity date is advanced
- Prepayments including full prepayments leading to contract closure

If the check box is selected, the interest is recomputed based on the event that has occurred and the borrower's CASA/GL is credited for BADJ event (Backdated adjustments) defined at the product. This check box is not relevant if rates are decreased as a result of index changes.

10.1.4 Spot Rate

The system calculates FX variation based on user input rate on Spot Rate and daily exchange rate as D-1, D, D+1, D+2. Each exchange rate variance on daily basis, accrual on FX variation is calculated and posted on daily event.

10.1.5 Capturing details of amendments to loan agreements

You can record whether there has been any amendment to the loan agreement after it was initiated. If you record that there has been an amendment, you also have to specify the date on which such an amendment was made.

The details that you mention here is incorporated in the amendment confirmation advice that is sent to the customer.

The details pertaining to agreement amendment that you mention in the Loans and Commitment – Value Dated Amendments screen are automatically incorporated in the new version of the contract in the 'Loans and Commitment - Contract Input' screen.

10.2 Navigating to different tabs in Value Dated Amendment screen

The schedule changes, which have come about as a result of value-dated changes, can be done through the Value Dated Amendments screen. For example, if the schedule change has come about following a change in the maturity date, you have to do this through this screen. Click on 'Schedules' in this screen.

This section contains the following topics:

- [Section 10.2.1, "Applying Rate Revision Schedules"](#)

- [Section 10.2.2, "Making Changes in Interest"](#)
- [Section 10.2.3, "Making Changes in Interest Rate Type "](#)
- [Section 10.2.4, "Making Changes in Maturity Type "](#)
- [Section 10.2.5, "Making Changes in Special Rate Type"](#)
- [Section 10.2.6, "Amortization after a Value Dated Amendment"](#)
- [Section 10.2.7, "Making Changes in Fees"](#)
- [Section 10.2.8, "Settlement instructions"](#)
- [Section 10.2.9, "Specifying Linkages"](#)
- [Section 10.2.10, "Viewing Messages using Message Preview"](#)
- [Section 10.2.11, "Deleting Value Dated Amendments"](#)
- [Section 10.2.12, "Schedule Changes for VAMI"](#)
- [Section 10.2.13, "Reduction of CoC balances for HFI Contracts"](#)

10.2.1 Applying Rate Revision Schedules

When you change the rate applied on a fixed rate contract through the Value Dated Amendments screen, you can also apply the rate revision schedules to the contract. In the Schedules tab of the Loans and Commitment- Value Dated Amendments screen, any interest rate revision schedules defined for the contract are displayed. You can make these schedules effective by clicking on the “Apply” button.

10.2.2 Making Changes in Interest

Through the Value Dated Amendment function, you can make changes to the maturity date, the principal and specify a new value date for the loan.

However, if you want to change the interest rate, the rate code, the spread or the interest amount, you have to invoke the Contract ‘ICCF Details’ screen of the ICCF module through the ‘Loan and Commitment Value Dated Amendments’ screen. Click the ‘Interest’ to invoke this screen.

The screenshot shows the 'ICCF Details' window with the following fields and sections:

- Contract Reference** and **Product Code** (text input fields)
- Module** (dropdown menu, currently set to 'OL')
- Product Desc** (text input field)
- Contract Details** section with a pagination indicator '1 Of 1'.
- Amendment Fields:**
 - Chg During Amendment** (text input)
 - Event Sequence Number** (text input)
 - Pickup Event Seq No** (text input)
 - Value Date** (text input)
 - Transaction Date** (text input)
 - Rate Type Prev** (text input)
- Event Details** section:
 - Event** (text input)
 - Event Description** (text input)
- Component** section:
 - Fixed Rate Type** (dropdown menu)
 - Interest Basis** (dropdown menu)
 - Special Rate Type** (dropdown menu)
- Component Description** section:
 - Liquidity Prem Borne By** (dropdown menu)
 - Rate Type** (dropdown menu)
 - Reset Tenor** (text input)
- Spread Maintenance | Rate Fixing** (text at the bottom left)
- Ok** and **Exit** buttons (at the bottom right)

You can make Value Dated Amendments only to the following components in the Contract ICCF screen.

Interest Rate

Enter the new interest rate. However, you cannot:

- Change the interest rate if you have defined zero interest for the loan
- Change the interest type

For fixed rate contracts, you can change the rate applied by specifying a new rate.

Note

You can change the interest rate or the schedule only when a back valued change does not affect schedules that have even one of the components (Interest/Charges) partly/fully liquidated.

Rate Code

If a floating type of interest has been defined, enter the new rate code.

Spread

Enter the new spread here.

Interest amount

Enter the new interest amount.

Acquired interest

If the loan was already initiated when it was input, the interest amount that has been accrued should be entered here. The amount is taken into account by the system during the next liquidation cycle. You can make changes to the acquired interest through this screen.

Waiver

The attributes of an interest component that have been defined for a product will be applied on a contract involving the product. If, for some reason you do not want to apply the interest component for the contract you are processing, you can do so by checking this field. The interest is calculated but it is not applied on the contract.

For back valued changes in interest rate the system will take corrective action. Accruals are redone till the last accrual date. In addition, in case of a back valued change, the value date should not be beyond the last liquidation date.

Note the following:

Note

- A fee can be changed only for a commitment.
 - If the UDF 'RATE-VARIANCE' is maintained as a non-zero value for a commitment contract to which the loan is linked, dual authorization is required for rate and spread changes for fixed rate contracts and rate code and spread changes for floating rate contracts.
-

For more information about this screen, refer to *Interest User Manual*.

For more details regarding dual authorization, refer to the 'Dual Authorization' section in this User Manual.

Exponential Interest Details

Rate Basis

This value gets defaulted from the 'Interest Class Maintenance' screen. If required, you can modify the value. You can select the options.

- Per Month – This option is used for fixed per month rate.
- Per Annum/Not Applicable – This option is used for annual rate input. The value input is considered as resolved rate.
- Quote Basis – This option is used for float rate input for all quote basis.

Exponential Interest Method

This value gets defaulted from the 'Interest Class Maintenance' screen. If required, you can modify the value.

For more information about exponential interest, refer to 'About Exponential Interest' section in this User Manual.

10.2.3 Making Changes in Interest Rate Type

In this screen, you can change the 'Rate Type' after a contract is authorized. You can change it either from 'Floating' to 'Fixed' or from 'Fixed' to 'Floating'. But you cannot change it to 'special' or from 'Special' to any other rate type ('Floating' or 'Fixed').

If the rate type is changed to 'Fixed' then the field Fixed Rate Type always be defaulted to 'User Input' and cannot modify the same. In addition, the field User Rate gets enabled and you can input the appropriate rate. If the rate type is changed to 'Floating' then the fields Code Usage and Floating Rate Code gets enabled for modification. The field Code Usage can be modified to 'Auto' or 'Periodic'.

If Code Usage is changed to 'Periodic' then the field Revision Method gets enabled for modification. The Revision Method can be modified to 'Automatic' or 'manual'. The change in the rate type is effective from the value date of value dated amendment. Depending on the rate type, appropriate rate is used by the system for interest calculation. The interest rate changes are applicable only for "Main Component.

10.2.4 Making Changes in Maturity Type

The field 'Maturity Type' in the 'Current Values' section is the existing maturity type for the loan. You need to select 'Maturity Type' in the 'Modification' section as the maturity type of the loan which is effective after the value dated amendment:

- Fixed -> Fixed Maturity Type of Loans
- Call -> Demand Loans

Whenever the maturity type is modified from 'Fixed' to 'Call' the 'Maturity Date' field gets nullified and disabled. As part of VAMI, following operations are done:

- The 'Auto Extension', which is applicable for demand loans, gets updated as "Y" for the latest version of the loan.
- All the outstanding future dated payment schedules are deleted and system creates only bullet payment schedule for both Interest and Principal.

All the future dated rate revision schedules are also deleted from the system. Whenever the maturity type is modified from 'Call' to 'Fixed' the 'Maturity Date' field is enabled and it is mandatory to input maturity date. As part of VAMI, following operations are done:

- The 'Auto Extension', which is applicable for demand loans, is updated as "N" for the latest version of the loan.
- All the outstanding future dated payment schedules are deleted and system creates only the bullet payment schedule for both Interest and Principal.
- The schedule date for these bullet schedules is the new maturity date captured as part of VAMI

NoteThe schedule date for these bullet schedules will be the new maturity date captured as part of VAMI. All the future dated rate revision schedules gets deleted from the system.

- The maturity type change is not applicable if the loan has FAS91 type of Fees.
 - The rate type and maturity type change is applicable only for normal, bearing type of loans.
 - The rate type and maturity type change is not applicable for Agency type of loans.
 - In case a future-dated VAMI is captured for maturity type change then further VAMIs is not allowed till the former VAMI is processed successfully.
 - In case of Maturity type Change VAMI, only Maturity type Change can be done, no other type of VAMI is possible at the same instance.
 - The interest rate type change and maturity type change (from Fixed to Call) is not applicable after the maturity date.
 - The maturity type change is not allowed, if the contract has any partial interest payment for the bullet schedule.
-

For more information on the ICCF Details screen, refer to the *Interest* User Manual.

10.2.5 **Making Changes in Special Rate Type**

For late payment charge component attached to the contract, system displays the values of the following fields from the contract ICCF details screen:

- Rate Type
- Special Rate Type
- Accrual Required
- Rate or Interest Amount

During VAMI operation, if 'Amendment Date' is the same as the current date, then you can modify the 'Special Rate Type' (fixed rate or flat amount) applicable to late payment charge component.

For active contracts, you cannot edit the following fields during VAMI operation for late payment charge components:

- Rate Type
- Special Rate Type
- Accrual Required

For uninitiated contracts, you can modify the value of 'Special Rate Type' from the contract ICCF Details screen.

Based on the value of 'Special Rate Type', system either enables 'Rate', 'Interest Amount' for amendment. The amended value is applicable only to future schedules where late payment charges are to be calculated. Thus back/future value dated change is not allowed for late payment charge components.

During VAMI operation, if 'Amendment Date' of the VAMI is the not the same as the current date, then system does not allow any change in the fixed rate/flat amount applicable to the late payment charge component. When you modify the late payment charge rate/amount, save the changes and exit the ICCF Details screen, system gives the following error message:

'For special rate type Amount/Rate change should be current dated.'

In this case, you should cancel the change and re-input the VAMI operation.

Back value dated amendments that result in a change in the basis amount of the late payment charge will result in recalculation of late payment charges. If the previously calculated late payment charge has been partially paid, then system tracks only the additional amount as due. If recalculation results in an overpayment for late payment charge, then system stores the overpaid amount against the schedule which can be adjusted using the 'Pay/Receive Liquidation' screen.

10.2.6 Amortization after a Value Dated Amendment

You can make a value dated amendment in the interest rate for a loan with amortized schedules. The change can be with a value date of today, or a date in the future. Back dated changes cannot be made on a loan with amortized schedules.

If the change affects the schedule, the schedules are amortized again with the changed terms.

Note

Only the Principal and Interest schedules are redefined. The Fee schedules are not redefined.

10.2.7 Making Changes in Fees

The schedule that falls due immediately after the value-dated change have a slightly different amount (that is, not the Equated Installment). This is because an adjustment has to be made if the period for which the interest is calculated has two different rates. The subsequent schedules are amortized at the new rates.

Fee rates can be changed only if the contract is a commitment. The fee rate can also be changed in case of a future dated loan that is yet to be initiated and the Value Date has to be the same as the Initiation Date of the loan.

For example, for a loan, the new draw-down fees are applicable only if the loan is a future valued loan that is yet to be initiated.

10.2.8 Settlement instructions

If you want to make changes to the settlement accounts and the currency conversion rates, you have to invoke the 'Loans and Commitment - Contract Input' screen and go to the 'Settlements' screen by clicking the 'Settlements'.

For more information, refer to the *Settlements User Manual*.

10.2.8.1 **Amending Settlement instructions for TD contract by upload**

The system amends the settlement instructions which are defaulted as a part of maintenance and the settlement accounts which are defaulted component (Amount Tag) wise.

Note

CAMD event is triggered when you upload amendment for settlement instruction.

10.2.9 **Specifying Linkages**

Similarly, if there is a change in linkages brought about by value-dated changes, then you have to do it through this screen. For instance, if you have increased the principal, there may now be an uncovered amount which you may wish to link to a deposit, an account or a commitment.

10.2.10 **Viewing Messages using Message Preview**

For more information on message preview, refer to 'Viewing Messages using Message Preview' section, 'Disbursing a Loan' chapter.

10.2.11 **Deleting Value Dated Amendments**

You can delete the value-dated changes that you have made on a loan provided:

- The change is yet to be authorized
- In case of a future value dated amendment) the change has not yet been effected

All the value-dated changes have to be authorized before the End of Day operations begin.

All future Value Dated Amendment is applied by the automatic contract update program when the changes are due. If the value date of the change is earlier than, or the same as today's date, the changes will take effect immediately.

To delete value-dated amendments, call the contract on which you have made Value Dated Amendment (that are *still to be authorized*) through the Value Dated Amendment screen by entering the contract reference number. The details of the contract is displayed. Choose delete from the Actions Menu or click 'Delete' on the toolbar. The value-dated changes are deleted.

10.2.12 Schedule Changes for VAMI

If there is any principal amount increase or maturity date change in the contract, you can distribute the amount equally among all the schedules and redefine the schedules from the amendment date till maturity date. You can do this using 'Distribute Principal' and 'Redefinition' button in 'Schedules' tab of 'Loan and Commitment Value Dated' screen.

In addition, you can use 'Default' button to default back to the original schedules as in contract and 'Liquidate Summary Schedule' button to view the overdue or liquidated schedules.

Note

Schedule amendments are not allowed for non-bearing, commitment, call, notice maturity type contracts. They are applicable only for loans.

If there is any principal increase or maturity date change, then the system performs the following:

- The increased principal amount can be distributed equally among all the schedules from the amendment date till maturity date.
- The amount is distributed pro-rata wise among schedules.
 - Pro-rata amount = Additional principal amount of VAMI / Number of records in amount due for PRINCIPAL component after VAMI value date
- Restructuring of loan is also supported where the frequency of schedules can be changed

Note

In case of reversal of VAMI, the system brings the original amount due before VAMI.

Capitalize

In case of Value Dated Amendment (VAMI), you can modify the schedules by selecting or clearing 'Capitalize' check box and then perform CAMD to increase 'Interest Reserve Amount'. The system validates whether the interest reserve amount entered is not a negative value before saving the contract.

Capitalize due to Insufficient Funds

You can select the schedules and mark the 'Capitalize due to Insufficient Funds' check box which needs to be auto capitalized.

10.2.12.1 Viewing Schedule Details

When you click 'Payment Details' button in this screen, you can see the 'Payment Schedule Details screen' similar to 'Loan and Commitment - Contract Input' screen. Here you can view the details of the schedules for a particular contract. For more information, refer to 'Revision and Repayment Schedules' sub-section in Processing Repayments section.

Loan and Commitment-Contract Input - Transaction Branch Code ::: 000 - Transaction Branch Code ::: 000

Schedule Details

Schedule Summary

Projected Amount Due	Due As Per Rate Fixing	Total Amount Paid	Total Adjusted Amount	Expected Balance	Pay Receive Amount	Local Currency Equivalent
8,525.00	8,525.00	0.00	0.00	91,666.67	0.00	0.01
8,514.88	8,514.88	0.00	0.00	83,333.34	0.00	0.01
8,493.05	8,493.05	0.00	0.00	75,000.01	0.00	0.01
8,481.87	8,481.87	0.00	0.00	66,666.68	0.00	0.01
8,465.37	8,465.37	0.00	0.00	58,333.35	0.00	0.01
8,445.14	8,445.14	0.00	0.00	50,000.02	0.00	0.01

Schedule Details

Component	Pay In/Out	Adjusted Amount	Expected Balance	Projected Amount Due	Due As Per Rate Fixing	Amount Paid	Moratoria
<input checked="" type="checkbox"/> OL_FPA1	Pay In	0.00	0.00	2.09	2.09	0.00	

Interest Rate Details

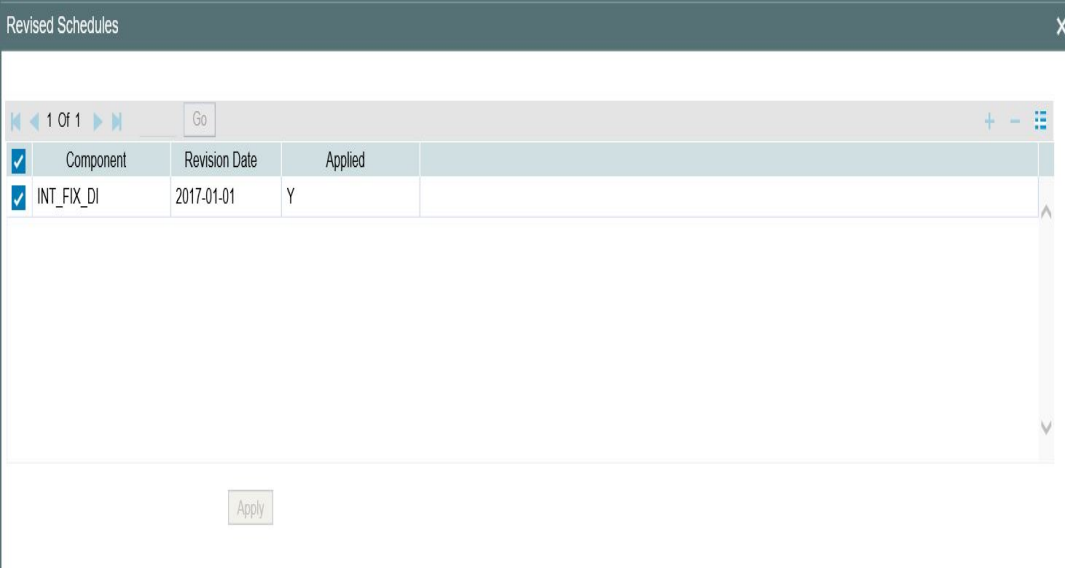
Calculation Date	Rate Type	Rate Code	Principal Basis	Base Rate	Base Index Rate	Spread / Margin
<input checked="" type="checkbox"/> 2016-04-04	Fixed		1,000.00		2	0.5

Amount Paid

Local Currency	Process Date	Value Date	Amount Paid	Lcy Equivalent Paid
----------------	--------------	------------	-------------	---------------------

10.2.12.2 Viewing Revision Schedule Details

When you click 'Revision Details', the changes made in the 'Loan and Commitment - Contract Input' screen are displayed. For more information, refer to 'Revision and Repayment Schedules' sub-section in Processing Repayments section.



The screenshot shows a window titled "Revised Schedules" with a close button (X) in the top right corner. Below the title bar is a navigation bar with a "Go" button and a "1 Of 1" indicator. The main area contains a table with the following data:

<input checked="" type="checkbox"/>	Component	Revision Date	Applied
<input checked="" type="checkbox"/>	INT_FIX_DI	2017-01-01	Y

At the bottom of the window, there is an "Apply" button.

10.2.12.3 Reversing Value Dated Amendments

You can reverse Value Dated Amendment Booking (VAMB) and Value Dated Amendment Initiation (VAMI) using 'Value Dated Amendment Reversal' screen. To invoke this screen, click 'Reverse' in the 'Loans and Commitment – Value Dated Amendments'.

Exclude From Statement

Select this field to not allow VAMI and its reversal appear in the loan statement.

Remarks

You may add remarks in this field.

Note

The system allows this reversal only if the VAMI reversed is the latest event of the Contract. If subsequent events are executed post VAMI, then you should reverse all the events post VAMI before reversing the VAMI.

Authorizing Value Dated Amendments

In Oracle Lending, you can authorize the value-dated amendments made on Loan contracts through the 'Loans and Commitment - Value Dated Amendment Summary' screen.

You can invoke the 'Loans and Commitment - Value Dated Amendment Summary' screen by typing "OLSVAMND" in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The authorization status of all unauthorized contracts is marked as 'U'. The following stages of the contracts might be unauthorized:

- Contract Input
- Value dated amendments
- Payments made towards the contracts

To authorize the unauthorized contracts, double-click on the contract in the 'Loans and Deposits Contract Summary' screen. The screen that is displayed depends on the stage of the contract that is unauthorized.

- If booking or initiation is unauthorized, the 'Contract Online' screen is displayed.
- If a value dated amendment is unauthorized, the 'Loan and Commitment --Value Dated Amendments' screen is displayed.
- If the payment of a contract is unauthorized, the 'Loan and Commitment - Schedule Payment' screen is displayed.

In the screen that is displayed (based on the unauthorized stage) click 'Authorize' to authorize the contract.

If you double click on a contract for which the authorization status is marked as 'A', the 'Contract Online' screen is displayed.

10.2.13 Reduction of CoC balances for HFI Contracts

The system reduces HFI balances on a pro-rata basis during VAMI event due to HFS transfer, if the box 'HFS Transfer' in the 'Value Dated Amendment' screen is checked. It computes pro-rata reduction of the following balances for individual loans based on the VAMI amount:

- Pro-rata reduction of write-off
- Pro-rata reduction of contra interest

- Pro-rata release
- of FAS 114 funded reserve

CoC balances are not applicable for LC loans. The box 'HFS Transfer' is not applicable for commitment VAMI.

You need to manually reduce FAS 114 unfunded reserve on a prorate basis during HFI to HFS transfer as part of internal HFI Sell trade processing.

10.3 Simulating VAMI

The value dated amendment simulation screen is similar to 'Loan and Commitment - Value Dated Amendment' screen. Once the VAMI is saved in this screen, you can view the revised schedules and view the advice.

Value Dated Amendment simulation is used to view the impact on repayment schedules, tenor and maturity date after the VAMI.

You can invoke the 'Value Dated Amendment Simulation Detailed' screen by typing 'OLDVAMSI' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

10.4 Tracking Payables and Receivables

You can track and liquidate the differences in the settled amount using 'Pay – Receive Liquidation' screen.

You can invoke the 'Pay - Receive Liquidation' screen by typing 'OLDPRLIQ' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Note

In case of any Pro Rata VAMI beyond any Payment, it may result in the change in the settlement amount for the settled schedules. These differences in the settled schedules (both positive and negative) you can track under the payable and receivables and can settle the differences to the Pay-Receive Liquidation option.

Contract Reference Number

Specify the contract reference number whose list of components you want to display in this screen.

The following fields are displayed

- Department
- Branch
- Counterparty
- Component
- Due Date
- Amount Due
- Currency

Value Date

Specify the value date of the payment for the selected component. The value date of the payment can be either backdated or current dated.

Amount Settled

Specify the amount to be liquidated for the selected component.

Note

- You are allowed to reverse the payment manually.
 - You are allowed to delete the payment and delete the reversal of payment before authorization of the activity.
-

10.5 **Progressive Disbursement**

When a limit managed in ELCM is attached to a Bilateral Loan, as soon as the loan is saved, full funded amount (that is Amount financed) should update the available balance on the limit and the amount financed but not disbursed amount is blocked on the limit.

During each disbursement, the disbursed amount (total or partial) must be unblocked from the limit and utilize it against the line. This same amount must therefore be considered as used on the limit and available limit balance should get reduced progressively with every disbursed amount. When entire loan amount is disbursed the block against the limit should be NIL.

On change of line during the contract life cycle, system should unblock/un-utilize the amount allocated with the existing line and make the block/utilization to the new line.

The 'Progressive Disbursement' functionality is enabled only if you select 'ENABLE ELCM BLOCKING DURING BOOKING' check box in 'Loan Parameters' screen. By default this field is not enabled.

Contract Creation

During contract creation with manual disbursement/future dated auto disbursement, the system sends the block request to ELCM for the amount financed/undisbursed amount for the contract as block amount.

Block reference number is system generated unique number which is used by Limits product processor (ELCM) to block the Facility/Collateral. This is a read-only display field in the linkages tab and this block reference will be displayed only after the block is created for facility/line at ELCM side.

After contract creation available amount of the line gets reduced to the contract amount and the same gets added as the Block amount.

Manual Disbursement

The disbursement amount is unblocked and utilized in ELCM side. That is, after manual disbursement block amount for the line gets reduced to the disbursement amount and the same gets added as the utilized amount.

Value Amendment

For ELCM blocked funds, if you change the line code to a new line code then the system performs the following:

- Updates the 'Utilized Amount' and 'Blocked Amount' for the new 'Line Code' with the disbursed and un-disbursed amount respectively.
- Updates the 'Utilized Amount' and 'Blocked Amount' for the old 'Line Code' with disbursed and un-disbursed amount respectively.

For more information about 'ELCM Block Details' screen, refer to *Loan Syndication User Manual*.

11. Automatic Processing

This chapter contains the following section:

- [Section 11.1, "Automatic Events in the Life Cycle of a Loan"](#)
- [Section 11.2, "Specifying Branch Parameters"](#)
- [Section 11.3, "Initiating the Automatic Contract Update Function"](#)
- [Section 11.4, "Processing Auto Capitalization of Interest"](#)
- [Section 11.5, "Initiating a Future Value Dated Contract"](#)
- [Section 11.6, "Processing an Automatic Repayment"](#)
- [Section 11.7, "Generation of Billing Advices and Delinquency Notices"](#)
- [Section 11.8, "Automatic Rollover of a Loan"](#)
- [Section 11.9, "Advices to be Generated for a Status Change"](#)
- [Section 11.10, "Accrual of ICCF Components"](#)
- [Section 11.11, "Interest Rate Revision on a Loan"](#)
- [Section 11.12, "Value Dated Changes"](#)
- [Section 11.13, "Viewing Unauthorized Transactions"](#)
- [Section 11.14, "End of Day Operations"](#)

11.1 Automatic Events in the Life Cycle of a Loan

The following are the various events in the life cycle of a loan that could be carried out automatically:

- The initiation of a loan with a Value Date in the future
- The application of appropriate interest rates for loans with Floating Interest
- The generation of a Billing Notice as a reminder of a payment
- The liquidation of a scheduled repayment
- The rollover of a loan
- The generation of Delinquency Notice(s) when there is a default in payment
- The change of contract status, as part of the aging analysis process
- The periodic accrual of ICCF components
- The application of rate changes and additional disbursements captured with a Value Date in the future
- You would have noticed that some activities that can be carried out automatically are done so only on a specific instruction from you. The following are such activities:
 - The liquidation of a scheduled repayment
 - The rollover of a loan

The Automatic Contract Update function should be executed at least twice during the day:

- Once before you begin transaction related activities for the day (that is, as a part of the beginning of day activities)
- Once after you have finished all the transaction related activities for the day. If any transaction related activity is carried out after the function has been run, as part of end of day (EOD) activities, you have to execute it again so that the processing that may be necessitated by the transaction related activity is carried out.

As part of pre-EOTI programs executed during TI (Transaction Input), before marking EOTI (End of Transaction Input) for the day, the following processing is done during Pre-EOTI:

- Interest Accrual
- Floating Rate Revision
- Holiday Upload

11.2 Specifying Branch Parameters

A set of rules that govern the loans that you disburse in a particular branch (of your branch) are defined through the Branch Parameters screen.

You can invoke the 'Branch Parameters Detail' screen by typing 'OLDBRPRM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot displays the 'Loan Branch Parameters Detail' application window. It includes a top navigation bar with 'New' and 'Enter Query' options. The main interface is organized into several sections: 'Branch Code *' and 'Module Code *' are input fields at the top left, with 'Branch Description' to their right. Below these are two tabs: 'Loans Parameters' (active) and 'LS/ILT Parameters'. The 'Loans Parameters' section contains several sub-sections: 'Cross Reference Basis' with radio buttons for 'Contract Reference' and 'Customer Reference'; 'Process Till' with radio buttons for 'System Date' and 'Next Working Day - 1'; 'Accrual Level' with radio buttons for 'Product' and 'Contract'; 'Reference Number Preference' with a checkbox for 'External Cust. Ref. No.'; 'Tax Basis' with radio buttons for 'Schedule Amount' and 'Liquidation Amount'; 'Fee Accrual Level' with radio buttons for 'Product' and 'Contract', and a checkbox for 'Confirm Auto Auth'. There are also text input fields for 'Reversal Suspense GL', 'FT Offset GL for LOR', 'Reversal GL Desc.', and 'Offset GL Desc.', along with a checkbox for 'Post into Deferred Accounts.' and a checkbox for 'Withholding Tax Applicable'. At the bottom, there are fields for 'Maker', 'Checker', 'Date Time', 'Mod No', 'Record Status', and 'Authorization', and an 'Exit' button.

This section contains the following topics:

- [Section 11.2.1, "Processing for Holidays"](#)
- [Section 11.2.2, "Specifying the Tax Basis"](#)
- [Section 11.2.3, "Setting the Accrual Level"](#)
- [Section 11.2.4, "Auto Authorization"](#)
- [Section 11.2.5, "Reversal Suspense GL"](#)
- [Section 11.2.6, "Indicating your Specifications for the different 'Rates'"](#)

11.2.1 Processing for Holidays

Automatic processing like accruals, scheduled repayment, generation of billing advices or delinquency notices, and so on, falling due on a holiday is processed either on the last working day before the holiday, or on the first working day after it. The definition for this should be as follows:

11.2.1.1 Process till System Date

If you specify that processing of automatic events should be done upto the System Date, automatic events scheduled *till* (inclusive of) the current system date are processed.

Example

Assume today is 20 October 1997, and 21 October 1997 and 22 October 1997 are holidays. If you click this field, during the Automatic Batch Update function run only the events scheduled for 20 October 1997 are processed.

The events scheduled for the holidays, that is, 21 October 1997 and 22 October 1997 are processed during the Automatic Contract Update function run during beginning of day operations on 23 October 1997.

11.2.1.2 Process till next working day - 1

This specification means that events scheduled for a holiday should be processed on the last working day before the holiday.

If you indicate this, all the events that fall on a day between the current system date and the next working day are processed.

Example

Assume that today is 20 October 1997, and 21 October 1997 and 22 October 1997 are holidays. If you click this field, during the Automatic Batch Update function run at EOD on 20th October 1997, all the events scheduled that are scheduled for 21st and 22nd October 1997 are also be processed.

11.2.2 Specifying the Tax Basis

On a loan, you may have to pay tax on interest you earn. The tax can be paid on the basis of the following:

- On the liquidated amount
- On the schedule amount

For your branch, you can specify the amount on which tax has to be applied, in Branch Parameters screen.

Example

You have the following tax slab for levying tax on interest earned:

- 0 to 5000 3%
- >5000 to 20000 4%
- >20000 and above 5%

Now, you have a loan, which starts on 1 January 1998 and ends on 31 March 1998. It has a fortnightly interest liquidation schedule and at each schedule, USD 200 is liquidated.

Tax on schedule amount

If you indicate that the tax basis is to be the schedule amount, every time the schedule is liquidated, you have to pay 3% tax on USD 200, the schedule amount (USD 200 falls into the first slab). USD 6 have to be paid every time an interest schedule of USD 200 is liquidated.

Tax on liquidated amount

If you indicate that the tax basis is to be the liquidated amount, then the tax is calculated on USD 1,200, the total interest that is liquidated for the loan at Maturity. This falls into the second slab and hence 4% is applied on USD 1,200. This works out to USD 48, and is spread out over the six schedules. That is, you will have to pay USD 8, as tax, every time an interest schedule of USD 200 is liquidated.

11.2.3 Setting the Accrual Level

To recall, at the time of creating a product, you specify

- Whether accrual of interest is allowed for the product
- The accounting entries that should be passed for the accrual event
- The frequency at which the accrual entries should be passed

A loan inherits the accrual frequency defined for the product associated with it.

Since the accounts (the accrual account and the income account) are defined for a product, the accrual entries for all loans involving the product are passed to the same accounts.

These entries can be passed in two ways:

- An entry for each loan. The same accrual and income account are involved for each entry, with the Reference Number of the loan indicated for each loan.
- A single consolidated entry for all loans involving a product. Since the same accrual and income account is involved in all accrual entries, a single consolidated entry is passed, with a unique reference number generated for each product.

The idea of generating a single entry for all loans involving a product is to reduce the number of entries and thus, the processing time. The details of entries passed for each loan is available in the Accrual Control Journal, a report that should be generated after the accruals have been made.

Whether interest accrual entries are passed as a single consolidated entry for a product, or as an individual entry for each loan, should be specified for a branch.

Note

This specification is applicable only for automatic periodic accrual entries. When there is an accrual necessitated by a payment or a change in the terms of a loan, the entries will be for the specific loan affected by the change.

Example

You have created a product for 'Short Term Loans with Individuals'. The product has the following characteristics:

- Interest application method is bearing and fixed rate
- Interest has to be accrued every month

The accounting entries during interest accrual (defined for the event ACCR) are as follows:

Accounting Role	Accounting Head	Amount	Item	Dr/Cr
•	INTEREST_RECINTLI01	Interest		Dr
•	INTEREST_INCINTINC01	Interest		Cr
•	The interest calculation method is 360/365:			

ContractTenorInterest

Contract 13 monthsUSD 300

- Contract 2 6 monthsUSD 500
- Contract 3 12 monthsUSD 1000

The accounts into which the accrual entries should be passed for each of these contracts are the same, as they are linked to the same product.

Accrual entries level - Product

If you indicate that the automatic interest accrual process should pass accrual entries at the product level, a single accrual entry will be passed for all the loans.

Accrual entries level - Contract

If you indicate that the automatic interest accrual process should pass accrual entries at the contract level, three accounting entries for the loans are passed, for each loan.

11.2.4 Auto Authorization

Select this check box to indicate authorization can be carried out automatically.

11.2.5 Reversal Suspense GL

You can maintain the Reversal Suspense GL for the reversal and reposting of accounting entries.

The system reverses and reposts the accounting entries which are posted to the customer account prior to the amendment of the counterparty of the contract to the Reverse Suspense GL you maintain here.

Note

As part of customer amendment, you have to manually change the credit line applicable for the new counterparty. The system does the Limit validation and utilization under the new customer as part of save of amendment. The Customer change is done through CAMD at the commitment level.

11.2.6 Indicating your Specifications for the different 'Rates'

You may need to print the Customer Effective Loan Rate, the Annual Effective Loan Rate, or the Effective Rate of interest in advices sent to the customer and also in central bank reports. For the system to compute these rates and print them on advices and reports you need to enable these options as a branch level preference.

If you enable any of these options you also need to specify the denominator basis which is to be used in the computation formula.

The options available are:

- 360
- 365
- Actual
- Currency

Note

Ensure that you enable these options in the Loans Product Preferences screen as well.

For details examples on how the rates are calculated you can refer to the *Defining attributes specific to a Loans product* chapter of this manual.

Specifying Auto Liquidation of Delinquent Contracts

For the loans that have been defined for auto liquidation, you can specify whether the system should liquidate delinquent contracts also.

If you specify auto liquidation for delinquent contracts, the system generates delinquency records for overdue schedules.

However, if you do not opt for auto liquidation of delinquent contracts, the system does not liquidate such contracts.

REVN of Liquidated Contracts

Select this check box to indicate that rate revision should be applied for liquidated contracts. Rate revision is applicable only for floating automatic and floating periodic auto type of loans.

Note

Auto adjustment happens only when the 'Overpayment & Auto Schedule Adjustment' check box is selected for the product.

11.2.6.1 Rate Revision / Rate Fixing / Rate Changes

You can do rate revision for liquidated contracts / liquidated schedules. This can be done by selecting the 'REVN of Liquidated Contracts' option in 'Loans and Deposits – Branch Parameters' screen.

For floating periodic auto type of loans, based on the rate changed for a rate code, the status of the revision schedule is updated as 'REPICK', provided that the effective date is less than or equal to the revision schedule maintained for that contract.

During the life cycle of a floating periodic auto loan, a contract can be linked to any rate code and it can be changed through a VAMI (Value Dated Amendment). After the rate code change, if the rate for the previous rate code is changed, then the interest is re-computed provided the effective date (for which the rate is being changed) of the rate code is less than or equal to the revision schedule date. This is applicable for liquidated schedules and liquidated contracts.

Only the schedule for which the rate revision is not applied is allowed for deletion. This is applicable despite the latest version of the contract is not floating periodic auto or floating auto.

In the batch if a rate revision impacts a schedule which is liquidated, then the schedules are adjusted automatically based on the net amount paid (Amount paid-Amount refunded-Amount reversed). The IRR is recomputed, if discount accrual is applicable for the product.

If a rate revision impacts a liquidated contract, then the schedules are built based on the net interest paid (Amount paid-refund amount-amount reversed).

Example

Consider a loan of 200,000 USD was given to AIRBUS on December 01,2007 with principal payment on every first of the month. The maturity date of the loan was 01-Feb-2008, Last payment was done on 01-Feb-2008 and the current scenario is depicted below.

Schedule date	Amount Due(USD)	Amount Settled (USD)
1-Jan-08	10,000.00	10,000.00
1-Feb-08	10,000.00	10,000.00

The contract status is now liquidated and the rate for the underlying rate code is changed for the effective date of 15-Dec-2007 such that amount due for the interest gets changed. As a result of the rate change, the system adjusts the liquidated schedules automatically. The scenario after the VAMI is depicted below

Schedule date	Amount Due(USD)	Amount Settled(USD)
1-Jan-08	11,000.00	11,000.00
1-Feb-08	11,000.00	9,000.00

Rate change for Liquidated Schedules

Consider a loan of 200,000 USD given to AIRBUS on December 01,2007 with principal payment on every first of the month. The maturity date of the loan be 01-Mar-2008, Last payment was done on 01-Feb-2008 and the current scenario is depicted below.

Schedule date	Amount Due(USD)	Amount Settled (USD)
1-Jan-08	10,000.00	10,000.00
1-Feb-08	10,000.00	10,000.00
1-Mar-08	10,000.00	0.00

Current System date is 15-Feb-08 and now a back valued VAMI with a value date as 15-Dec-2007 is done to increase the rate such that amount due for the interest gets changed. As a result of the VAMI the amount settled is adjusted automatically. The scenario after the VAMI is depicted below

Schedule date	Amount Due(USD)	Amount Settled(USD)
1-Jan-08	11,000.00	11,000.00
1-Feb-08	11,000.00	9,000.00
1-Mar-08	11,000.00	0.00

11.2.7 Back Value Details

The back value changes works based on the following scenarios.

- If Retro Posting beyond previous month is not allowed then
 - If the application date falls within the Retro Posting Days (Business Days) and Back Value check box is not selected, you can do backdated transaction for the Back Value Days (Calendar Days) previous month(all days) and the current month (all days till application date).
 - If the application Date exceeds the Retro Posting Days (Business Days) and Back Value check box is not selected, you can do backdated transaction for the Back Value Days (Calendar Days) current month (all days till application date).
 - If the application date falls within the Retro Posting Days (Business Days) and Back Value check box is selected, you can do backdated transaction for the Back Value Days (Calendar Days) previous month(back value days from application date) and the current month (back value days from application date).
 - If the application Date exceeds the Retro Posting Days (Business Days) and Back Value check box is not selected, you can do backdated transaction for the Back Value Days (Calendar Days) current month (back value days from application date).
 - Backdated transactions cannot be posted beyond liquidation date for interest or fees.
 - Backdated transactions can be posted beyond liquidation date for principal.
- If ENABLE TRANSACTIONS BEYOND PREVIOUS MONTH option is selected in 'Loans Parameters' (OLDLNPRM) screen then
 - If the application date falls within the Retro Posting Days (Business Days) and Back Value check box is not selected, you can do backdated transaction for the Back Value Days (Calendar Days) all Previous Months and the current month (all days till application date).
 - If the application Date exceeds the Retro Posting Days (Business Days) and Back Value check box is not selected, you can do backdated transaction for the Back Value Days (Calendar Days) current month (all days till application date).
 - If the application date falls within the Retro Posting Days (Business Days) and Back Value check box is selected, you can do backdated transaction for the Back Value Days (Calendar Days) all previous months(back value days from application date) and the current month (back value days from application date).
 - If the application Date exceeds the Retro Posting Days (Business Days) and Back Value check box is not selected, you can do backdated transaction for the Back Value Days (Calendar Days) current month (back value days from application date).

11.3 Initiating the Automatic Contract Update Function

For any event involving accounts in a foreign currency, this function uses the conversion rate in the Currency table for converting the amount to the local currency.

Note

Ensure that you update the conversion rates in the Currency table with the rates for the day before you execute the Automatic Contract Update function.

11.3.1 Processing during Beginning of Day

All the automatic events scheduled for the day, except the accrual of ICCF components, will be carried out when the function is executed during the beginning of day operations.

In addition, all the activities scheduled for the holidays will be carried out if the current system date follows a holiday(s) and you have specified that events falling on holidays should be processed on the immediate working day succeeding a holiday.

11.3.2 Processing during End of Day

When the function is executed during end of day activities, the processing will be for:

- The accrual of ICCF components scheduled for the day
- Any Value Dated change (additional disbursements, change in interest rates, etc.) that was done during the day with a Value Date as the current system date
- Activities scheduled for holidays (if the current system date is preceded by holiday(s) and you have specified that activities falling on holidays should be processed on the last working day preceding a holiday).

If an event, scheduled to be automatically carried out, is not executed for some reason, it will be reported in the Exception Report generated by the function. Examples of such events could be the non-availability of funds in a payment account, the non-availability of funds in a commitment or a deposit to which a loan is linked, and so on. The details of an event that could not be initiated, along with the reason, will be reported in the Exception Report.

11.3.3 Processing for Holidays

Any automatic event that is scheduled for a holiday will be processed as per your specifications in the Branch Parameters table:

If you have specified that processing has to be done on the last working day (before a holiday) for automatic events that fall due on holidays, the events falling on the holiday will be processed during end of day on the last working day before the holiday.

If you have specified that processing has to be done *only* up to the System Date (today), then only the events scheduled for the system date (the last working day before the holiday) will be processed. The events that fall due on the holiday will be processed on the working day after the holiday, during beginning of day processing.

Example

The current system date is 30 October 1998. A repayment schedule for a loan falls due on 31 October 1998. This is a holiday.

If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule liquidation (for events falling on 31 October 1998) will be done on 31 October during end of day processing.

If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for 30 October, will be processed on that day. The liquidation scheduled for the holiday (31 October), will be done during beginning of day processing on 1 November.

11.4 Processing Auto Capitalization of Interest

The system triggers automatic liquidation event (LIQD) in the loan contract for the interest amount due as per the schedule due date as part of the EOD batch processing.

The system registers a VAMI event with increase in principal for an amount which is equal to the interest amount liquidated as part of the automatic liquidation event (LIQD) with the value date as schedule due date as part of the BOD batch processing. The increase in principal is added to the bullet schedule of the contract.

Note

If the schedule due date is a business day, system posts the accounting entries of both LIQD and VAMI with value date same as that of the schedule due date. If the schedule due date is a holiday, then system posts the accounting entries of LIQD with value date same as that of the schedule due date. The accounting entries of VAMI are posted on the next business date.

The system reduces the interest reserve availability to the extent of the VAMI amount in the loan contract. There would not be any change in the interest reserve amount.

Note

- If the schedule due date is a business day, the system reduces the interest reserve availability on the schedule due date itself.
 - If the schedule due date is a holiday, then system reduces the interest reserve availability only after the VAMI is posted on the next business date.
 - If the commitment availability amount is not sufficient for the principal increase, VAMI is failed as per existing functionality
-

Below examples for the automatic liquidation and VAMI processing.

Example 1: Schedule due date is not a holiday

- Principal amount: 1,000,000.00
- Schedule due date: 30-Nov-2016
- Interest due on schedule date: 1,000.00
- Service fee due on schedule date: 1,000.00

'Capitalize' check box is selected in the contract

- Interest reserve amount: 3,000.00
- Interest reserve availability: 3,000.00
- Current application date: 30-Nov-2016

When the current application date is equal to the schedule due date (that is, 30-Nov-2016), the system automatically liquidates the interest amount & service fee as part of LIQD.

System registers a VAMI event with increase in the loan contract with the value date as schedule due date, that is, 30-Nov-2016

- New principal amount: 1,002,000.00
- Interest reserve amount: 3,000.00 (No change in interest reserve amount)
- Interest reserve availability: 1,000.00 (Reduced by the amount of VAMI)

Example 2: Schedule due date is a holiday

- Principal amount: 1,000,000
- Schedule due date: 31-Dec-2016
- Interest due on schedule date: 1,000.00

- Service due on schedule date: 1,000.00

'Capitalize' check box is checked in the contract

- Interest reserve amount: 3,000.00
- Interest reserve availability: 3,000.00
- Current application date: 31-Dec-2016
- Next working date: 02-Jan-2017

When the current application date is equal to the schedule due date (that is, 31-Dec-2016 during the EOD batch), the system automatically liquidates the interest amount and service fee as part of LIQD.

System registers a VAMI event with increase in the loan contract with the value date as next business date that is 02-Jan-2017 during the BOD batch as on 02-Jan-2017.

- New principal amount: 1,002,000.00
- Interest reserve amount: 3,000.00 (No change in interest reserve amount)
- Interest reserve availability: 1,000.00 (Reduced by the amount of VAMI)

If the above-mentioned validation is failed, that is if the sum of unpaid auto capitalization components due is greater than the 'Interest Reserve Availability', the system does not trigger the automatic liquidation (LIQD) and VAMI events in the loan contract.

The accounting entry for the debit leg of automatic liquidation (LIQD) is posted to the GL/proof account.

System posts the accounting entries for the credit leg of automatic liquidation (LIQD) and VAMI events as per existing functionality as part of batch processing.

Accounting entries

LIQD		
Dr	Customer	Intcomponent_liqd
Cr	Intcomponent	Intcomponent_liqd

VAMI		
Dr	Asset GL	Principal_incr
Cr	Customer	Principal_incr

System picks Suspense GL maintained at branch parameter instead of CASA for customer leg for main interest and service fee for capitalization

In case of batch failure, system logs the details and attempt to process the failed contracts on the next business day.

On failure of capitalization of interest due to insufficient interest reserve availability, liquidation of principal happens.

System applies the holiday preferences for schedule date.

The payment messages / billing notices generation for the LIQD and VAMI events are triggered as part of the new batch processing they are suppressed.

In the events screen, the fields 'MakerId' and 'CheckerId' are updated as 'SYSTEM' for the automatic liquidation (LIQD) and VAMI events triggered as part of the new batch process. In addition, the manual payment input screen and the value dated amendment screen are updated with the maker and checker details as 'SYSTEM'. You are allowed to reverse the VAMI (triggered as part of the new batch processing) from the value dated amendment screen.

In addition, you are allowed to reverse the automatic liquidation (LIQD) from the manual payment screen. Reversal of VAMI / LIQD does not change the interest reserve amount or interest reserve availability

Note

You are allowed to reverse the VAMI / LIQD event in any sequence. It is not mandatory that the reversal should be done in the chronological order.

You are not allowed to perform manual liquidation for both principal and interest where the new flag 'Capitalize' is selected.

Appropriate error messages are displayed. If customer wants to do pre-closure or partial prepayment, then clear auto capitalization interest check box and do payment.

The back value dated schedules of the main interest component is not liquidated systematically even if the flag 'Liquidate Back Valued Schedules' is selected. during contract creation and the 'Capitalize' check box is selected.

Note

When you select 'Liquidate Back Valued Schedules' check box during contract creation and 'Capitalize' is already selected, the system displays an override message 'Liquidation will happen for back value dated schedules of components other than 'Capitalize' flag checked components as 'Capitalize' flag is checked. Do you want to Proceed?'. If you click 'Ok', the check box is selected. If you click 'Cancel', the system clears 'Liquidate Back Valued Schedules' check box.

11.5 Initiating a Future Value Dated Contract

A 'future dated' loan is one that has a Value Date that is later than the date on which it is booked. The Automatic Contract Update function initiates the loan on the Value Date of the loan.

If there were holiday(s) preceding today, future dated loans that were dated for the holiday(s) will also be initiated if you have specified that events falling on a holiday should be processed on the next working day.

All the initiation related entries specified for the product, that the loan involves, are passed automatically. If currency conversions are involved, the conversion rates as of today are picked up from the Currency Table.

If the loan is linked to a commitment, the commitment utilization is updated. In addition, the contingent entries passed when the commitment was initiated is reversed to the extent of the loan amount linked. If the available balance in the commitment is not enough to cover the entire loan amount linked, the loan is not initiated. This is reported in the Exception Report.

For future dated contracts that fall due today, if there is a rate change today, the interest amounts are recalculated for the schedules.

11.6 Processing an Automatic Repayment

For loans that have been defined with automatic liquidation of repayments, the liquidation is carried out by the Automatic Contract Update function.

The schedule is automatically liquidated on the day it falls due, during beginning of day processing.

Now, if you have indicated automatic liquidation, the schedule date falls on a holiday, and you have specified that the holiday be ignored (through the Contract Preferences screen), the liquidation falling due on the holiday, would depend on your holiday handling specifications in the Branch Parameters screen:

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day the schedule falling on the holiday is liquidated during end of day processing on the last working day before the holiday.
- If you specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) are processed. The events falling of the holiday are processed on the working day immediately following the holiday, during beginning of day processing.

If a loan has been defined for verification of funds before automatic liquidation, the components whose schedule dates fall on the same day will be liquidated in the order that you specified while defining the product.

If the funds are insufficient, the liquidation will be done to the extent of the available balance in the repayment account, again, following the order of liquidation of components specified by you. If this is so, it will be reported in the Exception Report generated at the end of every day, automatically (by the Automatic Contract Update function).

If you have *not* specified that the funds are to be verified, and the funds are insufficient:

- The repayment account is put into a debit balance if an overdraft is allowed, and the schedules for the components are liquidated to the extent of the debit balance allowed. If it crosses the extent of debit balance allowed, the liquidation is done with an overdraft override that is automatically recorded. The debit interest that is applicable to the account (current or savings) is applied.
- If the repayment account has not been defined with overdraft, the liquidation is not processed.

The liquidation order is helpful when you want to liquidate the dues in a certain order: say interest (or interest type of components) first, and then the principal.

Example

You can indicate that the repayment schedules for the principal have to be liquidated automatically, if you are sure that your customer can repay the schedules on time.

Another scenario where you could define automatic schedules could be when the interest earned from a deposit services your customer's loan.

You can opt for manual liquidation of schedules.

If a loan has been defined with Floating interest, and an interest revision falls due today, the revised rate is applied before the repayment is processed.

11.6.1 **Advices Generated for a Repayment**

Advices are generated by the Automatic Contract Update function during beginning of day processing. While defining a product you may have specified that an advice is to be generated to intimate the customer every time a payment has been liquidated. This applies to all loans involving the product (refer chapter on product definition).

However, for a particular loan, you can suppress this advice.

If a repayment advice has been specified for a loan, it is generated by the Automatic Contract Update function when you run it at the beginning of day.

11.7 **Generation of Billing Advices and Delinquency Notices**

A *billing notice* or advice can be generated, for the benefit of a customer, as a reminder that a payment is due. When defining a product, you can specify the number of working days before the repayment date when a billing notice is to be generated.

The notice is generated as part of the Automatic Contract Update function when you run it at the beginning of day. The billing advice is generated for the mail medium. This notice is generated for repayment of all components.

If you have specified that a notice is to be generated on a certain day and it happens to be a holiday, then the notice is generated depending on your holiday handling specifications in the Branch Parameters screen.

- If you specified that automatic processes are to be carried out up to the next working day, the notices slated for generation on the holiday are generated during end of day processing, on the last working day before the holiday.
- If you specified that the automatic processes are to be carried out only till the System Date (today's date), notices slated for generation on the holiday are generated on the next working day immediately after the holiday, during beginning of day processing.

Example

Assume that while entering into a contract with Ms Yvonne Cousteau, you specified 10 days here. If today is 20 June 1997, and 21 June 1997 is a holiday, the notices are generated for payments due on 30 June 1997, during BOD on 20 June 1997.

The notices meant for 1 July 1997 are generated, during end of day processing, on 20 June 1997 if you have specified that all automatic processes falling due right up to the next working date are to be processed on the System Date (today's date).

If not, the notices meant for 1 July, are generated during beginning of day processing, on the working day immediately after the holiday, that is, 22 June.

A **delinquency notice** is generated to be sent to a customer when a payment is pending. The Automatic Contract Update function generates the delinquency notice if you have specified

one for a loan, during BOD processing. If it falls due on a holiday, its generation depends upon your holiday handling specifications in the Branch Parameters screen.

11.8 Automatic Rollover of a Loan

A 'Rollover' is a renewal of a loan. For a loan to be rolled over it:

- Should be past its Maturity Date
- Should not have been liquidated

If you have specified automatic liquidation and automatic rollover for a loan, the old loan is liquidated and a new one initiated on the Maturity Date of the loan during the BOD (Beginning Of Day) run of the Automatic Contract Update function.

If the Maturity Date falls on a holiday, the liquidation and the rollover are processed as per your holiday handling specifications in the Branch Parameters screen.

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday is liquidated during end of day processing on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events of the holiday are processed on the next working day after the holiday, during beginning of day processing.

If you have defined that the loan be liquidated manually, you cannot roll it over automatically.

When a loan is rolled over or renewed for the interest, commission, charge or fee components, it can assume the following attributes:

- Those of the product involving the loan being rolled over
- Those of the original loan itself

You can specify this at the time of processing the original loan.

This section contains the following topics:

- [Section 11.8.1, "Advices for Rollover"](#)
- [Section 11.8.2, "Automatic Status Changes"](#)
- [Section 11.8.3, "Defining Status Codes for a Product"](#)
- [Section 11.8.4, "Changing the Status of a Loan"](#)
- [Section 11.8.5, "Automatic Status Change"](#)

11.8.1 Advices for Rollover

When creating a product, you can opt to generate an advice that would intimate your customer that a loan (involving her) is rolled over. This specification applies to all loans involving the product (refer chapter on product definition).

However, for a particular loan, you can suppress this advice. If an advice for renewal of the loan has been specified, it is generated during BOD processing.

11.8.2 Automatic Status Changes

A loan that is yet to reach a repayment date, or on which repayments are being made regularly, will be considered as having an 'Active' status. When a repayment is not done on the schedule date, you may want to do an aging analysis of the loan.

11.8.3 Defining Status Codes for a Product

You can do aging analysis by changing the status of a loan on which payment(s) are defaulted. At any time, you can generate reports of loans, with details of aging, to facilitate the follow up process for repayment.

11.8.4 Changing the Status of a Loan

Apart from the Active status that is allotted automatically to a loan on its initiation, a loan on which one or more payments have not been made on the schedule date can pass through more than one status. You can define the attributes for each status code. These are:

- The number of days in which a loan should stay in a specific status
- The customer classification for which a loan should stay in a particular status
- Whether the GL under which it is reported should be changed when there is a status change
- The new GL under which it should be reported
- For a component, you can specify the number of days after a missed interim schedule when it has to be moved to the status being defined. Similarly, you can specify the number of days after a Maturity schedule is missed, when the same component has to be moved to the status being defined. You can also specify that all future schedules should be moved to a different set of GLs.
- Usually, more than one status is defined for a product. In this context, you should indicate the sequence in which a loan should move to the status you are defining. You should also define whether the status should be considered as adverse status (to be enabled for delinquency tracking) or not.
- You can indicate that accruals (on all accruable components) should be stopped on a loan when it moves to the status being defined. By doing so, you can ensure that your Receivable accounts for interest and other components are not updated for a loan on which your customer has defaulted on a repayment.
- You can indicate that the outstanding accruals (where interest has been accrued but not paid) on the loan should be reversed when it moves to the status that you are defining. If you so specify, the accruals on the loan, that are yet to be realized, are reversed when the status change is carried out. You have to first stop accruals before indicating that they be reversed.
- You can indicate that the past and future accruals (with regard to a status) should be transferred / redirected to Memo GLs. In case you have indicated that real accruals should be reversed, the catch-up for the same are done in the Memo GLs. All future accruals will take place in the Memo GLs. As and when a repayment is done, the corresponding accrual amount will be reversed in the MEMO GLs and booked in the real GLs. You have to first stop accruals before indicating that they be reversed. However, you may or may not maintain reverse accruals depending on whether you want the past accruals to be transferred to the MEMO GLs or not.

The statuses are user-defined. That is, you can define the various statuses for a product and a loan according to your needs.

For more information about maintaining status derivation rules, refer to *Product Definition User Manual*.

Example

You could define the following status for the product, Short Term Loans with Individuals:

Normal - This is when repayments on a loan are done as per schedule.

Past Due Obligation (PDO) - This is when repayments on a loan have been stopped but the accruals on the accruable components are still being done (There is still a chance of repayment of the loan).

Non-accrual basis (NAB) - When the loan acquires this status all accruals for the loan are stopped (The chances of repayment diminish further).

Write-off (WO) - This is when the loan is written off and all accrual entries are reversed.

Status	Sequence
PDO	1
NAB	2
WO	3

You want a loan under this product to move from status to status in the order in which they are mentioned here. For such a condition, you can indicate the number of days after which each component should move to the status being defined (these can differ for a maturity schedule and an interim schedule).

According to the number of days of default defined for each component, a loan is first moved to PDO from Active status, then to NAB and lastly to WO status.

You can classify a status as adverse thereby indicating whether a contract is itself delinquent or marked for adverse status by virtue of other contract(s) of the same customer having gone into default. You can also indicate the change of GL, if any, when a component comes to a particular status, and the messages to be generated at each status change.

11.8.5 Automatic Status Change

A 'forward' status change is one in which the status changes from one to the next. In our example, the movement from Active to PDO, PDO to NAB, and NAB to Write Off are all forward changes.

A 'reverse' status change is one in which the status changes from one to the previous. Such a situation arises when a payment is made on a loan with a status other than Active.

If you specify that reverse changes have to be carried out automatically, the status is changed when a payment is made on a loan with a status other than Active.

If you specify that reverse changes should not be automatic, the status remains unchanged even if a repayment is made on the loan. The status has to be changed by you through the Contract Processing function.

A reverse change may also become necessary when the number of days of default is increased for a product.

If you specify that forward changes or reverse changes have to be carried out automatically, the status changes are carried out by the Automatic Contract Update function when it is run during the Beginning of Day processes on the day the change falls due.

If the day on which the forward or reverse status change is due happens to be a holiday, then, the processing depends upon your specifications in the Branch Parameters screen.

- If you have specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the events falling on the holiday are processed during end of day, on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events of the holiday are processed on the next working day after the holiday, during beginning of day processing.

If you specify that the forward or reverse changes should *not* be carried out automatically, the status remains unchanged till you specifically change it for a loan, through the Contract Processing function.

At the time of processing a loan, you can change the automatic mode of status change you have specified for the product to the manual mode, or vice-versa. However, this applies to all status.

Indicating Transfer schedule preferences

You have to indicate whether the entries for the past schedules or the future interest schedules have to be transferred to the new GLs for each component.

Past schedules enable the transfer of all past-due schedules (including principal and accruals) to be transferred to new GLs rather than transferring only the schedule that is affected by the current status.

Future schedules enable the transfer of only the principal schedules due in the future to the designated GL.

11.9 Advices to be Generated for a Status Change

You can specify whether an advice has to be generated to inform the customer about the status change of the loan. You can also specify the kind of advices to be generated.

You can generate advices when the loan components move forward from one status to the next, to notify the customer of the status change and possibly urge him to make the payments to liquidate the schedules, which are aging. The advices are generated during beginning of day processing when a status change takes place.

You can choose from a pick-list of messages the specific advice or message that you want sent to the customer when a loan moves automatically (forward) into the status you are defining. These messages or advices are maintained by the messaging sub-system of Oracle Lending.

11.10 Accrual of ICCF Components

When you are defining the interest, commission, charge or fee components (ICCF components) for a loan product, you should also specify whether accruals have to be done for the accruable ICCF components. You can specify this through the Product ICCF Details screen.

If accruals should be done, the frequency of accrual should also be specified for a product (through the Product Preferences screen), at the time of product definition.

For all loans for which accruals fall due today, the Automatic Contract Update function passes the accrual entries. Accrual of interest, commission, charge or fee is done during the end of day processing of the Automatic Contract Update function.

In some cases, if an event occurs in between two scheduled accruals, accrual entries are passed for that event, immediately.

Example

The last accrual date for Ms Yvonne Cousteau's loan was 31 March 1998 and the next one is due on 30 April 1998. Now, if a manual liquidation is done on 15 April 1998, the accrual entries are passed immediately by the system.

If a schedule accrual falls on a holiday, the accruals are done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the events falling on the holiday are processed during end of day on the last working day before the holiday.
- If you specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) are processed. The events of the holiday are processed on the next working day after the holiday, during beginning of day processing.

The accrual and income accounts will be picked up based on your definition in the Chart of Accounts.

An Accrual Control Journal is generated by the Automatic Contract Update function, reporting the details of the accruals performed.

For a loan on which there is a default in payment, you can specify that aging analysis should be done. This analysis involves the change of status of a loan. When the status is changed, you can also specify that the accruals on the loan should be stopped. For such loans, the accrual entries are not passed; they are only calculated and reported in the Accrual Control Journal under 'Memo Accruals.'

Processing of interest based on interest period basis

During periodic accruals for a contract, interest accruals also depend on the interest period basis defined for the contract. The interest period basis determines whether the interest calculation for schedules takes into account the schedule start dates or the end dates, or both, or whether it excludes both. The following considerations would be applicable:

- For contracts booked with the interest period basis as 'Include To Date' or 'Include From and To Date', in case a prepayment is made for the entire contract amount, the maturity date is not considered in the interest calculations.
- For contracts booked with the interest period basis as 'Include To Date' and 'Include From and To Date', the final periodic accrual process accrues interest for the maturity date too.
- Refinance calculations are made along the same lines as interest calculations. For the options 'Include To Date' and 'Exclude From and To Date', no refinance income/expense is reported for the value date. For the options 'Include To Date' and 'Include From and To Date', refinance income/expense is reported for the maturity date too.
- During rollover of a contract that has been booked with the 'Include From and To Date' interest period basis, interest for the rollover date is applied twice.

For details about the interest period basis, refer the chapters *Defining a Product and Disbursing a Loan* in this User Manual.

11.10.1 The Memo Accrual Function

The memo accrual function will give you the latest accrual amounts for all components of a live contract **without** actually passing the accrual entries. The memo accrual function generates the Memo Accrual Control Journal that reports the accrued amounts for the various components of the contract (like interest, commission, charge or fee) that are due on each loan as of the current system date.

11.10.2 Contents of the Accrual Control Journal

The accrual control journal, or report as it is referred to in Oracle Lending, lists the loans for which accrual entries were passed as of the current date.

You can opt to run the Accrual Contract Journal in two ways:

- Actual
- Memo

Actual

The actual accrual report contain the details of the actual accrual entries that were passed as of the date you have indicated.

Memo

To recall, the Memo Commission Accrual function automatically accrues the components of the active Loans. The function neither generates any accounting entries nor does it mark the loans as accrued.

This report merely computes the accrual amount as it would be computed for a regular accrual and reports the accrued figures. It does not pass accounting entries for the same.

11.11 Interest Rate Revision on a Loan

The type of interest that is applicable on a loan depends on the definition of the product that it involves. If floating interest rates are applicable for a product, the frequency at which the changing interest rates should be applied on contracts involving it is also defined for the product.

The Interest Rate Type of a product can be one of the following: fixed, floating, zero or special.

The floating interest rates are defined through the Floating Rate Definition screen. A Rate Code identifies a set of rates defined for a combination of Currency, Amount Limit (optional) and Effective Date. When processing a loan, you should link it to the floating rate table by indicating the Rate Code. The rates defined for the Rate Code is applied on the deposit (or in other words, the contract).

The rates will be applied to a contract depending on whether it has been defined with Auto Refresh or Periodic Refresh.

The changes in floating rate can be applied on a contract in two ways. In one method called the Auto Refresh method, all the rate changes during the liquidation or accrual period will be considered. In the other method called the Periodic Refresh method, the rates as of a specific frequency or date is applied.

The following example will illustrate this point.

Example

Tenor: The Start Date of the contract is 1 October 1997 and the End Date 30 November 1997.

The contract has a floating rate and the rates in the floating rate table change in the following manner:

Date	Rate
1 October 1997	12%
12 October 1997	11.5%
25 October 1997	11%
15 November 1997	12%
30 November 1997	12.5%

Liquidation Frequency: Monthly

If the contract is defined with Auto Refresh, the liquidation on 30 October considers all the rate changes that were done between 1 October and 30 October. The rates are applied for the number of days for which they remained unchanged in the rate table, as follows:

From	To	Rate
1 October1	1 October	12%
12 October	24 October	11.5%
25 October	30 October	11%

For a contract with Periodic Refresh, the rates prevailing on the refresh dates are used for accruals and liquidation. If the contract is defined with Periodic Refresh and the refresh dates are defined as the 15 October, 1 November, 15 November and 30 November, the rate applied for the liquidation on 30 October will be as follows:

From	To	Rate
1 October1	14 October	12%
15 October	30 October	11.5%

The Automatic Contract Update does the interest accruals for those loans for which a rate revision becomes due today, whatever the way they have to be applied - every time the rate changes, or periodically.

1.

11.12 Value Dated Changes

Value Dated Changes are changes to a contract that come into effect on a specific date called the Value Date. Additional disbursements (increase in the principal), a change of interest,

commission or fee rate, collection of additional fees, and so on, are examples of the value-dated changes that can be made to a contract.

Such changes indicated for a loan (through the Value Dated Changes Screen), falling due today (that is, the Value Date is today's date), are executed by the Automatic Contract Update function during beginning of day. All the necessary accounting entries are passed and advices specified for the event are generated.

If the Value Dated change is in the rate or amount of any accruable component, the accruals are done for the loan with the old rate or amount as of the previous day (yesterday).

If the Maturity Date of a loan has been changed so that the contract matures today, the loan will be liquidated provided all the prerequisites for such liquidation are met.

11.12.1 Advices generated for Value Dated Changes

When creating a product, you can specify the advices that are to be generated when a value dated change is made on contracts involving the product. For a loan involving the product, you can suppress these advices, if you do not want them generated.

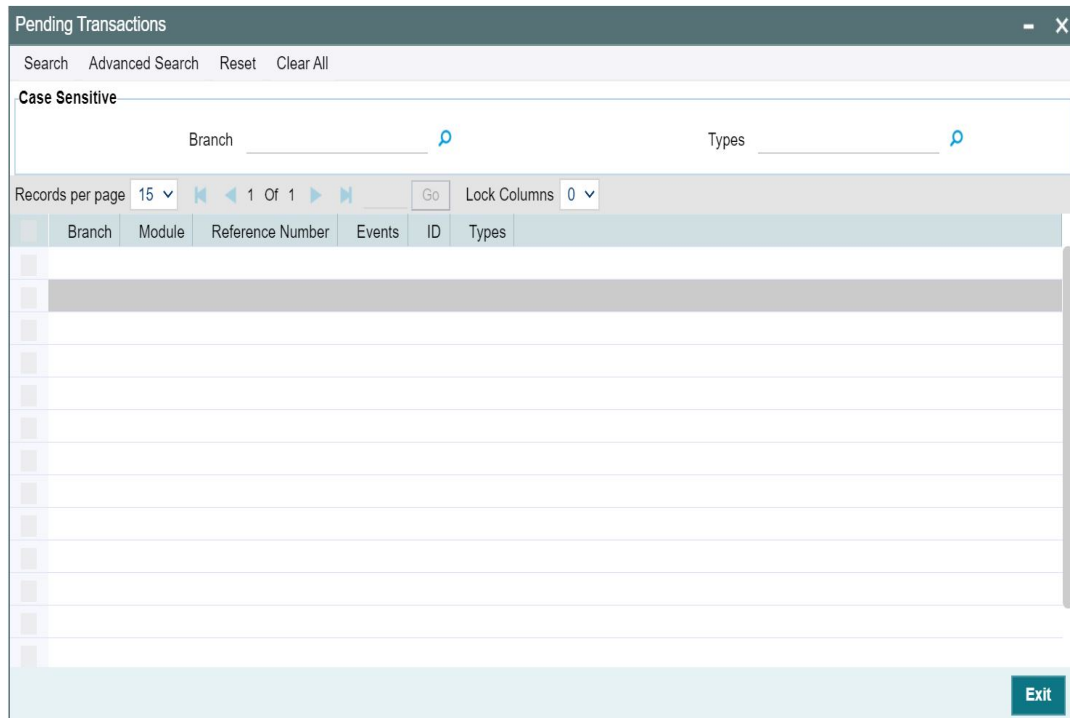
For example, if you have so specified:

- A future dated contract with a value date as of today is initiated and a contract advice is generated for the benefit of the customer. If any component (like discounted interest, tax on principal, and so on.) is liquidated on takedown, an advice is generated for each of them.
- In case a change entered through the value dated changes function is due today and is executed, an advice notifying the customer about the new terms of the contract will be generated.
- In case a floating/periodic rate that affects a contract has changed, an advice notifying the customer of the new rate applicable for the contract is generated.

The Automatic Contract Update function generates the advices you have specified for the loan during the beginning of day processes. If the value dated change falls on a holiday, it's processing and the generation of the advice will be done as per your holiday handling specifications in the Branch Parameters screen.

11.13 Viewing Unauthorized Transactions

You can view the details of all the unauthorized transactions from the 'Pending Transactions' screen. You can invoke the 'Pending Transactions' screen by typing 'OLSVWPNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



Through this screen you can view details of the following:

- Messages that are yet to be generated
- Transactions that are yet to be authorized
- Maintenances that are yet to be authorized

You can search for the records based on one or more of the following parameters:

- Branch
- Types

Once you have specified the search criteria, click 'Search' button. The system displays the following details of the unauthorized transactions that match the filter criteria.

- Branch
- Module
- Reference Number
- Events
- ID

Types

11.14 End of Day Operations

The system accepts transaction entries during End of Day operations. This 24/7 (round- the clock service) operation is enabled for contract creation and manual payments.

11.14.1 Maintenance

You need to maintain the batch program 'OL247DLY' using 'Mandatory Batch Program Maintenance' (EIDMANPE) screen. The contract creation and manual payment related gateway services were enabled to log the transactions during End of Day Operations. The

transaction data is captured and stored in a staging table. This data is processed in a separate EOD batch function OL247DLY.

11.14.2 Transaction Process

- For contract creation, you can input all the details in 'Loan and Commitment-Contract Input' screen and click Save. The system saves the contract as 'Inactive' and logs the contract entry in a staging table. An override message "Branch is not in Transaction Input Stage. Contract saved for Activation. It will be processed in separate Batch" with other existing override messages is displayed. Accounting entries are not created during this stage.
- For Manual Payment, you can input all the details in "Manual Payment" screen and click 'Save'. The system logs the payment entry in a staging table. An override message "Branch is not in Transaction Input Stage. Contract saved for Activation. It will be processed in separate Batch " is displayed along with other existing override messages. Accounting entries are not created during this stage.
- The following screens are supported for this functionality
 - Loan and Commitment- Contract Input (OLDTRONL)
 - Loan - Contract Simulation (OLDTROSI)
 - Loan - Inactive Contract Simulation (OLDTROIC)
 - Manual Payment (OLDPMNT)
 - Payment Simulation screen (OLDPMSI)
 - Loan and Commitment-Value Dated Amendment (OLDVAMND)
 - Value Dated Amendment Simulation Detailed (OLDVAMSI)

12. Processing a Commitment

This chapter contains the following section:

- [Section 12.1, "Introduction"](#)
- [Section 12.2, "Defining a Commitment Product"](#)
- [Section 12.3, "Initiating a Commitment"](#)
- [Section 12.4, "Linking a Loan to a Commitment"](#)
- [Section 12.5, "Viewing Billing Notice History"](#)
- [Section 12.6, "Maintaining Slab/ Tier Based Fee for Commitment"](#)
- [Section 12.7, "Viewing Quick Query Details of Loans"](#)
- [Section 12.8, "Viewing Quick Query Details of Commitments"](#)
- [Section 12.9, "Revaluation of Commitment"](#)

12.1 Introduction

A 'commitment' is a formal understanding between you and your customer that you are willing to advance a loan during a certain period in the future. A fee may be charged at the time of entering into this understanding. You can have a repayment schedule for this fee.

When a loan is disbursed against this commitment, since there is no movement of funds involved but only a setting aside of funds, you should specify that contingent entries are to be passed on initiation of the commitment, at the time of defining the commitment product.

The entries should be reversed on Maturity (if the commitment is not used), or whenever a loan involving the product (or loans are) is issued.

When a loan is linked to the commitment, commitment utilization entries should be defined for the loan. On the Maturity Date of the commitment, the reversal of the contingent entries should be defined.

A commitment can be linked to more than one loan, as long as funds are available. It can be:

- Revolving (where the amount available is reinstated whenever there is a payment against a loan linked to it)
- Non-revolving (where the amount repaid is not reinstated)

12.2 Defining a Commitment Product

You can define a product for commitments just as you can define one for loans. When you define a product, and enter into commitments involving the product, the commitments inherit the attributes of the product. However, you can change most of these attributes at the time of initiating a commitment.

A product is created as a general framework. Though a commitment generally inherits the attributes of the product it involves, it also has certain details specific to it, such as:

- The counterparty details
- The amount
- The contract reference number
- The user reference number

In the product definition screen, you have to specify the Product Type as 'Commitment.' You should specify the other details, such as the product code, a description, a slogan, the product group, the start and end dates and the remarks, just as you would for a loans product.

You can invoke the 'Product Definition' screen by typing 'OLDPRMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can specify your preferences (or options) through the Product Preferences screen:

- Specify the authorization re-key fields
- Specify the minimum, maximum and standard tenor of the commitment product
- Specify the frequency of accruals for the fee
- Specify the mode of liquidation for the principal and the fee schedules
- Specify the schedule type
- Specify the exchange rate variance

Through the ICCF screens, specify the fee applicable to the commitment. The fee can be:

- A flat amount
- A rate

For a product, you should define schedules for the fees that you levy. You have to:

- Define the reference date -- the Calendar date (date of the first fee schedule) or the Value Date (the date of initiation of the commitment),
- The frequency - monthly, half yearly
- The unit, month and date
- The number of schedules

Similarly, for the Principal you should define a schedule where the entire principal or the unused portion is liquidated at maturity.

Through the Product Status Control screen, you can specify the following for the fee component:

- Whether status change has to be automatic
- Whether accruals are to be stopped, when the commitment is in a particular status
- The accounting role and accounting head of the new GL to which accounting entries would be posted when the status of the commitment changes
- The advices, if any, to be generated for each status
- The number of days to achieve the status being defined for interim schedules
- The number of days to achieve the status being defined for the maturity schedule

For the commitment product, you should define the following:

- The accounting role and accounting head
- The accounting entries
- The advices to be generated when a particular event takes place -- for example, you can specify that a repayment advice has to be generated for the fee
- The branches which can use this product
- The currencies which can be allowed for the product
- The customer categories and the customers who can use the product

12.3 Initiating a Commitment

A commitment is initiated through the Contract On-line screens. Through the Contract Details screen, you have to specify the following:

- Counterparty (customer)
- Currency
- Credit line
- Amount
- Settlement Account
- Maturity Date (fixed)
- Tenor

While booking or amending a commitment, if the UDF 'RATE-VARIANCE' is maintained as a non-zero value for the commitment contract, dual authorization is required.

For more information about dual authorization, refer to *Dual Authorization* section in this manual.

Through the Contract Preferences screen, you have to specify the type of the commitment. A commitment can be:

- Revolving or
- Non-revolving

Revolving

In a revolving type of commitment, the amount available is reinstated whenever there is a payment against a loan linked to it.

Non Revolving

In a revolving type of commitment, the amount repaid against a loan is not reinstated.

Through this screen, you can also indicate whether the status movement (aging analysis) has to be done automatically or manually for the commitment.

You can convert the existing revolving commitment contract to non revolving commitment (Term commitment) contract using, 'Revolving to Non-Revolving Term Conversion' screen.

You can change the contract preference from revolving to non-revolving in 'Revolving to Non-Revolving Term Conversion' screen.

You can invoke the 'Revolving to Non-Revolving Term Conversion' screen by typing 'OLDTMCNV' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Revolving to Non-Revolving Term Conversion
- X

Enter Query

Commitment Contract _____
Contract Reference * _____

Current Balance	Expected Balance - Post Conversion
Commitment Amount _____ Principal Out Standing Bal _____	Commitment Amount _____ Available Amount _____

Exit

Contract Reference Number

Specify the contract reference number of the revolving commitment contract which you want to convert to non-revolving commitment contract.

Current Balance

Commitment Amount

The total commitment amount before conversion is displayed in this field.

Available Amount

The total unutilized amount of a commitment contract before conversion is displayed in this field.

Expected Balance – Post Conversion

Commitment Amount

The total commitment amount after conversion is displayed in this field.

Available Amount

The total unutilized amount of a commitment contract after conversion is displayed in this field.

The contract balances are not rebuilt by the system while converting the commitment from Revolving to Non-Revolving. You should handle any balance changes during the conversion or subsequent to conversions by means of Value dated amendments for the respective commitments.

In the preferences screen, you have to indicate your schedule preferences:

- Whether holidays are to be ignored when schedule dates are calculated
- Whether schedule dates are to be moved (backward or forward) if a schedule date falls on a holiday
- Whether a movement of the schedule date across the month is allowed
- Whether the mode of liquidation of the repayment schedules has to be automatic

For a commitment, the schedule you have defined for the product is applied to the fee, by default. You can reverse these schedules through the Contract online screen, Schedules tab by providing the following details.

- The start date
- The number of schedules
- The frequency and unit
- The amount if the fee is a flat amount

For the principal schedule defined to maturity, you have to give the principal amount through this screen. You can also indicate your preference for cost of credit valuation.

At maturity, all the contingent entries that were passed at the time of initiating the commitment are reversed (if the commitment is not used or whenever a loan is linked to it). When a loan is linked to the commitment, loan-related entries are passed.

The fee and principal schedules can be liquidated automatically or manually, through the Manual Liquidation screen.

Cost of Credit Valuation

The system displays the option entered at the product level. If the option is deselected at the product level, it is disabled in this screen and you cannot select this option at the contract level. If this option is selected at the product level, then you can deselect it. During contract amendment, you can select it or deselect it based on its value in the previous version.

The system performs cost of credit valuation for the contract for both performing and non-performing contracts only if the 'Cost of Credit Valuation Req'd' check box is selected for the contract.

12.3.1 Making Value Dated changes

Through the Value Dated Changes function, you can do the following:

- Increase or decrease the commitment amount
- Change the fee rate or amount
- Change the maturity date

12.3.2 Capturing Auto Step-up and Auto Step-down of a commitment

Oracle Lending supports auto step-up and step-down of a commitment through the Contract online screen, Schedules Tab.

For auto step-down of a commitment, from Schedule details section, select 'C' from 'Type' and 'Principal' from the Component along with the other parameters. System calculates and reduces the commitment availability amount. The events VAMB and VAMI are triggered.

Account entries are given below:

GL	Amount Tag	Dr/Cr
Con Asset Offset GL	PRINCIPAL_DECR	Dr
Con Asset GL	PRINCIPAL_DECR	Cr

For auto step-up of a commitment, from Schedule details section, select 'I' from Type along with other parameters. System calculates and increases the commitment availability amount. The events VAMB and VAMI are triggered.

Account entries are given below:

GL	Amount Tag	Dr/Cr
Con Asset GL	PRINCIPAL_INCR	Dr
Con Asset Offset GL	PRINCIPAL_INCR	Cr

Click 'Commitment Reduction Schedules' button to check the commitment schedule details.

The screen displays the following details:

- Due Date
- Reduction amount
- Processed Amount
- Step Up (+) or Step Down (-) as the schedule of the commitment.
- Status indicates the commitment step up/step down schedule as:
 - Unprocessed – Future Schedules
 - Processed – Successfully completed
 - Failed – Failed due to Unavailability

While updating the schedules for auto step up and auto step down overlapping is not allowed. If there is an insufficient amount the partial commitment reduction is processed based on the flag 'Allow Partial reduction' at the commitment product level. You cannot reverse a processed commitment step up/down schedules.

An exception is logged in case of failure of commitment reduction and no subsequent attempts are activated. Future commitment step up/down schedules are not considered while performing the back dated/current dated/ future dated loan activities. For back valued commitment booking, you cannot define schedules for back valued auto step up/step down.

12.4 Linking a Loan to a Commitment

A loan can be 'linked' to a deposit, commitment or an account. A linkage of this nature with a commitment will mean:

- You can utilize the entire amount of a commitment, or a portion of it, for a loan. The available balance in the commitment is reduced from the commitment.
- You can also link a portion of the loan to the commitment

The contingent entries that were passed when the commitment was initialized will be reversed for the loan amount that has been linked.

A commitment can be linked to more than one loan, as long the amount is available for utilization.

To specify the details of the linkage you have to invoke the Contract Linkages screen.

12.4.1 Specifying the Details of the Linkage

If the linkage is with a commitment specify the Reference Number of the commitment.

The *currency* of the commitment to which the loan is being linked is also be displayed on the screen, once the linkage details are specified.

12.4.2 Specifying the Linked Amount

You should indicate the amount that has to be linked to the commitment. This amount can be the entire principal of the loan, or a portion of it. The amount that you specify should be in the currency of the loan.

This amount should be available in the commitment. The available amount is arrived at taking into account the other loans linked to the commitment.

12.4.3 Specifying the Exchange Rate

You need to specify the exchange rate only if the currency of the loan is different from the currency of the commitment to which it is being linked.

If the two currencies are different, the mid-rate for the day is taken by default. This rate is displayed in the field and can be changed by you. If the rate entered by you differs from the mid-rate by the normal variance percentage defined for the product, then you are asked for an override. If it differs from the mid-rate by the maximum variance specified for the product, then it does not allow the record to be stored.

12.4.4 The Converted Link Amount

This amount is displayed only if the currency of the loan is different from that of the commitment. This amount is arrived at using the Exchange Rate specified in an earlier field.

12.4.5 Type and Total Linked Amount for each Type

You can link a loan to many commitments, deposits or accounts. The total amount linked to each type (commitment, deposit or account) is displayed in this screen.

12.4.6 Uncovered Amount

When you are linking a loan to a commitment you can link either the entire principal amount or a portion of it. The amount of the loan that is not linked will be shown in this screen.

12.4.7 Accounting Entries for a Linkage

For a non-revolving type of commitment, once the commitment amount is utilized, the accounting entries are reversed.

For a revolving type of commitment, where the commitment amount is refurbished once a repayment is made, the accounting entries are re-instated, every time the commitment amount is refurbished.

12.4.8 Amending Commitment Linkage Details

A new commitment and an existing commitment can be linked to a loan contract and you can modify the new commitment through the 'Commitment Linkage Amendment' screen.

You can invoke the 'Commitment Linkage Amendment' screen by typing 'OLDLNKAM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can specify the following details:

Contract Ref No

Specify the contract reference number of the contract for which you need to amend the commitment linkage.

Amendment Date

Specify the amendment date of the loan contract.

Old Linkage Details

The system displays the values of old linkage details and you cannot modify these details.

New Linkage Details

Linked to Ref

Specify the reference number of the new commitment which is to be linked. The adjoining option list displays all the commitment reference numbers maintained in the system. You can choose the appropriate one.

Exchange Rate

Specify the exchange rate of the linked amount.

Note

If a contract is pending for authorization in any screen and if you try to unlock in 'OLDLNKAM' to do changes, then an error message "Unauthorized amendments exist for contract in 'function id' "appears.

12.4.9 Processing Commitment Linkage Changes

LAMD (Linkage Amendment) event is used for this operation. This event fires at the loan level and no accounting entries are posted. If LAMD event is used for linking a commitment to a loan for the first time, then the LINK event activates at the commitment level.

If LAMD is done at the loan level to remove and add a new commitment, then the DLNK event fires at the old commitment level (even for non revolving commitments) and LINK event activates at the new commitment level. Linked amount is tracked only for new commitments.

Back valued activities beyond the commitment linkage date for principal increase/decrease is not allowed. If there is a partial reprice, then delinking of the commitment is done for the parent and child contract separately. The DLNK amount is based on the current outstanding of the loan for the loan contract that is linked to a revolving/non revolving commitment.

On partial payment of the loan principal, LAMD is done to delink the commitment and the system activates the DLNK for the current outstanding amount of the loan on old commitments. This is applicable for revolving and non revolving commitments.

Following operations can be performed:

- UNLOCK
- SAVE
- AUTHORISE
- DELETE

Note

- Commitment linkage is applicable for revolving and non-revolving commitments. Value date wise balances of the commitments can be tracked and future dated LAMD is not allowed.
- LAMD of the loan to modify/add the commitment linkage is not allowed if a Rollover / Reprice instruction is captured.
- LAMD is also not allowed if, for the commitment, propagation of status to the underlying loans of the commitment is allowed ('Propagate Status to Loan' preference is selected at commitment level)
- Reversal of LAMD is not allowed. The value date of the LAMD cannot be beyond the schedule date or value date whichever is greater than the fee liquidation of the commitment.
- The following commitment level validations will be performed during the LAMD activity.
 - Sub-limits
 - Borrower
 - Currency
 - Commitment Blockage Period (if any)
 - Commitment reduction schedules (if any)
- The value date of the LAMD cannot be beyond the last DLNK event date of the underlying commitment. If a contract has overdue schedules, then LAMD is not allowed. If a future dated loan is linked to a commitment, then LAMD is allowed, however the value date of the same should be the loan contract value date.
- The existing commitment currency and new commitment currency should be the same. However, if there is no existing commitment, then user can link commitment of any currency.
- New Linkage details are mandatory.

- LAMD beyond LAMD will be blocked.
- The old and new commitment type should be the same, that is, if old commitment is revolving then new commitment should also be revolving.
- Reversal of payments, which are done prior to the LAMD, are not allowed. Reversal of VAMI, which is done prior to the LAMD is not allowed.

In case of REVC of a loan contract, system reverses all the accounting entries posted at the loan and commitment (old and new) level are reversed. However, the net effect at the old commitment is the same.

12.4.10 Defining Schedules for Reduction of Commitment Amounts

A commitment is a formal agreement between you and your customer, according to which, you agree to advance a loan to your customer at a future period. When you actually disburse a loan against the commitment, the amount that you have committed reduces to the extent of the loan availed.

If the commitment amount should be reduced at regular intervals, a schedule for reductions can be specified. These schedules would be executed during the Beginning of Day processing on the specified dates.

You can define such reduction schedules in the Schedules tab of the Loans and Commitment Contract Online screen, when you initiate the loan. Select 'C' in the Rev field to indicate that the schedule is being defined for a commitment, in which the commitment amount is being reduced at regular intervals.

You can view the reduction schedules on a contract by clicking 'Commitment Reduction Schedules' in the Contract Schedules screen.

12.4.10.1 Batch Process for Reductions

During the execution of the automatic loan batch processes, the reduction schedules are processed. The reduction schedules are sequenced to run after auto liquidations and before accruals.

12.4.10.2 Partial Reductions

Reduction of the commitment amount according to the reduction schedule depends on the outstanding commitment amount when each schedule falls due. Due to avilment of any linked loans, on a schedule date, the outstanding commitment amount could be insufficient to be reduced to the extent of the schedule amount.

You can define partial reduction to be applicable for the schedule. If defined, the commitment amount is reduced to the extent possible. If partial reduction is not defined, the reduction is not processed until the outstanding commitment amount is replenished sufficiently to the extent of the reduction, by repayments made by the customer.

To specify partial reductions to be applicable, you specify it in the Product Preferences for a loans product. Select the 'Allow Partial Reduction' box in the Product Preferences screen.

The following example will illustrate the concept of reduction of commitment amounts:

Example

Your bank has committed to lend a sum of 100000 USD to Mr. Joseph Nbele, one of your customers. The commitment is entered into on 1st January 2002, and reaches maturity one year later.

Mr. Nbele requests you to provide a reduction schedule for your commitment, to the tune of 10000 USD at the beginning of each month, beginning on 1st February 2002.

On 1st July 2002, the commitment amount has been reduced to 40000 USD, through the automatic execution of the reduction schedules by the batch process.

On the same day, Mr. Nbele avails a loan under the commitment, to the extent of 35000 USD. On 1st August, when the batch process attempts to execute the next reduction schedule, there is an insufficiency in the outstanding commitment amount, to the extent of 5000 USD.

If partial reduction is specified for the commitment product, then the reduction schedule on 1st August is executed, and 5000 USD is reduced from the commitment amount, bringing the amount available to zero.

If partial reduction is not specified, the schedule is not executed on 1st August. It is attempted on a daily basis by the batch process, and only be executed when the outstanding commitment amount is sufficient enough to make the reduction of 10000 USD.

Now, Mr. Nbele repays 10000 USD of the loan, on 15th August, bringing the outstanding commitment amount to 15000 USD. On that day, the batch process successfully execute the reduction schedule that was to have been executed on 1st August.

12.5 Viewing Billing Notice History

Oracle Lending facilitates storing the billing notice internally, which is generated as part of NOTC event. You can use this information for reporting activities.

You can view the component wise break up of a contract reference number through the 'Billing Notice History' screen.

You can invoke the 'Billing Notice History' screen by typing 'OLDNOTCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows the 'Billing Notice History' application window. It features a search section with 'Contract Reference No *' and 'User Reference' fields. Below are two data tables: 'Event Details' and 'Component Wise Breakup'. The 'Event Details' table has columns for Event Code, Event Seq No, Event Date, Maker Id, and Checker Id. The 'Component Wise Breakup' table has columns for Contract Reference No, Event Seq No, Component, Bill Date, Due Date, and Total Billed Amt. An 'Exit' button is located at the bottom right.

Here you can view the following details about the billing notice, generated as part of NOTC event:

- Contact Reference Number
- User Reference number
- Event Details
- Component Wise Breakup Details

You can view the history of NOTC events generated under a given contract through the 'View Events' screen.

For more information about Event Details, refer to 'Viewing Event details' section in the User Manual.

You can view the details of the notice in the 'Message Details' screen. To invoke this screen click the 'Messages' in the above screen.

The screenshot shows a web application window titled 'View Events'. At the top, there are search filters: 'Contract Reference * undefined', 'Event Date undefined', 'ESN *', and 'Event Code undefined'. Below the filters is a table with the following columns: InOut, Message Type, Receiver, Entity, Currency, and Amount. The table is currently empty. There is a 'Print' button below the table and 'Ok' and 'Exit' buttons at the bottom right.

Here the system displays the following details of the notice:

- Reference Number
- ESN
- Event
- Txn Date
- Outgoing/ Archival
- Message Type
- Receiver
- Entity
- Currency
- Amount
- Status
- Name
- Location

- Address
- Exception

You are allowed to reprint the generated bill for a given contract reference number by clicking the 'Print' in the above screen.

12.6 Maintaining Slab/ Tier Based Fee for Commitment

Oracle Lending allows you to maintain a slab/tier based fee computed on the unutilized or utilized balance of commitment. You are also allowed to waive a portion of fee at the time of fee payment for various fee components. In order to facilitate this, you have to perform certain maintenance for the fee structure, they are:

- Fee Rule Definition Structure
- Fee Rule Maintenance Structure
- Fee Component Definition at the Product Level
- Fee component Definition at the Contract Level
- Liquidation of Fee component
- Reversal of Fee Liquidation

12.6.1 Maintaining Fee Rule Definition Structure

In the 'Fee Rule Definition' screen, you can define a rule for a particular fee component. It can be either Slab or Tier based. The fee computation can be either Rate or Amount based.

12.6.2 Associating Fee at Product Level

You can associate the fee by clicking the 'Fee' in the 'Loans and Commitment-Contract Input' screen.

Here you can attach multiple fee components to the Product. The following are the preferences to be maintained:

- Select the Basis Amount available as one of the following as required:
 - Principal
 - UTIL—Only Arrear type of fees
 - User Input
 - UNUTIL—Only Arrear type of fees
 - OUTSTANDING
- Select the Fee Rule type as 'Margin'
- Fee should be collected in Arrears or in Advance
- The preferences for the fee class to be maintained as follows:
 - Allow Start Date Input – If you select this check box at the product level, the system allows start date input at the contract level.
 - Allow End Date Input: If you select this check box at the product level, the system allows end date input at the contract level.
 - Billing Notice Required – Select this flag for generating the billing notices
 - No of days – The system generates the billing notices 'x' days before the fee liquidation is due, where 'x' is the days maintained.
 - Allow rule Amendment – Select this flag to amend the Fee Rule at the contract level.

- Allow Amount amendment – Select this flag to amend the amount at the contract level.
- Stop Association – Select this flag to stop calculating the fees for the underlying contracts.

12.6.2.1 Maintaining Fee Rule Details

In the 'Fee Rule Maintenance' screen, you can define the Slab or Tier details, based on the rule and the fee amount or rate for each slab or tier for each of the fee components like loan fee and commitment fee. The fee basis amount is defined in amount or in percentage.

12.6.2.2 Computing Facility Fee for Commitment

You can calculate the Facility Fee for a commitment to track the latest commitment amount. You can define the Facility Fee component using the Basis Amount Tag 'TRANSFER_AVL' available in the Fee Class screen and Fee Definition screen for Commitment product maintenance.

'TRANSFER_AVL' balance represents the sum of the Available Balance for a commitment and underlying Loans Outstanding Balance for a given value date.

12.6.3 Associating Fee at Contract Level

You can associate the fee by clicking the 'Fee' in the 'Loans and Commitment-Contract Input' screen. The 'Fee Component' screen is displayed.

For more information on Contract details, refer to *Disbursing a Loan* section in this User Manual.

The screenshot displays a software interface with two main sections. The top section, titled 'Contract Detail', contains several input fields arranged in two columns: Product Code, Contract Ref No, Customer, and Facility Name on the left; Product Description, User Ref No, and Customer Name on the right. The bottom section, titled 'Fee Components', features a table with the following columns: Component, Fee Rule, CCY, Association Date, Start Date, End Date, and Liqu. Above the table is a navigation bar with '1 Of 1' and a 'Go' button. Below the table is a horizontal scroll bar. At the bottom right of the interface are 'Ok' and 'Exit' buttons.

Here, the system defaults the following value from the product:

- Component
- Fee Rule
- Liquidation Mode
- Fee Basis Notice Required
- Notice Days

The system defaults all the other values on the contract value. You are allowed to change the following values:

- Start Date – Only if you select this check box at the product level, you can amend it.
- End Date - Only if you select this check box at the product level, you can amend it.
- Currency
- Liquidation Mode
- Fee Basis
- Notice Required
- No of Notice Days
- Fee Rule

The system performs the following validations:

- Start Date cannot be earlier than the Contract Value Date
- End Date cannot be greater than the Contract Maturity Date

You can modify the preferences in the 'Fee Rule Maintenance' screen. To invoke this screen, click 'Fee Rule' button in the 'Loans and Commitment-Contract Inputs' screen.

The screenshot displays a software interface for contract management. It is divided into several sections:



- Contract Details:** Contains input fields for 'Module', 'Contract Ref No', 'Counterparty', and 'Facility Reference Number'. To the right, there are fields for 'Module Description', 'User Ref No', 'CounterParty Description', 'Book Date', and 'Value Date'.
- Fee Rule:** Features a 'Fee Rule' field, a 'Component Type' dropdown with radio buttons for 'Slab' and 'Tier', and an 'Amount/Percentage' section with radio buttons for 'Amount' and 'Percentage'.
- Effective Dates:** Includes a table with two columns: 'CCY' and 'Effective Date'. The table has a header row and one empty data row. Navigation controls like 'Go' and '1 Of 1' are present above the table.

At the bottom right of the window, there are 'Ok' and 'Exit' buttons.

Here you can modify the preferences only for a particular contract maintained at the contract level.

You can define the fee payment schedules in the 'Loans and Commitment-Contract Input's screen under 'Schedules' tab.

Here the fee payment schedules are defined under Schedule Details as seen above.

To amend the schedules of a particular component of a contract click   buttons.

Here you can amend the schedules of a particular component of a contract if required.

For more information about fees and charges, refer to *Fees and Charges User Manual*.

The system posts the following entries in case of Fee Liquidation:

- Fee collected in Advance
 - At Fee Collection (FLIQ):

Accounting Role	Dr / Cr	Amount Tag
CUSTOMER	Dr.	Component_LIQD
Component_RIA	Cr.	Component_LIQD

- At Fee Accrual (FACR):

Accounting Role	Dr / Cr	Amount Tag
Component_RIA	Dr.	Component_ACCR
Component_INC	Cr.	Component_ACCR

- Component_RIA - Fee Component Received in Advance
- Component_INC - Fee Component Income
- CUSTOMER - Borrower
- Component_LIQD - Fee Component Liquidated
- Component_ACCR - Fee Component Accrued.
- Fee collected in arrears
 - At Fee Accrual (FACR):

Accounting Role	Dr. / Cr.	Amount Tag
Component_REC	Dr.	Component_ACCR
Component_INC	Cr.	Component_ACCR

- At Fee Collection (FLIQ):

Accounting Role	Dr. / Cr.	Amount Tag
CUSTOMER	Dr.	Component_LIQD
Component_REC	Cr.	Component_LIQD

- Component_REC - Fee Component Receivable
- Component_INC - Fee Component Income
- CUSTOMER - Borrower
- Component_LIQD - Fee Component Liquidated
- Component_ACCR - Fee Component Accrued.

During Fee Liquidation reversal, the system triggers the event FREV.

The system posts the following entries as part of FLIQ reversal.

Accounting Role	Dr. / Cr.	Amount Tag
CUSTOMER	Dr.	Component_LIQD (With -ve amount)
Component_REC	Cr.	Component_LIQD (With -ve amount)

Example:

The system posts the following entries as part of FLIQ:

Accounting Role	Dr / Cr	Amount Tag	Amount
CUSTOMER	Dr.	Component_LIQD	1000
Component_REC	Cr.	Component_LIQD	1000

The system posts the following entries as part of FREV:

Accounting Role	Dr / Cr	Amount Tag	Amount
CUSTOMER	Dr.	Component_LIQD	-1000
Component_REC	Cr.	Component_LIQD	-1000

12.6.3.1 Maintaining Parameter to Define Fee Schedule for Commitments

Based on the value maintained for the parameter 'ALLOW_FEE_SCHEDULE' in the 'Parameter Mapping' screen, you can define the fee schedule for commitment contracts.

If the parameter 'ALLOW_FEE_SCHEDULE' is maintained as 'Y', then system does the following:

- System does not allow you to define Interim and Bullet fee schedules from Fee module.
- System does not allow tracking fees for a commitment from both Fee and ICCF modules.
- While defining a commitment product, you should associate the fee component from either the Fee or ICCF module and not from both the modules.
- While saving the commitment contract, if the fee component is attached from both Fee and ICCF modules, then system displays an appropriate error message.

If the parameter 'ALLOW_FEE_SCHEDULE' is maintained as 'N', then processes the fees as applicable for non-agency contracts.

12.7 Viewing Quick Query Details of Loans

You can view the basic details of a loan using 'Loans Quick Query' screen.

You can invoke the 'Loan Quick Query' screen by typing 'OLDQCKRD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Loan Quick Query

Enter Query

Contract Reference Number *

Short Name

Additional Loan Details

Branch Code

Borrower No

Borrower Name

Borrower Address

ZIP Code

Value Date

Maturity Date

Original Bal

Principal Cur. Bal

User Defined Status

Commitment/Line No

Expense Code

Sic Code

Borrower SSN / Tax ID

Credit Class

Rate Type

Rate Revision Method

Currency

LC Contract

Interest Info | Payment Info | Fee Info | Transaction History | Payment Details

Exit

Contract Reference Number

Specify the reference number of the contract whose details you want to view.

Loan Details

- Branch Code
- Borrower No
- Borrower Name
- Borrower Address
- ZIP Code
- Value Date
- Maturity Date
- Original Bal
- Principal Cur Bal
- User Defined Status
- Commitment/Line No
- Expense Code
- SIC Code

- Borrower SSN/Tax ID
- Credit Class
- Rate Type
- Rate Revision Method
- Currency
- LC Contract

Bankers Acceptance

- Reg Class
- Facility Type
- Status
- Currency
- Principal Balance
- USD Equivalent
- LOCR Availability

Click 'Interest Info' to view the Interest Info details of the contract.

The screenshot shows a window titled "Interest Details" with a close button (X) in the top right corner. The window contains the following fields:

- Contract Ref No _____
- Borrower _____
- Business Date _____
- Borrower Name _____
- Interest Information**
- Current Interest Rate _____
- High collar _____
- Interest Basis _____
- Current Interest Due _____
- Benchmark Rate Code _____
- Interest Rate _____
- Libor Contract Expiry Date _____
- Auto Response Yes No
- Interest Paid This Month(MTD) _____
- Principal Paid This Month _____
- Interest Paid This Year(YTD) _____
- Interest Paid during last 12 Months _____
- Original Interest Rate _____
- Low collar _____
- Original Interest Basis _____
- Per Diem _____
- Benchmark Interest Rate _____
- Interest Spread _____
- Libor Contract Reset Date _____
- Rate Change Advice Yes No
- Interest Paid Previous Month _____
- Principal Paid Previous Month _____
- Interest Paid last Year(YTD) _____

An "Exit" button is located in the bottom right corner of the window.

The following fields are displayed in this screen.

- Current Interest Rate
- High Collar
- Interest basis
- Current Interest Due
- Benchmark Rate Code
- Contract Expiry Date
- Contract Renewal Date

- Interest Paid This Year (YTD)
- Interest Paid during last 12 months
- Original Interest Rate
- Low Collar
- Original Interest Basis
- Per Diem
- Benchmark Interest Rate
- Interest Spread
- Interest paid Last Year (YTD)

Click 'Payment Info' to view the payment Info details of the contract.

The screenshot shows a 'Payment Details' window with the following fields:

Contract Ref No	Business Date
Borrower	Borrower Name
Principal Interim Auto Pay <input type="radio"/> Yes <input type="radio"/> No	Principal Interim DDA Number
Principal Bullet Auto Pay <input type="radio"/> Yes <input type="radio"/> No	Principal Bullet DDA Number
Interest Interim Auto Pay <input type="radio"/> Yes <input type="radio"/> No	Interest Interim DDA Number
Interest Bullet Auto Pay <input type="radio"/> Yes <input type="radio"/> No	Interest Bullet DDA Number
Interest Billing Frequency	Interest Pre-Billing Days
Current Interest Payment Due	Date of Current Interest Payment
Next Interest Payment Due	Date of Next Interest Payment
Last Interest Payment Due	Date of Last Interest Payment
Interest Past Due Amount	Number of Days Past Due
Principal Billing Frequency	Principal Pre-Billing Days
Current Principal Payment Due	Date of Current Principal Payment
Next Principal Payment Due	Date of Next Principal Payment

An 'Exit' button is located at the bottom right of the window.

You can view the following details in this screen:

Interest Details

- Auto Pay Indicator
- Auto Pay Debit Account Number
- Interest Billing Frequency
- Current Interest Payment Due
- Next Interest Payment Due
- Last Interest Payment Due
- Interest Past Due Amount
- Date of Current Interest Payment
- Date of Next Interest Payment
- Date of Last Interest Payment
- Number of Days Past Due

Principal Details

- Principal Billing Frequency
- Principal Billing Frequency
- Current Principal Payment Due
- Next Principal Payment Due
- Last Principal Payment Due
- Principal Past Due Amount
- Date of Current Principal Payment
- Date of Next Principal Payment
- Date of Last Principal Payment
- Number of Days Past Due

The payment information needed for identifying amount to be paid in case of foreclosure can be viewed from OL Manual Payment screen.

Click 'Transaction History' to view the Transaction History details of the contract.

Effective Date	Tran Date	ESN	Transaction Details	Principal Change	Rate Change
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You can view the following details in this screen:

- Effective date
- Transaction date
- Transactional Details
- Principal Change
- Interest Change
- Principal Balance
- Interest Due

12.7.1 Viewing Loan Quick Reference Summary Details

You can view summary details of Loan Quick Reference in 'Loan Quick Reference Summary' screen.

You can invoke the 'Loan Quick Query Summary' screen by typing 'OLSQCKRD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

12.8 Viewing Quick Query Details of Commitments

You can view the most viewed details of commitments using 'Commitment Quick Details' screen.

You can invoke the 'Commitment Quick Query Detailed' screen by typing 'OLDCLQRY' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Commitment Quick Query Detailed

Enter Query

Commitment Details

Commitment* _____ External Line No _____
Short Name _____ External Borrower No _____

Additional Details

Branch _____ Facility Memo No _____
Transaction MIS 1 _____ Facility ID _____
Effective Date _____ Status _____
Facility Type _____ Maturity / Expiry Date _____
Secured Yes No Revolver Yes No
Guarantee Yes No Participation Yes No
Borrower No _____ Borrower Name _____
SSN _____ LC Contract
Original CMT/Line Amount _____ Currency _____
USD Equivalent _____ Currency _____
Currency _____

Linkages | Facility Fee | Sublimits | Unused comt. Fees | Transaction History | Payoff | Payment Details

Exit

Commitment/Line Number

Specify the number of the commitment/Line whose details you wish to view.

The following fields are displayed in this screen.

- Company ID
- Exp Code
- Facility Memo Number
- Expiry Date'
- Facility Type
- Secured Indicator
- Guarantee Indicator
- Status
- Closing Date
- Revolver Indicator

- Participation Indicator
- Borrower Number
- Borrower SSN/Tax Id
- Borrower name
- Borrower Address
- Original Commitment/Line Amount
- Currency
- USD Equivalent
- Current Commitment/Line Amount
- Currency
- USD Equivalent
- Total Disbursed Amount
- Currency
- USD Equivalent
- Direct
- Currency
- USD Equivalent
- Contigent
- Currency
- USD Equivalent
- Available Amount
- Currency
- USD Equivalent
- Number of Consecutive Days with 0 balance

Current YTD

- Average Outstanding Line Balance
- Lowest Outstanding Balance
- Highest Outstanding Balance

Last Calendar Year

- Average Outstanding Line Balance
- Lowest Outstanding Balance
- Highest Outstanding Balance

Click 'Linkages' to view the Loans/LOCs Linked to the Commitment/Line.

Linkages

Contract Reference _____ Business Date _____
 Borrower _____ Borrower Name _____

Linkage Details

◀ 1 Of 1 ▶ Go + - ☰

<input type="checkbox"/>	Loan	Borrower	Borrower Name	Facility Type	Interest Rate	Int Type

Exit

The following details are displayed:

- Loan/LOCR Number
- Facility Type
- Interest Rate
- Interest Type
- Maturity Date
- Currency Priority/Prior Balance
- CMT/Line Number
- Currency
- USD equivalent

Click 'Facility Fee' to view the Facility/Restructuring (FASB/FASC)/Upfront Fee details.

Facility Fee

Contract Reference _____ Business Date _____
 Borrower _____ Borrower Name _____

Fee Details

1 Of 1 Go

<input type="checkbox"/>	Fee Type	Total Fee Amount	USD Equivalent	Currency	Life To Date Accrued Fee	How Payable?

Exit

The following details are displayed:

- Fee type
- Total Fee Amount
- Currency
- USD Equivalent
- How Payable (as charge etc.)
- DDA Number
- Accrued Fee Amount Due
- Current Fee Due Date
- Last Fee Paid Amount
- Last Fee Paid Date
- Next Fee Amount
- Next Fee Due Date
- Past Due Fee Amount
- No Of Days Past Due

Click 'Sublimits' to view the Sublimits details.

Sublimits

Contract Reference _____ Business Date _____
 Borrower _____ Borrower Name _____

Sub-Limit Details

1 Of 1 Go

<input type="checkbox"/>	Facility Id	Borrower	Borrower Name	Product	Current Amount	Disbursed Amount

Exit

The following details are displayed:

- CMT/Line Number
- Borrower
- Current Amount
- Disbursed Amount
- Avail Amount
- Currency
- USD Equivalent

Click 'Unused comt. Fees' to view the Unusual Commitment Fee details.

Unused comt. Fees

Contract Reference _____ Business Date _____
 Borrower _____ Borrower Name _____

Unused Commitment Fee Rate _____
 Accrued Fee Amount From Last _____
 Period To date _____
 Acquired Amount _____
 Per Diem _____
 Unused Fee Pay Schedule _____
 How Payable? _____
 DDA number _____

Unused Comm Fee Due _____
 Last Unused Commitment Fee _____
 Paid Amount _____
 Unused Comm Fee Due Date _____
 Next Unused Comm Fee Amount _____
 Next Unused Comm Fee Due on _____
 Past Due Unused Comm Fee _____
 Amount _____

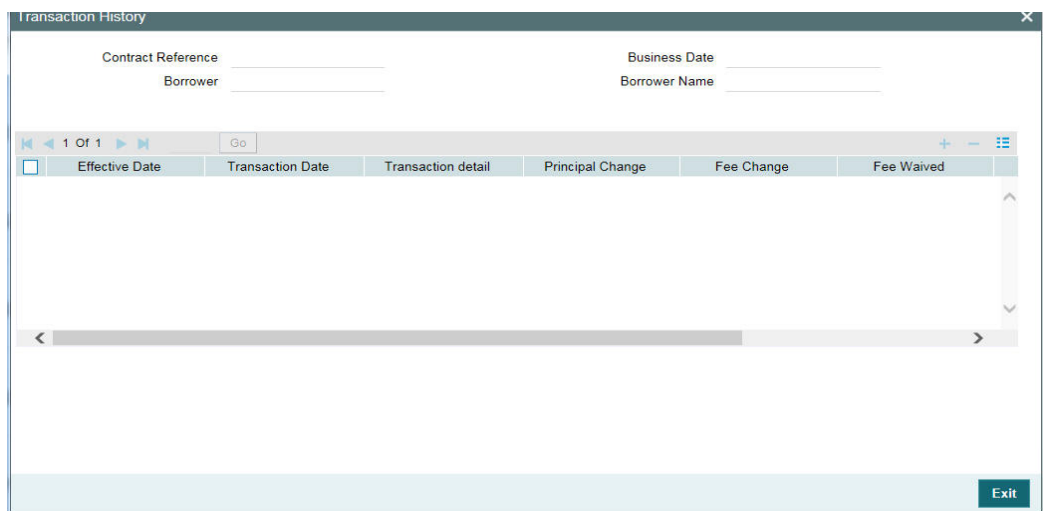
Exit

The following details are displayed:

- Unused Commitment Fee Rate

- Accrued Fee Amount from Last Period to Date
- Unused Fee Pay Schedule
- How Payable
- DDA Number
- Unused Commitment Fee Due
- Unused Commitment Fee Due Date
- Last Unused Commitment Fee Paid Amount
- Last Unused Commitment Fee Paid On
- Next Unused Commitment Fee Amount
- Next Unused Commitment Fee Due Date
- Past Due Unused Commitment Fee Amount
- Number of Days Past Due

Click 'Transaction History' to view the Transaction History details.



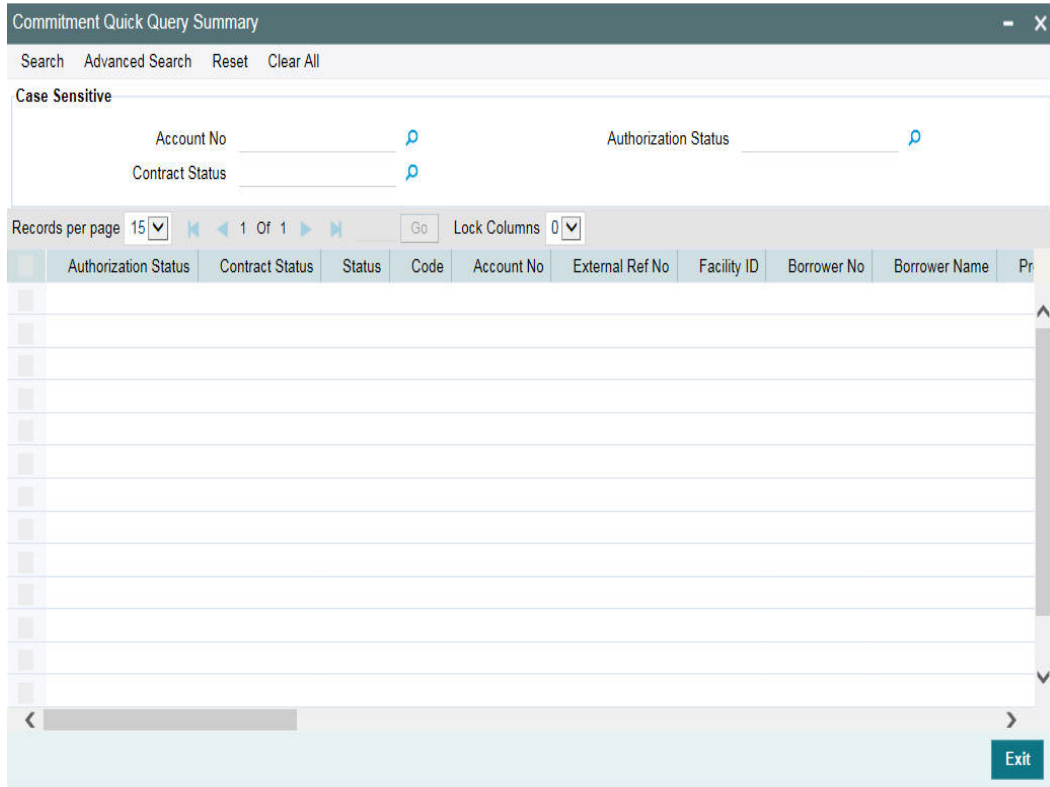
The following details are displayed:

- Effective Date
- Transaction Date
- Transactional Details
- Principal Change
- Fee Change
- Principal Balance
- Fee Due

12.8.1 Viewing Commitment Quick Reference Summary Details

You can view summary details of Commitment Quick Reference in 'Commitment Quick Reference Summary' screen.

You can invoke the 'Commitment Quick Reference Summary' screen by typing 'OLSCLQRY' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



12.9 Revaluation of Commitment

Oracle Lending process revaluation of a commitment as an EOD batch process. The system identifies active distinct commitment contracts, for each CUSIP/ISIN and revaluates net outstanding amount of the commitment as the 'Settled Position' using market price. During revaluation, the system considers 'Settled Position' as 'Total Position'.

The EOD batch programs **MTMREVL/ MTMRRVL** process revaluation entry and the reversal entry for past revaluation entry, for a commitment in OL module, if a Market price is maintained for the CUSIP at Loan and Commitment Maintenance level.

During MRVL event at EOD batch, the system posts the accounting entries for the commitment contract.

During MREV event at BOD batch of the next working day, the system posts the accounting entries, posted on the previous EOD, with a negative symbol.

Example

System posts EOD/BOD accounting entries as follows:

Day	Unrealized PL Computed	Entry Posted at BOD (MREV event)	Entry posted at EOD (MRVL event)
1	(400,000.00)		Dr UNREAL_MT-M_EXP 400,000.00
			Cr UNREAL_MT-M_OFF 400,000.00

2	(300,000.00)	Dr UNREAL_MT-M_EXP	(400,000.00)	Dr UNREAL_MT-M_EXP	300,000.00
		Cr UNREAL_MT-M_OFF	(400,000.00)	Cr UNREAL_MT-M_OFF	300,000.00
3	(1,000,000)	Dr UNREAL_MT-M_EXP	(300,000.00)	Dr UNREAL_MT-M_EXP	1,000,000
		Cr UNREAL_MT-M_OFF	(300,000.00)	Cr UNREAL_MT-M_OFF	1,000,000
4	32,500.00	Dr UNREAL_MT-M_EXP	(1,000,000)	Dr UNREAL_MT-M_OFF	32,500.00
		Cr UNREAL_MT-M_OFF	(1,000,000)	Cr UNREAL_MT-M_INC	32,500.00
5		Dr UNREAL_MT-M_OFF	(32,500.00)		
		Cr UNREAL_MT-M_INC	(32,500.00)		

The PNL Calculations are as follows:

As part of Day1 EOD:

Loan= \$10mm and Price 96%

Par value of total facility * price = value of the total facility

$10,000,000 * (96/100) = 9,600,000$

$PnL = 10,000,000.00 - 9,600,000.00 = 400,000.00$

DR 442303301 TradRev/Loss-CommLns-FVOptFAS159 400000

CR 125107202 CommercialLoansFVOptionSFAS159 MTM 400000

As part of Day2 BOD:

DR 442303301 TradRev/Loss-CommLns-FVOptFAS159 -400,000

CR 125107202 CommercialLoansFVOptionSFAS159 MTM -400,000

As part of Day2 EOD where price changes to 97%

$10,000,000 * (97/100) = 9,700,000$

$PnL = 10,000,000.00 - 9,700,000.00 = 300,000.00$

DR 442303301 TradRev/Loss-CommLns-FVOptFAS159 300,000

CR 125107202 CommercialLoansFVOptionSFAS159 MTM 300,000

After the above entry the MTM loss will be 300000, creating a daily MTM P&L impact of \$100,000 profit

As part of Day3 BOD:

DR 442303301 TradRev/Loss-CommLns-FVOptFAS159 -300,000

CR 125107202 CommercialLoansFVOptionSFAS159 MTM -300,000

As part of Day3 EOD where price changes to 90%

$10,000,000 * (90/100) = 9,000,000$

$PnL = 10,000,000.00 - 9,000,000.00 = 1,000,000.00$

DR 442303301 TradRev/Loss-CommLns-FVOptFAS159 1,000,000

CR 125107202 CommercialLoansFVOptionSFAS159 MTM 1,000,000

After the above entry the MTM loss will be 1,000,000, creating a daily MTM P&L impact of \$700,000 loss

Note

During revaluation of commitments of CUSIP, the system assumes 100% holding cost/ weighted average cost for 'Total Position'.

13. Annual Rest Loans

13.1 Introduction

In Installment Loans the tenor of the loan is divided into periods by defining Unearned Interest Schedules (one period is the interval between two Unearned Interest Schedules). The system first calculates the interest amount for the period that is starting based on the Principal outstanding at the beginning. Subsequently, the interest amount is allocated to all the interest payment schedules within the period.

Let us assume that your bank has to process an Annual Rest Loan with a tenor of 36 months. Oracle Lending processes such loans in the following manner:

- At the start of every 12 month period, the monthly interest installment amount for the next 12 months will be computed based on the outstanding principal at the start of the 12-month period.
- At the start of the 12 month period, the total interest amount for the next 12 months is passed to an Unearned GL (the interest amount is unearned as you will be calculating the interest for a future period). Consequently, the following accounting entries can be passed in Oracle Lending by setting up entries as defined below:

Dr Loan Asset GL

Cr Unearned Interest GL

- On complete payment of monthly installment amount towards principal and interest, the Unearned interest amount can be accrued as shown:

DrUnearned Interest GL

CrInterest Income GL

- If the customer makes a prepayment, the entries for the unamortized unearned interest can be reversed as shown:

DrUnearned Interest GL

CrLoan Asset GL

- If there is any change in the status of Annual Rest Loans, the reversal of accruals will also involve the reversal of the unearned interest amount that is not accrued. Accordingly entries can be set up as follows:

DrUnearned Interest GL

CrLoan GL

- During write-off of Annual Rest Loans, you can reserve a GL for the outstanding principal as shown:

DrWrite-Off GL

CrGL for Reserve for Doubtful items

- In case your bank recovers the loan amount after write-off, the GL reserved for doubtful items can be debited to the extent of the outstanding principal payment as indicated below:

DrGL reserved for Doubtful Items

CrRecovery GL

This section contains the following topics:

- [Section 13.1.1, "Specifying the Unearned Interest Calculation Parameters"](#)
- [Section 13.1.2, "Specifying the Accounting Roles for Unearned Interest Component"](#)
- [Section 13.1.3, "Capturing the unearned interest details at the contract level"](#)
- [Section 13.1.4, "Amending the Details of Annual Rest Loans"](#)
- [Section 13.1.5, "Processing Accruals"](#)
- [Section 13.1.6, "Specifying the Status of Annual Rest Loans"](#)
- [Section 13.1.7, "Processing Prepayments of Installment Loans"](#)

13.1.1 Specifying the Unearned Interest Calculation Parameters

For normal loans, you would calculate and collect the interest amount at the same time (for example every month in case of monthly repayment schedules). However, for installment loans, you can specify different frequencies for calculation and payment of the main interest component.

Therefore, as part of processing Annual Rest Loans, Oracle Lending first calculates the unearned interest amount (this interest amount is unearned as you are calculating the interest for a future tenor). Subsequently, the system allocates the interest amount to the payment schedules that you specify for the loan.

These are the steps involved in specifying the calculation parameters for the unearned interest amount:

- Indicating the preferences and schedules for the unearned interest amount at the product level,
- Specifying the unearned interest calculation parameters for an Annual Rest loan contract. The unearned calculation parameters defined at the product level is defaulted to the contracts associated with it. However, Oracle Lending allows you to modify the values of the parameters at the time of contract processing.

Indicating the preferences for the unearned interest amount

At the time of defining an Annual Rest Loan product, you need to specify the calculation parameters for the unearned interest amount in the 'Installment Preferences' screen. Click 'Installments Details' in the 'Loans and Commitments Product Preferences' screen to specify the calculation parameters for the unearned interest amount.

The screenshot shows a window titled "Installment Preferences" with a close button (X) in the top right corner. The main content area contains a checkbox labeled "Installment Loan". Below this checkbox are five dropdown menus, each with a downward-pointing arrow: "Rate Type", "Rate Code", "Int Calc Type", "Borrow Lend Indicator", and "Interest Basis". At the bottom right of the window, there are two buttons: "Ok" and "Exit".

In this screen, you need to specify the following details:

- Whether the loan is an installment loan. You can choose this option only at the time of creating a new loan product. You cannot modify this selection after you save the product. In addition, you can choose the installment loan option only if:
 - The rate type of the main interest component linked to the product is 'Special',
 - The payment method is 'Bearing'
 - The repayment schedules are of type 'Normal'

This is required because, for Annual Rest Loans, the system first calculates the unearned interest amount and then allocate it to the interest payment schedules.

- The rate type for calculating the unearned interest amount. This can be either fixed or floating
- If you have opted for floating rate type, you need to indicate the rate code
- The interest basis method for calculating the unearned interest amount
- The Borrow-Lend indicator of the rate code (in case of Floating Rate)

Indicating the schedule preferences

At the time of defining a product, you need to specify the schedule preferences for interest *calculation* and interest *payment* for the main interest component. Accordingly, the system calculates the interest amount for the unearned interest calculation schedules and accordingly allocate the calculated interest amount to the interest payment schedules.

Oracle Lending allows you to maintain both normal interest payment schedules and unearned interest calculation schedules for the main interest component. In the 'Preferences' screen click 'Schedules' to specify the schedule preferences in the 'Product Default Schedules' screen.

You can differentiate between the interest payment schedules and unearned interest calculation schedules. Enter 'U' for unearned interest calculation schedule and 'P' for payment schedules.

Example

Let us assume that you have defined the main interest component MAIN_INT for an installment loan product. At the time of specifying the schedule details, you need to:

- Choose 'U' for the main interest component MAIN_INT to specify the interest calculation schedules. Accordingly, the system calculates the unearned interest amount for the specified schedule.
- Choose 'P' for the main interest component MAIN_INT to specify the schedule details for interest payment. Accordingly, the system allocates the interest amount calculated (according to the interest calculation preferences) to the payment schedules that you define here for collection of interest.

If you do not specify the schedule preferences for unearned interest, the system defaults a single unearned interest calculation schedule for the entire period of the contract.

13.1.2 Specifying the Accounting Roles for Unearned Interest Component

Oracle Lending provides the following additional roles for the unearned interest component.

- COMPONENT_UIP: Map this accounting role to an Unearned Income/Liability GL
- COMPONENT_UIR: Map this accounting role to a Loan Asset GL

Note

Refer to the section 'Mapping Accounting Roles to Account Heads' in the chapter 'Defining the attributes specific to a loan product' for further details.

Specifying event-wise accounting entries

Oracle Lending generates the event UIDB (Booking of Unearned Interest amount) to post accounting entries of unearned interest amount.

Oracle Lending also generates the amount tag COMPONENT_UINT for the unearned interest component.

Accounting entries for the event Booking of Unearned Interest Amount (UIDB)

At the time of initiation or liquidation of an Annual Rest Loan, the system checks for unearned interest schedules for which schedule due date is before or same as the initiation or liquidation date. For each such schedule, it checks whether all *payment schedules* falling on or before the due date have been paid. If all such schedules have been paid, it calculates the interest amount based on the outstanding principal amount and the specified interest rate on the due date of the unearned interest schedule and allocate it to all interest repayment schedules before the next interest calculation due date.

Example

Let us assume that you have disbursed an Annual Rest Loan with the following details:

- Value Date: 1-Jan-2002
- Tenor: 24 months
- Maturity Date: 1-Jan-2004

The interest payment schedules (P) and interest calculation schedule details (U) for the contract are as follows:

Interest Calculation Schedule Due date	Interest Payment Schedule Due Date
1-JAN-2002	1-APR-2002 1-JUL-2002 1-OCT-2002
1-JAN-2003	1-APR-2003 1-JUL-2003 1-OCT-2003

On 1st January 2002, the system first calculates the unearned interest amount for one year (between 1-JAN-2002 and 1-JAN-2003) and allocate the amount to each payment schedule.

After calculating the unearned interest amount and allocating the amount to the payment schedules, the system passes the following accounting entries during the event UIDB:

Accounting Role	Amount Tag	Debit/Credit Indicator
COMPONENT_UIR This accounting role is mapped to a Loan Asset GL.	COMPONENT_UINT Oracle Lending provides this amount tag and it contains the unearned interest amount	Dr

<p>COMPONENT_UIP</p> <p>This accounting role is mapped to an Unearned Income GL/Discount Liability GL. You need to credit this GL with the unearned interest amount.</p>	COMPONENT_UINT	Cr
--	----------------	----

Accounting entries for the event LIQD

Accounting Role	Amount Tag	Debit/Credit Indicator
Customer Account	COMPO-NENT_LIQD	Dr At the time of liquidation, you need to collect the interest amount from the customer
COMPONENT_UIR You would have mapped this accounting role to the Loan Asset GL.	COMPO-NENT_LIQD	Cr

Accounting Roles for the event ACCR

Accounting Role	Amount Tag	Debit/Credit Indicator
COMPONENT_UIP	COMPONENT_ACCR	Dr
COMPONENT_INC	COMPONENT_ACCR	Cr

13.1.3 Capturing the unearned interest details at the contract level

In Oracle Lending, when you are entering the details of a new contract, the unearned interest schedule details specified at the product level gets defaulted to the contract. Click 'Schedules' to view and modify the schedule details of installment loans.

13.1.3.1 Specifying the interest calculation parameters for the contract

In the 'Loans and Commitment - Contract Input' screen, click on 'Installment Loan' to modify the unearned interest calculation parameters.

The calculation parameters defined for the product gets defaulted to the contract. You can however, modify all the parameters except rate type. If the 'Rate Type' is 'Fixed', you need to enter the interest rate based on which the system will calculate the unearned interest amount.

After specifying the schedule details and interest calculation parameters, you can view the unearned interest amount details.

Click 'Unearned Interest' to view the schedule details.

Component	Start Date	Calculated Amount	Process Status

The following details are displayed in the screen:

- Component: This will be the main interest component
- Due Date: This indicates the date from which the system will start calculating the unearned interest amount
- Calculated Amount: This amount is calculated from the due date of the current period to the due date of the next period (if the period exists). If there are no more periods, the system calculates on the maturity date of the contract.
- Status: This indicates whether the unearned calculation schedule has been processed

Example

Let us assume that you have disbursed an Annual Rest Loan with the following details:

- Value Date: 1-Jan-2002
- Tenor: 24 months
- Maturity Date: 1-Jan-2004
- Loan Amount: USD 50,000

Unearned Interest Calculation Parameters

- Rate Type: Fixed
- Interest Rate: 5%
- Interest Basis: Actual/360
- Main Interest Component: MAIN_INT

The interest payment schedules (P) and interest calculation schedule details (U) for the contract are as follows:

Interest Calculation Schedule Due date (P)	Interest Payment Schedule Due Date (I)
1-JAN-2002	1-APR-2002 1-JUL-2002 1-OCT-2002
1-JAN-2003	1-APR-2003 1-JUL-2003 1-OCT-2003

On 1st January 2002, the system first calculates the unearned interest amount for one year (between 1-JAN-2002 and 1-JAN-2003) and allocate the amount to each payment schedule.

Assuming that the current working date of your bank is 15th March 2002, these values are displayed in the 'Unearned Interest Schedule Details' screen:

Component: MAIN_INT

Due Date = 1-JAN-2002

Calculated Amount= $50,000 \times \frac{365 \times 5}{100 \times 360}$

=2534.72

The system allocates this amount to the specified interest payment schedules.

13.1.4 Amending the Details of Annual Rest Loans

Oracle Lending applies the following restrictions on the amendment operations on Annual Rest Loans:

- In case you want to change the maturity date of an Annual Rest Loan, you cannot enter a maturity date before the due date of the first unprocessed unearned interest schedule. If there are no unprocessed unearned interest schedules, you cannot change the maturity date of the contract.

Example

Let us assume that for an Annual Rest Loan, the Due Date for calculating the unearned interest amount is 2-Jun-2002 and the maturity date of the contract is 2-Jun-2003. In Oracle Lending, you cannot modify the maturity date of the contract to a date before 2nd June 2002 as this is before the due date for calculating the unearned interest amount.

You cannot redefine the schedules before the due date of the first unprocessed unearned interest schedule. You cannot amend the schedules of the contract if there are no unprocessed unearned interest schedules.

You cannot make the above-mentioned amendments on Annual Rest Loans since the system calculates the interest payment schedule amounts based on the interest calculation schedules. Therefore, if you make any financial amendments to the loan contract after allocating the interest amounts, it would make the previous allocations invalid.

13.1.5 Processing Accruals

The income on installment loans will be realized only after your bank realizes the amount from the customer. Therefore, Oracle Lending does not allow periodic accruals on installment loan contracts. The system completes the pending accruals only when the customer pays the interest amount.

13.1.6 Specifying the Status of Annual Rest Loans

The status of an installment loan depends on the repayments made on the loan. A repayment could mean a change in status. Each status applicable for a contract is defined in the system. For movement to each status, you can define processing parameters, such as whether further accruals may be stopped, or accruals already made must be reversed out, and if the reporting GL must be changed when the status changes.

You can also process individual statuses and status changes for each schedule defined for a contract. In such a case, for each schedule, the accrued interest amounts on the schedule that has fallen overdue, resulting in a change of status, would be moved to the transfer GL's defined for the status. You can transfer the outstanding unearned interest amount of the main interest component to a different GL. In case of unearned interest amounts falling overdue, you can specify the following:

- For the accounting role COMPONENT_UIR (which is mapped to a Loan Asset GL), the system would transfer the outstanding unearned interest amount from the Loan Asset GL to a new GL.
- For the accounting role COMPONENT_UIP (which is mapped to a Unearned Income/ Liability GL), the system will transfer the outstanding unearned interest amount to a new GL.

13.1.7 Processing Prepayments of Installment Loans

If a customer repays the loan amount before the maturity date, the customer account is debited for the outstanding principal and the outstanding unearned interest amount should be reversed. In such cases, you need to use the interest income GL as the settlement account for the interest amount.

Let us assume that a customer settles the loan amount before the maturity date of the contract. Let us represent the outstanding loan amount as 'P' and the outstanding unearned interest amount as 'I'. Follow the steps given below to handle such prepayments:

- You first need to liquidate the principal amount in the payment screen (Refer to the chapter on 'Processing Repayments' for details on specifying the repayment details). The accounting entries that will be passed as a result of this payment are:

Accounting Role	Amount	Debit/Credit Indicator
Customer Account	P	Dr
Loan Asset GL	P	Cr

After liquidating the principal amount, you need to liquidate the unearned interest amount in the 'Schedule Payment' screen. For this, you need to use the interest income GL as the settlement account.

Accounting Role	Amount	Debit/Credit Indicator
COMPONENT_INC This indicates the Income GL	I	Dr
COMPONENT_UIR This is mapped to the Loan Asset GL	I	Cr

After passing these entries for the outstanding unearned interest amount, the system then passes the below entries as part of completing pending accruals:

Accounting Role	Amount	Debit/Credit Indicator
COMPONENT_UIP	I	Dr
COMPONENT_INC	I	Cr

Reversal of Outstanding Unearned Interest amount

As stated earlier, the following entries are passed as part of UIDB event:

Debit	Loan Asset GL	Unearned Interest Amount
Credit	Unearned Interest GL	Unearned Interest Amount

If the loan becomes delinquent subsequently, and the outstanding unearned interest amount needs to be reversed, you need to change the status of such a contract to a new one. The system performs this action by posting the following entries:

Debit	UID GL	Unearned Interest Amount
Credit	Loans Asset GL	Unearned Interest Amount

The system passes these accounting entries only if you have maintained the following GL transfer setup for the unearned interest accounting roles in status change

- ComponentUIP: This should be mapped to the loan asset GL
- ComponentUIR: This should be mapped to UID GL

If the interest or principal amount is repaid after a contract status is changed to PDO Accrual, PDO Non-Accrual or Write-Off you can process the payment using the loan payment screen.

You need not change the status of the contract to normal to enter such payments. The system automatically reduces the amount from the PDO Accrual GL or PDO Non-accrual GL, depending on the current status of the contract.

14. Jobs and EOD Batches

Following are the jobs and EOD batch operations for OL module.

Module	Job Name	Type	Description
OL	OLMSGOUT	PL/SQL	Generate Outgoing messages originated in OBCL
OL	RATEFIXING	PL/SQL	Rate Fixing job
OL	ENTADDREP	PL/SQL	Replicate Address and Entity from FCUBS
OL	REPC	PL/SQL	Generate parent contract after Reprice consolidation
OL	REPS	PL/SQL	Generate parent contract after Reprice Split
OL	STCHB	PL/SQL	Bulk Status Change
OL	EMS_OUT_CL	PL/SQL	EMS Outgoing for OBCL

Module	Batch Name	Description
OL	OLAUTDLY	Bilateral Loan End of Day Batch
OL	OLXTRACT	OFSAA handoff extract batch
OL	OLAHCHK	Accounting Handoff check batch

Module	Job Name	Type	Description
OL	OBCLEX-T_AYSNCCALL	Java WebService	Quartz scheduler job which is used for async processing of ELCM transactions
OL	OBCLEX-T_BATCHCALL	Java WebService	Quartz scheduler job which is used to process OBCL EOD jobs
OL	OBCLEXT_EXT-SYSCALL	Java WebService	Quartz scheduler job which is used to process payment messages, Trade and CD integration
OL	OBCLEXT_EXTD-DACALL	Java WebService	Quartz scheduler job which is used to process ECA, DDA and 360 customer handoff
OL	BIPADVREPORT_OBCL	Java WebService	Job for generating BIP Advices

15. Appendix A - Customer Correspondence

15.1 Introduction

This chapter explains the various types of advises and notices generated at each stage for the type of contract that the Loans module handles.

Once the event is authorized you can generate various types of advises and notices at any time of the day. You can also specify the media through which these advises can be sent. For all the advises and notices discussed here the samples are given below.

To generate the advice, click on Outgoing Message Browser, under Messages in the Application Browser.

The format and contents of the advises can be configured for your requirements. However, the default advice formats are available when Oracle Lending is shipped to you.

Advices are generated to intimate the customer.

his section contains the following topics:

- [Section 15.1.1, "Contract Initiation"](#)
- [Section 15.1.2, "Amendments to the Terms of the Loan during its Tenor"](#)
- [Section 15.1.3, "Advice generated for Contract Initiation"](#)

15.1.1 Contract Initiation

You can generate an advice on the initiation of a loan to inform the customer about the details of the initiated loan. Along with the details of contract initiation, the schedules defined for repayment are also printed in the contract initiation advice.

Once an event is authorized, you can generate the advice applicable for the event anytime you want. You can invoke the 'Outgoing Message Browser' screen by typing 'OLDOUTBR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The format and contents of the advices can be configured for your requirements. However, the default advice formats are available when Oracle Lending is shipped to you.

15.1.2 **Amendments to the Terms of the Loan during its Tenor**

You can generate this advice to notify the customer about amendments made to the terms of the loan.

Rollover of a contract

You can generate this advice to notify the customer about the rollover of the loan.

Billing Advice for a loan

You can generate the Billing Notice to inform the customer about a payment that falls due.

Delinquency Notice for a loan

You can generate the Delinquency Notice to inform the customer about a pending payment.

The sample advices for each of these are given in the following sections.

Note

The loan payment advice that you send to the customer contains exhaustive tax details, as follows:

- Tax deducted at initiation
 - Tax for each schedule. This includes the tax for each schedule of a component
-

15.1.3 **Advice generated for Contract Initiation**

INITIATION ADVICE FOR A LOAN

Term Loans Discounted

Transaction Date: 29-DEC-97

Our Reference No : 000LTLD973630008

User Reference No : 000LTLD973630008

US1007

7000 Construction Court

San Diego

CA 92121

WE CONFIRM HAVING PLACED WITH YOU

Principal Amount

Principal Amount : 1,000,000.00 USD

Value Date : 29-DEC-97

Maturity Date : 29-JAN-98

Tenor : 31 DAYS

INTEREST/FEE DETAILS

Description	Amount	CCY	Rate	Interest Basis
INTEREST - USD	15		2	
BOOKFEES	20,000.00 USD		-	-
INITCHGS	20,000.00 USD		-	

-----Transaction on Initiation

Component	Value Date	Account	Amount	CCY	Component Description	Account Branch
INTEREST	29-DEC-97	CORCUF-US1007-010		7,122.00		GBP
Interest	000					
LDTAX1_AMT	29-DEC-97	CORCUF-US1007-010		56,973.00		GBP
Tax amount Tag	LDTAX1_AMT		000			
PRINCIPAL	29-DEC-97	CORCUF-US1007-010		569,723.25		GBP

Principal Amount 000

-----YOUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component	Amount	CCY	
			Schedule Date: 29-JAN-98

INTEREST	12,500.00	USD
PRINCIPAL	1,000,000.00	USD

----- SETTLEMENT DETAILS

Component	Dr/Cr	Br	Account	CCY	
BOOKFEES		R		CORCUF-US1007-01GBP	

10					
INTEREST	R		CORCUF-US1007-01GBP		
10					
LDTAX1_AMT	P		CORCUF-US1007-01GBP		
10					
LDTAX2_AMT	P		CORCUF-US1007-01GBP		
10					
LDTAX3_AMT	P		CORCUF-US1007-01GBP		
10					
LDTAX4_AMT	P		CORCUF-US1007-01GBP		
10					
LDTAX5_AMT	P		CORCUF-US1007-01GBP		
10					
LDTAX6_AMT	P		CORCUF-US1007-01GBP		
10					
PRINCIPAL	P		CORCUF-US1007-01GBP		
10					
PRINCIPAL_LIQD	R		CORCUF-US1007-01GBP		
10					

Advice generated for Roll-over of a Loan

ROLLOVER ADVICE FOR A LOAN

Loans -Demand Loans

Transaction Date: 31-DEC-97

Our Reference No : 000LDLB973630007

User Reference No : ldbl.05Br0

US1005

250 - 20th Street

Washington

D C 20036

THE CONTRACT HAS BEEN ROLLED OVER WITH FOLLOWING DETAILS:

Principal Amount

-----Old Principal Amount : 450,000.00 USD

Principal Amount : 450,150.00 USD

Value Date : 31-DEC-97

Maturity Date : 02-JAN-98

Tenor : 2 DAYS

INTEREST/FEE DETAILS

Description	Amount	CCY	Rate	Interest Basis
-----	COMMISSION - USD	8	30[Euro]/360	-----
INTEREST - USD	12	30[Euro]/360		
PENINT - USD	6	30[Euro]/360		
PENPRN - USD	6	30[Euro]/360		
ARRFEES	12,850.00 USD	-		
INITFEES	10,000.00 USD	-		
LIQDFEES	10,500.00 USD	3		
ROLLFEES	10,000.00 USD	-		

----- Transaction on Initiation
 ----- Component Value Date Account
 Amount CCY

Component Description	Account Branch	-----
-----	COMMISSION	31-DEC-97 CORCUF-US1005-013 75.75 GBP
Commission	000	
ROLLFEES	31-DEC-97 CORCUF-US1005-013	7,550.25 GBP
Rollover Fees	000	

YOUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component	Amount	CCY
----- Schedule Date: 02-JAN-98		
COMMISION	200.00	USD
INTEREST	300.00	USD
PRINCIPAL	450,150.00	USD

SETTLEMENT DETAILS

Component	Dr/Cr	Br	Account	CCY
ARRFEES	R	000	CORCUF-US1005-013	GBP
COMMISION	R	000	CORCUF-US1005-013	GBP
INTEREST	R	000	CORCUF-US1005-013	GBP
INTEREST	R	000	CORCUF-US1005-013	GBP
LDTAX3_AMT	P	000	CORCUF-US1005-013	GBP
LDTAX5_AMT	P	000	CORCUF-US1005-013	GBP
LIQDFEES	R	000	CORCUF-US1005-013	GBP
PENINT	R	000	CORCUF-US1005-013	GBP
PENPRN	R	000	CORCUF-US1005-013	GBP
PRINCIPAL	P	000	CORCUF-US1005-013	GBP
PRINCIPAL_INCR	P	000	CORCUF-US1005-013	GBP
PRINCIPAL_LIQD	R	000	CORCUF-US1005-013	GBP
ROLLFEES	R	000	CORCUF-US1005-013	GBP

Advice generated for Amendments on a Loan

AMENDMENT ADVICE Date: 30-DEC-97

Reference No. : 0003P01973630007

Related Reference :

BA1000

Sehi Center

Diplomatic Area

Bahrain

The Contract has been Amended. The new details are as follows:

Value Date of Amendment : 30-DEC-97

THIS IS A COMPUTER GENERATED ADVICE

NO AUTHORIZED SIGNATURE IS REQUIRED

This advice contains the updated values for the following UDFs if the contract is an agency contract and provided the 'Intellect Feed for UDF Change' check box is selected in the 'Loan Parameters' screen:

CUSTOMER RATE

DEALER LIBOR RATE

LATE TRADE

RA COST

Advice generated for Loan Billing Notice

LOAN BILLING NOTICE Date: 31-DEC-97

Reference No. : 001LDAB973630001

GB1001

ASHBURN APARTMENTS

ASHBURN GARDENS

LONDON SW7 4DG

The Details of the Schedules falling Due as follows:

COMPONENT	DUE DATE	AMOUNT
JAN-98	500 ITL	Interest 05-

THIS IS A COMPUTER GENERATED ADVICE

NO AUTHORIZED SIGNATURE IS REQUIRED

Delinquency Notice

CUSTOMER DELINQUENCY NOTICE

Term Loans Bearing

Transaction Date: 28-FEB-98

American Bank, Los Angeles

#51 Woods North Bend Drive

Los Angeles

USA

Our Reference No : 002LTLB098590004

User Reference No : 002LTLB098590004

Value Date : 25-JAN-98

Maturity Date : 27-JAN-98

Contract Currency : GBP

Principal Amount : 1,000,000.00

Outstanding Principal : 1,000,000.00

FORD Corporation

Address:

250 - 20th Street

Washington

D C 20036

This is to remind you that payment is overdue for the undermentioned schedules.

-----	Component	Ccy	Schedule	Amount
Overdue Amount				

-----	Component Description	Schedule Date
		: 27-JAN-98

Overdue Days : 32

COMMISSION	GBP	438.75	438.75
------------	-----	--------	--------

Commission

INTEREST	GBP	546.75	546.75
----------	-----	--------	--------

Interest

PENINT	GBP	3.00	3.00
--------	-----	------	------

Penalty on O/d Interest

PENPRN	GBP	4,247.25	4,247.25
--------	-----	----------	----------

Penalty on O/d Principal

PRINCIPAL	GBP	1,000,000.00	1,000,000.00
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COMPONENT-WISE OVERDUE SUMMARY

Component	Ccy	Schedule Date	Overdue Days	Total Overdue Amount
Commission	GBP	27-JAN-98	32	438.75
Interest	GBP	27-JAN-98	32	546.75
Penalty On O/d Interest	GBP	27-JAN-98	32	3.00
Penalty on O/d Principal	GBP	27-JAN-98	32	4,247.25
Principal	GBP	27-JAN-98	32	1,000,000.00

----- THIS IS A COMPUTER GENERATED
ADVICE.

NO AUTHORIZED SIGNATURE IS REQUIRED.

16. Appendix B - Accounting Entries, Advices and Error Codes

This chapter contains the following section:

- [Section 16.1, "Accounting Entries for Loans"](#)
- [Section 16.2, "Loans Events "](#)
- [Section 16.3, "Amount Tags"](#)
- [Section 16.4, "Accounting Roles"](#)
- [Section 16.5, "Event-wise Accounting Entries and Advices"](#)
- [Section 16.6, "Accounting Entries for Contract Adjustment"](#)
- [Section 16.7, "Payable Receivable Liquidation"](#)
- [Section 16.8, "Accounting for Discounted Loans"](#)
- [Section 16.9, "Accounting Entries for Non-Performing Loans"](#)
- [Section 16.10, "Accounting Entries for Reserved and Non-reserved Loans"](#)
- [Section 16.11, "Accounting Entries for Cost of Credit Valuation"](#)
- [Section 16.12, "Accounting Entries for LC Sublimit Re-classification"](#)
- [Section 16.14, "Error Codes"](#)
- [Section 16.15, "Examples of Calculating TEAC"](#)

16.1 Accounting Entries for Loans

This section contains details of the suggested accounting entries that can be set up, for the Loans module of Oracle Lending. The details of the suggested accounting entries are given event-wise.

16.2 Loans Events

The following is an exhaustive list of events that can take place during the life cycle of a Loans contract. The accounting entries and advices for each of the events are listed below.

Event Code	Event Description	Remarks
BOOK	Booking a contract Contingent entries are passed at the time of Booking a future valued contract. This corresponds to Event - Booking. If a contract with value date as the system date or with a back value date is input these entries are not passed.	All Types
INIT	Contract Initiation The actual take down entries passed on the value date of the contract correspond to Initiation.	All Types
ACCR	Accrual of various components for a contract	All Types
CAMD	Contract Amendment	

DLNK	Release of Linkage to Loan	Dis-counted loans
FLIQ	Advance/Arrears Fee Liquidation	
FELR	Fee Liquidation	
FACR	Fee Accrual	
LINK	Linkage to Loan	
LIQD	Liquidation of contract/schedules	All Types
NOTC	Billing of Notice	
RAMD	Rollover Amendment	
REAS	Reassign User	
RESD	Reversal of Residual Accrual In case the status of a contract changes to Non Accrual basis, all the accrued amounts are reversed using this Event Code.	
REVC	Contract Reversal	
REVN	Rate Revision	
REVP	Reversal of payments/contract	
RFND	Refund of Interest	
ROLL	Rollover of Contract	All Types
RCHG	Rate Change (Revision)	
RTFX	Rate Fixing	
RTAM	Rate Amendment	
SPRO	Provisioning	
SPWB	Write Back	
STCH	Status Change	All Types
VAMB	Value Dated Amendment Booking	
VAMI	Value Dated Amendment Initiation	
YACR	Yield To Maturity based Discount Accrual	
CREB	Contra Rebalance	
FREB	FAS114 Rebalance	
WREB	Write-off Rebalance	
FRSV	Unfunded and Funded FAS114 Reserve Increase/ Decrease	
TRCL	Trade Reclassification	

RESR	Reserve Decrease	
CICR	Contra Increase	
CDCR	Contra Decrease	
SPWV	Special Penalty Waiver	
RSPW	Reversal of Special Penalty Waiver	
PNTC	Event to generate Payment Notice and Payoff Notice	
INNC	Event to generate Insurance Expiry Notice and 45 Day Flood Notice – Escrow and Non Escrow	
RFLR	Reversal of Fee Refund / Liquidation	
RFRV	Reversal of FAS114 Reserve for commitment and loan	
RVCR	Reversal of Contra Increase/Decrease	
REWR	Reversal of Reserve/Write-off	

16.3 Amount Tags

The amount tags listed below are hard-coded in Oracle Lending.

Amount Tag	Description
COMMUTIL_DECR	Commitment Amount Reinstated
COMMUTIL_INCR	Commitment Amount Utilized
INT_DISC_ADJ	Discounted Interest Adjusted
PRINCIPAL	Principal Amount
PRINCIPAL_ADDL	Additional Principal
PRINCIPAL_DECR	Decrease in principal on amendment
PRINCIPAL_FWD	Forward takedown amount
PRINCIPAL_INCR	Increase in principal on amendment
PRINCIPAL_LIQD	Principal Amount Liquidated
PRINCIPAL_ROLL	Principal Amount Rolled over
PRINCIPAL_XFWD	Principal Amount Reclassified
PRINCIPAL_XREV	Principal Amount Unclassified
PRO_AMT	Provision Amount
ROLLOVER_AMT	Rollover Amount
WB_AMT	Write Back Amount

INT_RESINC / INT_LIQD	Restricted Interest Income liquidated / Interest Income Liquidated
UNRLZD-LOSS	OL Unrealized Loss
UNRLZD-PRFT	OL Unrealized Profit
COMPONENT_MCICR	Manual Contra Increase
Deferred Interest _Component_LIQD	Deferred interest component liquidated
<Fee_Component>_FRFD	Fee Component
<Fee Component>_FRLQ	Fee component liquidation
<Fee Component>_FRRF	Fee component refund

In addition to these you can define amount tags as per your requirements for interest and charges that are attached to your product.

16.4 Accounting Roles

In this section we have provided a list of sample accounting roles.

Accounting Role	Description	Role Type
CHGSINC	Charges on the Loan Product	Income
FEESINC	Liquidation Fees	Income
INTREC	Interest Receivable	Asset
ASSETGL	Asset GL for loans	Asset
INTAQR	Interest on Principal	Asset
INTINC	Interest on Principal	Income
FRTAX1_PAY	Tax Payable role for FRTAX1	Liability
FRTAX1_EXP	Tax Expense role for FRTAX1	Expense
FRTAXS_PAY	Tax Payable role for FRTAXS	Liability
FRTAXS_EXP	Tax Expense role for FRTAXS	Expense
FWDASSETGL	GL for Future Dated Loans	Contingent Asset
FWDASSETOFF	Offset for Future Dated Loans	Contingent Liability
ROLLFEESINC	Rollover Fees	Income
VAMBFEEINC	VAMB Fees	Income
P_PRNINC	Penalty on Overdue Principal	Income
P_PRNREC	Penalty Interest Receivable	Asset

P_INTINC	Penalty Interest Income	Income
P_INTREC	Penalty Interest Receivable	Asset
ASSETGL_REF	Asset GL for Refinance	Asset
LAIBGL_REF	Liability GL for Refinance	Liability
ASSETGL_REF_OFF	Offset GL	Asset
LAIBGL_REF_OFF	Offset GL	Liability
RESINT	Restricted Interest	Income
UNREAL_MTM_INC	Unrealized MTM Income	Asset
UNREAL_MTM_OFF	Unrealized MTM Offset	Asset
UNREAL_MTM_EXP	Unrealized MTM Expense	Asset
<Fee Component>FLR		
<Fee Component>FIA		

Note

In the accounting roles listed above the prefixes CHGS (charges), FEES (Fees), INT (Interest), FRTAX1, FRTAXS (Tax), P_PRN (Penalty), ROLLFEES (rollover fees), VAMB-FEES (value dated amendment fees) are ICCF components.

The suffixes stand for:

AQR	Acquired interest receivable
EXP	Expense
INC	Income
PAY	Payable
REC	Receivable

Given below is a possible set of events and the advices that could be generated during the life cycle of a loan:

A payment was liquidated today by the Automatic Contract Update function of OL module	An advice is generated addressed to the customer intimating him about the payment that was liquidated today.
A back dated loan with a value date as of today was initiated	An advice is generated addressed to the customer. If any components like discounted interest, tax on principal and so on are liquidated on initiation, an advice is generated for each of them.

A change entered through the value dated changes function fell due today and was executed.	An advice is generated notifying the customer about the changed terms of the loan.
A floating rate/periodic rate of a loan has changed.	An advice is generated telling the customer of the new interest rate applicable on the loan.
A loan was rolled over into a new loan.	An advice is generated addressed to the customer intimating him of the rolling over of the loan and the initiation of a new loan.

16.5 Event-wise Accounting Entries and Advices

In the subsequent sections we have defined suggested accounting entries and advices for each of the events in the life cycle of a Loan deal. Samples of accounting entries, advices, and events have been given for three different types of Loan and Commitment deals. They are:

- Term loan – Bearing
- Demand Loan
- Commitment

Note

Some of the Amount Tag's linked to the Accounting Roles are user defined.

16.5.1 Term Loan – Bearing

The preferences set for this product are as follows:

- The payment type for this product is of Bearing type
- The schedule type for this product is of Capitalized type
- Forward Dating is allowed for this product

16.5.1.1 INIT: Contract Initiation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTREC	INT_ACQD	Debit
INTAQR	INT_ACQD	Credit
P_PRNREC	P_PRN_ACQD	Debit
P_PRNAQR	P_PRN_ACQD	Credit
ASSETGL	PRINCIPAL	Debit
CUSTOMER	PRINCIPAL	Credit
FWDASSETGL	PRINCIPAL_FWD	Credit
FWDASSETOFF	PRINCIPAL_FWD	Debit

Advices

Advice Name	Description
DEAL_SLIP	Contract Advice
CONT_ADV	Contract Advice
PAYMENT_MESSAGE	Payment Message

16.5.1.2 BOOK: Booking of Contract

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	LIQD	Debit
BOOKCHGINC	LIQD	Credit
FWDASSETGL	PRINCIPAL_FWD	Debit
FWDASSETOFF	PRINCIPAL_FWD	Credit

Advices

Advice Name	Description
PAYMENT_MESSAGE	Payment Message

16.5.1.3 ACCR: Accrual

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTINC	INT_ACCR	Credit
INTREC	INT_ACCR	Debit
P_PRNREC	P_PRN_ACCR	Debit
P_PRNINC	P_PRN_ACCR	Credit

Advices

No Advices allowed for this Event.

16.5.1.4 LIQD: Liquidation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
FRTAX1_PAY	FRTAX1_AMT	Credit
FRTAX1_EXP	FRTAX1_AMT	Debit
FRTAXS_PAY	FRTAXS_AMT	Credit
FRTAXS_EXP	FRTAXS_AMT	Debit
CUSTOMER	INT_ADJ	Debit
INTREC	INT_ADJ	Credit
INTREC	INT_CAP	Credit
ASSETGL	INT_CAP	Debit
CUSTOMER	P_INT_LIQD	Debit
P_INTREC	P_INT_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Debit
ASSETGL	PRINCIPAL_LIQD	Credit
CUSTOMER	INT_LIQD	Debit
INTREC	INT_LIQD	Credit
RESINTINC	INT_RESINC	Debit *
INTINC	INT_RESINC	Credit *

* - This entry is only for liquidation of interest on overdue loans on cash basis.

Advices

Advice Name	Description
CAP	Capitalization Advice
PAYMENT_MESSAGE	Payment Message

16.5.1.5 RFND: Refund of Interest/Fees

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
COMPONENT_REC	COMPONENT_RFND	Debit
CUSTOMER	COMPONENT_RFND	Credit

Advices

Advice Name	Description
OVERPAYAMT	Overpayment Advice

16.5.1.6 Liquidation of Interest

GL	Amount Tag	Dr/Cr
Customer	INT_LIQD	Dr
INT_REC	INT_LIQD	Cr
ADJ GL	INT_WAIV	Dr
INT_REC	INT_WAIV	Cr

16.5.1.7 ROLL: Rollover of Contract

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ROLLFEESINC	LIQD	Credit
CUSTOMER	LIQD	Debit
CUSTOMER	INT_LIQD	Debit
INTREC	INT_LIQD	Credit
ASSETGL	INT_ROLL	Debit
INTREC	INT_ROLL	Credit
CUSTOMER	P_INT_LIQD	Debit
P_INTREC	P_INT_LIQD	Credit
CUSTOMER	PPR_LIQD	Debit
PPRREC	PPR_LIQD	Credit
ASSETGL	PRINCIPAL_ADDL	Debit
CUSTOMER	PRINCIPAL_ADDL	Credit

Advices

Advice Name	Description
CAP	Capitalization Advice
ROLL_ADV	Rollover Advice
PAYMENT_MESSAGE	Payment Message

16.5.1.8 LINK: Linkage to Loan

Accounting Entries

Nil

Advices

No Advices allowed for this Event.

16.5.1.9 STCH: Status Change

Accounting Entries

Nil

Advices

Nil

NOTC: Billing Notice Generation

Accounting Entries

No Accounting Entries allowed for this Event.

Advices

Advice Name	Description
BILNOTC	Billing Notice

VAMI: Value Dated Amendment Initiation**Accounting Entries**

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	PRINCIPAL_INCR	Debit
CUSTOMER	PRINCIPAL_INCR	Credit
VAMBFEEINC	LIQD	Credit
CUSTOMER	LIQD	Debit

Advices

Advice Name	Description
PAYMENT_MESSAGE	Payment Message

16.5.1.10 STPI:

Accounting Role	Amount Tag	Dr./Cr. Indicator
Reprice Suspense	PRINCIPAL_SPTI	Dr
Asset	PRINCIPAL_SPTI	Cr.
Reprice Suspense	INTERESTFL_SPTI	Dr.
Interest Receivable	INTERESTFL_SPTI	Cr.

16.5.1.11 VAMB: Value Dated Amendment Booking**Accounting Entries**

Nil

Advices

Advice Name	Description
AMDADV	Amendment Advice
PAYMENT_MESSAGE	Payment Message

CAMD: Contract Amendment**Accounting Entries**

Nil

Advices

Advice Name	Description
AMDADV	Amendment Advice

16.5.2 Demand Loan

The preferences set for this product are as follows:

- The payment type for this product is of Bearing type
- The schedule type for this product is of Normal type
- Forward Dating is allowed for this product

16.5.2.1 NOTC: Billing Notice Generation**Accounting Entries**

No Accounting Entries allowed for this Event.

Advices

Advice Name	Description
BILNOTC	Billing Notice

16.5.2.2 ROLL: Rollover of Contract**Accounting Entries**

Nil

Advices

Advice Name	Description
PAYMENT_MESSAGE	Payment Message

BOOK: Booking of Contract

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CHGSINC	LIQD	Credit
CUSTOMER	LIQD	Debit

Advices

Advice Name	Description
PAYMENT_MESSAGE	Payment Message

16.5.2.3 LIQD: Liquidation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	INT_LIQD	Debit
INTREC	INT_LIQD	Credit
CUSTOMER	P_INT_LIQD	Debit
P_INTREC	P_INT_LIQD	Credit
CUSTOMER	P_PRN_LIQD	Debit
P_PRNREC	P_PRN_LIQD	Credit
CUSTOMER	PRINCIPAL_LIQD	Debit
ASSETGL	PRINCIPAL_LIQD	Credit

Advices

Advice Name	Description
PAYMENT_MESSAGE	Payment Message

16.5.2.4 INIT: Contract Initiation

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTAQR	INT_ACQD	Credit
INTREC	INT_ACQD	Debit
CUSTOMER	PRINCIPAL	Credit

ASSETGL	PRINCIPAL	Debit
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Advices

Advice Name	Description
PAYMENT_MESSAGE	Payment Message
CONT_ADV	Contract Advice

16.5.2.5 ACCR: Accrual

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
INTINC	INT_ACCR	Credit
INTREC	INT_ACCR	Debit
P_INTINC	P_INT_ACCR	Credit
P_INTREC	P_INT_ACCR	Debit
P_PRNINC	P_PRN_ACCR	Credit
P_PRNREC	P_PRN_ACCR	Debit

Advices

No Advices allowed for this Event.

16.5.2.6 VAMB: Value Dated Amendment Booking

Accounting Entries

Nil

Advices

Nil

16.5.2.7 VAMI: Value Dated Amendment Initiation

Accounting Entries

Nil

Advices

Nil

16.5.3 Commitment

The preferences set for this product are as follows:

- The payment type for this product is of discounted type
- The schedule type for this product is of Normal type
- Forward Dating is allowed for this product

16.5.3.1 **BOOK: Booking of Contract**

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	CHARGES	Debit
CHARGEINC	CHARGES	Credit

Advices

Nil

16.5.3.2 **INIT: Contract Initiation**

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	PRINCIPAL_FWD	Debit
ASSETOFF	PRINCIPAL_FWD	Credit

Advices

Nil

16.5.3.3 **LINK: Linkage to Loan**

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	COMMUTIL_INCR	Credit
ASSETOFF	COMMUTIL_INCR	Debit

Advices

No Advices allowed for this Event.

16.5.3.4 **LIQD: Liquidation**

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	PRINCIPAL_LIQD	Credit
ASSETOFF	PRINCIPAL_LIQD	Debit

Advices

Nil

16.5.3.5 **VAMI: Value Dated Amendment Initiation**

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	PRINCIPAL_- DECR	Credit
ASSETOFF	PRINCIPAL_- DECR	Debit
ASSETGL	PRINCIPAL_INCR	Debit
ASSETOFF	PRINCIPAL_INCR	Credit

Advices

Nil

16.5.3.6 **DLNK: Release of linkage to Loan**

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	COMMUTIL_DECR	Debit
ASSETOFF	COMMUTIL_DECR	Credit

Advices

No Advices allowed for this Event.

16.5.3.7 **EXPY: Expiry of the commitment availability on the Last Availability Date**

The End of Day Batch Function marks the Expiry of the commitment availability on the Last Availability Date. The event "EXPY" is activated to mark the expiry of the commitment. The contingent accounting entries maintained for EXPY Event are as follows:

Accounting Entries

Accounting Role	Amount Tag	Dr./Cr. Indicator
CONASSETOFF	PRINCIPAL	Debit
CONASSETGL	PRINCIPAL	Credit

16.5.3.8 MRVL: Post Accounting Entries for Revaluation on Commitment

EOD batch posts reversal entries for past revaluation entry on commitment, if the market price is maintained for the CUSIP.

Accounting Role	Amount Tag	Dr./Cr. Indicator
UNREAL_MT-M_OFF	UNRLZD-LOSS	Credit
UNREAL_MTM_-EXP	UNRLZD-LOSS	Debit
UNREAL_MT-M_OFF	UNRLZD-PRFT	Debit
UNREAL_MTM_INC	UNRLZD-PRFT	Credit

16.5.3.9 FELR: Fee Liquidation

If the Commitment Level Net Funded Carrying Value (CLNFCV) goes negative, refund will have to be triggered proportionally at the commitment contract to release each of the FAS91 amortization fee components, including Asset Transfer Marks and Deferred Interest Components, associated with the commitment. You need to set up the following entries for such unamortized refund:

Accounting Role	Amount Tag	Dr./Cr. Indicator
<Fee Component>FIA	<Fee Component>_FRFD	Debit
AMORTFEE-PNL	<Fee Component>_FRFD	Credit

If the value of backend parameter 'ALLOW_REPERFORMING_LOAN_FUNC' is set to 'Y', amortization fee liquidation will be done on deferred fee interest component for the memo interest amount that is moved to Real GL. The effective date for this movement will be as of the status change date.

The following entries need to be set up for liquidating deferred interest fees:

Accounting Role	Amount Tag	Dr./Cr. Indicator
<Deferred Interest Component>INC	<Deferred Interest_ Component>_LIQD	Debit
<Deferred Interest Component>FIA	<Deferred Interest_ Component>_LIQD	Credit

Note that the Accounting Head for Accounting Role <Deferred Int_component>INC should be the same as Income GL mapped to the Accounting Role 'INTERESTINC_GL' so that the GL balance will be zero after processing memo interest transfer. Alternately, a Wash GL can be mapped to the accounting role '<Deferred Int_component> INC' in which case the balance in this GL will mirror the balance in the interest Income GL.

The following entries need to be set up for manual liquidation and refund for amortization fees:

Liquidation

Accounting Role	Amount Tag	Dr./Cr. Indicator
Customer	<Fee Component>_LIQD	Debit
<Fee Component>FIA	<Fee Component>_LIQD	Credit

Refund

Accounting Role	Amount Tag	Dr./Cr. Indicator
<Fee Component>FIA	<Fee Component>_DECR	Debit
Customer	<Fee Component>_DECR	Credit

The following entries need to be set up for systematic liquidation and refund for amortization fees:

Liquidation

Accounting Role	Amount Tag	Dr./Cr. Indicator
<Fee Component>FLR	<Fee Component>_FRLQ	Debit
<Fee Component>FIA	<Fee Component>_FRLQ	Credit

Refund

Accounting Role	Amount Tag	Dr./Cr. Indicator
<Fee Component>FIA	<Fee Component>_FRRF	Debit
<Fee Component>FLR	<Fee Component>_FRRF	Credit

16.5.3.10 FRSV: Unfunded and Funded FAS114 Reserve Increase/ Decrease

The following accounting entries need to be maintained for release of FAS114 Reserve Funded balance when the commitment status changes from 'Non-performing' to 'Performing':

Accounting Role	Amount Tag	Dr./Cr. Indicator
FASFNDEDRSV	FUND_FASDEC	Debit
FASFUNDEDREL	FUND_FASDEC	Credit

The following accounting entries need to be maintained for release of FAS114 Reserve Unfunded balance when the commitment status changes from 'Non-performing' to 'Performing':

Accounting Role	Amount Tag	Dr./Cr. Indicator
FASUNFNDEDRSV	UNFUND_FASDEC	Debit
FASUNFUNDRLS	UNFUND_FASDEC	Credit

Note that these accounting entries will be posted only if 'Cost of Credit' box is checked for the loan.

16.5.4 **Late Payment Charges**

The following accounting entries need to be maintained for 'LIQD' and 'SPWV' events at loan product level to process late payment charges.

16.5.4.1 **LIQD: Liquidation**

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	<Special Penalty Component>_LIQD	Debit
<Special Penalty Component>INC	<Special Penalty Component>_LIQD	Credit

16.5.4.2 **SPWV: Special Penalty Waiver**

Accounting Role	Amount Tag	Dr./Cr. Indicator
ADJMNT_GL	<Special Penalty Component>_WAIV	Debit
ADJMNT_GL_OF F	<Special Penalty Component>_WAIV	Credit

16.5.4.3 **PRLQ: Partial Liquidation**

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	<Special Penalty Component>_PAY	Credit
<Special Penalty Component>PAY	<Special Penalty Component>_PAY	Debit
CUSTOMER	<Special Penalty Component>_REC	Debit
<Special Penalty Component>REC	<Special Penalty Component>_REC	Credit

16.5.4.4 **BADJ: Balance Adjustments**

When any event results in difference between amount due and amount settled, then as part of BADJ event adjustment entries are posted.

Accounting Role	Amount Tag	Dr./Cr. Indicator
CUSTOMER	<Main Interest Component>_PAY	Credit
<Main Interest Component>PAY	<Main Interest Component>_PAY	Debit

CUSTOMER	<Main Interest Componentt>_REC	Debit
<Main Interest Component>REC	<Main Interest Component>_REC	Credit

During reversal of BADJ, RADJ events are posted. The entries are same as BADJ but with negative amount.

16.5.4.5 RSPW: Reversal of Special Penalty Waiver

Accounting entries for RSPW event will be derived by the system from the entries defined for SPWV.

Accounting Role	Amount Tag	Dr./Cr. Indicator
ADJMNT_GL	<Special Penalty Component>_WAIV	Credit
ADJMNT_GL_OF F	<Special Penalty Component>_WAIV	Debit

16.5.5 OL Residual Amount Liquidation

The following accounting entries need to be added in LIQD event to support excess payment. The two new accounting roles as RESD_INC_ACC and RESD_EXP_ACC are provided.

Accounting Role	Amount Tag	Dr/Cr
Asset GL	PRINCIPAL_NRES	Dr
RESD_INC_ACC	PRINCIPAL_NRES	Cr
Component_REC	Component_NRES	Cr
RESD_INC_ACC	Component_NRES	Dr

Note

The total excess amount paid is adjusted to the PRINCIPAL_NRES amount tag.

The below accounting entries are passed in case of lower residual amount.

Accounting Role	Amount Tag	Dr/Cr
Asset GL	PRINCIPAL_RESD	Cr
RESD_EXP_ACC	PRINCIPAL_RESD	Dr
Component_REC	Component_RESD	Cr
RESD_EXP_ACC	Component_RESD	Dr

Note

The adjustment amount is handled at component-wise based on liquidation order in Auto liquidation and by given value in Manual payment screen.

16.5.6 **Moratorium Interest Accounting Entries**

16.5.6.1 **Liquidate Immediate**

- Moratorium interest is collected on due date of moratorium for moratorium component.
- Accrual for moratorium component is posted with following entries

Event	Accounting Role	Amount Tag	Dr/Cr
ACCR	Main_Interest_M_REC	Main_Int_M_ACCR	Dr
	Main_interest_M_INC	Main_Int_M_ACCR	Cr

- Liquidation of moratorium interest is posted with following entries

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	CUSTOMER	Main_Int_M_LIQD	Dr
	Main_interest_M_REC	Main_Int_M_LIQD	Cr

16.5.6.2 **Liquidate With First Schedule**

- Loan contracts created with moratorium type as liquidate with first schedule adds moratorium interest to main interest component first schedule due date
- On due date of moratorium, moratorium interest will be settled by accumulating to main interest component first schedule due date

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	Main_interest_REC	Main_Int_M_TRFR	Dr
	Main_interest_M_REC	Main_Int_M_TRFR	Cr

16.5.6.3 **Liquidate Across Schedule**

- Loan contracts created with moratorium type as liquidate across schedule adds moratorium interest to across schedules of main interest component
- On due date of moratorium, moratorium interest is settled by accumulating to main interest component with following accounting entries

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	Main_interest_REC	Main_Int_M_TRFR	Dr
	Main_interest_M_REC	Main_Int_M_TRFR	Cr

16.5.6.4 Capitalization of Moratorium Interest

Loan contracts created with moratorium type as Capitalize adds moratorium interest to across schedules of Principal component

On due date of moratorium, moratorium interest is settled by accumulating to principal with following accounting entries

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	Asset GL	Main_Int_M_CAP	Dr
	Main_interest_M_REC	Main_Int_M_CAP	Cr

- For Amortized loans, the moratorium interest is equally divided across all the schedules falling after moratorium end date (considering the projected moratorium interest) with EMI and the effects will be displayed in schedule details upfront itself.
- On moratorium interest rate change during moratorium period, the projected moratorium interest changes. Hence the EMI or schedules are recalculated.
- Payment is not allowed during moratorium period. The actual interest capitalization happens on the moratorium end date. No schedule recalculation is done at this stage as the effect of capitalization has already been considered in the schedules.

16.5.6.5 Consumer Credit

1. Loan contracts created with moratorium type as 'Consumer Credit', schedule adds the moratorium interest to the upcoming few leading schedules (not across schedule) of main interest component after adjusting the moratorium interest with principal amount.
2. Consumer Credit type supports only amortized loan and it equally split the EMI amount across all the schedules.
3. On due date of moratorium, moratorium interest is settled by accumulating to main interest component with following accounting entries.

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	Main_interest_REC	Main_Int_M_TRFR	Dr
	Main_inter-est_M_REC	Main_Int_M_TRFR	Cr

16.5.6.6 Extension of moratorium period

- In case of VAMI Principal Increase during moratorium period, the projected moratorium interest changes according to the Principal increase. Hence the EMI or schedules are recalculated.
- Moratorium schedule amendment should not be supported once moratorium end date is crossed, which includes back value dated amendment also.
- Moratorium end date reduction should not be less than the current system date.

16.5.7 Reporting Components Accounting Entries

RAP is a type of Reporting Component which has same details as the main interest component. It is deducted upfront and in accrual it is credited, at the end of the contract it is 0. It is used to see the expected income from the contract's main interest.

COSIF is applicable when the main interest is of working days/252 Day Basis. COSIF is used to view the actual/360 basis equivalent of the main interest component. It is accrued and liquidated similarly as the main interest component.

COSIF LIQD Event

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	CUSTOMER	PRINCIPAL_LIQD	Dr
	ASSETGL	PRINCIPAL_LIQD	Cr
	ICXEC1REC	ICXEC1_LIQD	Cr
	CUSTOMER	ICXEC1_LIQD	Dr
	RCXEC1REC	RCXEC1_LIQD	Cr
	RCXEC1MIN	RCXEC1_LIQD	Dr
	RCXEC1REC	RCXEC1_COSA	Cr
	RCXEC1UIP	RCXEC1_COSA	Dr

COSIF ACCR Event

Event	Accounting Role	Amount Tag	Dr/Cr
ACCR	ICXEC1INC	ICXEC1_LIQD	Cr
	ICXEC1REC	ICXEC1_LIQD	Dr
	RCXEC1INC	RCXEC1_LIQD	Cr
	RCXEC1REC	RCXEC1_LIQD	Dr

RAP DSBR Event

Event	Accounting Role	Amount Tag	Dr/Cr
DSBR	CUSTOMER	PRINCIPAL	Cr
	RRXEC1REC	RCXEC1_COIN	Dr
	ASSETGL	PRINCIPAL	Dr
	RRXEC1AQR	RCXEC1_COIN	Cr

RAP VAMI Event

Event	Accounting Role	Amount Tag	Dr/Cr
VAMI	RRXEC1REC	RCXEC1_COIN	Dr
	CUSTOMER	PRINCIPAL_INCR	Cr
	ASSETGL	PRINCIPAL_INCR	Dr
	RRXEC1AQR	RCXEC1_COIN	Cr

RAP ACCR Event

Event	Accounting Role	Amount Tag	Dr/Cr
ACCR	ICXEC1INC	ICXEC1_LIQD	Cr
	ICXEC1REC	ICXEC1_LIQD	Dr
	RRXEC1REC	RCXEC1_ACCR	Cr
	RRXEC1AQR	RCXEC1_ACCR	Dr

RAP RAPR Event

Event	Accounting Role	Amount Tag	Dr/Cr
RAPR	RRXEC1REC	RCXEC1_ACCR	Cr
	RRXEC1AQR	RCXEC1_ACCR	Dr

16.5.8 Advices in Oracle Lending module

16.5.8.1 LD_CR_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
TDATE	Event Date	Contract Input Screen - Events Tab
REF	Reference Number	Contract Input Screen-Header
CUSTOMER	Counterparty Name	Contract Input Screen-Contract Tab
NEWAMT	New amount	Contract Input Screen- Contract Tab
VALDT	Value Date	Contract Input Screen- Contract Tab
MDATE	Maturity Date	Contract Input Screen- Contract Tab
BDATE	Book Date	Contract Input Screen- Contract Tab
ICCFACC	ICCF Account Number	Contract Input Screen - Settlement Tab

16.5.8.2 OL_CONT_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
TDATE	Event Date	Contract Input Screen - Events Tab
REF	Reference Number	Contract Input Screen-Header
CUSTOMER	Counterparty Name	Contract Input Screen-Contract Tab
NEWAMT	New amount	Contract Input Screen- Contract Tab
VALDT	Value Date	Contract Input Screen- Contract Tab
MDATE	Maturity Date	Contract Input Screen- Contract Tab
BDATE	Book Date	Contract Input Screen- Contract Tab
ICCFACC	ICCF Account Number	Contract Input Screen - Settlement Tab

16.5.8.3 OL_INIT_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
CUSTOMER	Counterparty Name	Contract Input Screen-Contract Tab
CONTRACTREFNO	Contract Reference Number	Contract Input Screen - Header
BRNAME	Branch name	Contract Input Screen - Header
PROD	Loan Product Code	Contract Input Screen - Header
PRODCAT	Product Category	Contract Input Screen - Header
CCY	Currency	Contract Input Screen-Contract Tab
CUST	Customer ID	Contract Input Screen- Overwrite SI Details
AMT	Amount financed	Contract Input Screen-Contract Tab
AMTDSBR	Amount Disbursed	Contract Input Screen-Contract Tab
VALDT	Value Date	Contract Input Screen-Contract Tab
MDATE	Maturity Date	Contract Input Screen-Contract Tab
BDATE	Book Date	Contract Input Screen-Contract Tab
RATE	Interest Rate	Contract Input Screen - ICCF Details Tab
SECOMP	Component	Contract Input Screen - ICCF Details Tab
ACCOUNT	Settlement Account	Contract Input Screen - Settlement Tab
SECCY	Account Currency	Contract Input Screen - Settlement Tab
SEBR	Account Branch	Contract Input Screen - Settlement Tab
SECOMPDESC	Component Description	Contract Input Screen - ICCF Details Tab
MCMP	Component description	Contract Input Screen - ICCF Details Tab
SCHDATE	Schedule Date	Contract Input Screen >Schedule Tab > Payment Details

MCCY	Component Currency	Contract Input Screen - ICCF Details Tab
MAMT	Schedule Amount	Contract Input Screen >Schedule Tab
NETICCF	Net ICCF amount	Contract Input Screen >Schedule Tab
NETINT	Net Interest amount	Contract Input Screen - ICCF Details Tab

16.5.8.4 OL_REVN_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
CUSTOMER	Counterparty Name	Contract Input Screen-Contract Tab
ADVICE-DATE	Advice Date	Contract Input Screen - Events > Events Date
ORIG-CONTRAC-TREF-NO	Contract reference Number	Contract Input Screen - Header
BRANCHNAME	Branch name	Contract Input Screen - Header
CREDIT-LINE	Linked Ref No	Contract Input Screen- Linkages tab
BORR-CUSTNAME	Counter party name	Contract Input Screen- Contract Tab
BRANCHDATE	Branch Date	Application Header
VALUEDATE	Value Date	Contract Input Screen-Contract Tab
MATDATE	Maturity Date	Contract Input Screen-Contract Tab
LOANCCY	Loan Currency	Contract Input Screen- Contract Tab
LOANAMT	Loan Amount	Contract Input Screen- Contract Tab
REVISION-DATE	Revision Date	Contract Input Screen-Schedules tab- Revision Details button
COMPONENT	Component	Contract Input Screen-Schedules tab- Revision Details button
CURRENT-RATE	Net Rate	Contract Input Screen - ICCF Details

16.5.8.5 OL_BILNOTC_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
TDATE	Event Date	Contract Input Screen - Events Tab
CACUST	Counterparty Name	Contract Input Screen-Contract Tab
REF	Reference Number	Contract Input Screen - Header

COMPCCY	Component Currency	Contract Input Screen - ICCF Details tab
OUTBAL	Outstanding Amount	Contract Input Screen - Header
MDATE	Maturity Date	Contract Input Screen - Contract Tab
CASTDATE	Starting date for ICCF calculation	Contract Input Screen - Schedules Tab
CAENDT	End date for ICCF calculation	Contract Input Screen - Schedules Tab
CALCBAMT	Amount Funded	Contract Input Screen - Contract Tab
CALCRT	Interest Rate	Contract Input Screen - ICCF Details Tab
INTBASIS	Interest Day Basis	Contract Input Screen - ICCF Details Tab
CASTDT	Starting date for ICCF calculation	Contract Input Screen - Schedules Tab
CAENDDT	End date for ICCF calculation	Contract Input Screen - Schedules Tab
CALCAMT	Calculated amount	Contract Input Screen - Schedules Tab
COMPCCY	Currency Amount Due	Contract Input Screen - ICCF Tab
CALINT	Calculated amount	Contract Input Screen - Schedules Tab
CATOTAMT	Total amount	Contract Input Screen - Schedules Tab
COMPDESC	Component Description	Contract Input Screen- ICCF Details Tab
COMPCCY	Remittance Currency	Contract Input Screen - Contract Tab
BACCOUNT	Settlement Account Number	Contract Input Screen - Settlements Tab

16.5.8.6 OLAMDADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
CUSTNAME	Counter Party Name	Amendment screen header
TDATE	Start Date	Amendment screen header
CUSTOMER	Customer ID	Amendment screen header

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
REF	Contract Reference Number	Amendment screen header
DIFFAMT	Change in Principal Check	NA
OLDAMT	Old Contract Amount	Amendment screen – Amend-ments Tab
NEWAMT	New Contract Amount	Amendment screen – Amend-ments Tab
CCY	Contract Currency	Amendment screen header
MATDT	Maturity Date Change Check	NA
OLDMATDT	Old Maturity date	Amendment screen – Amend-ments Tab
OLDMATDT	Old Maturity date	Amendment screen – Amend-ments Tab
NEWMATDT	New Maturity date	Amendment screen – Amend-ments Tab
FIXED	Fixed Interest Change Check	NA
XCOMP	Fixed interest Component name	Amendment screen – Interest Call-form
OLDRATE	Old Interest rate	Amendment screen – Interest Call-form
NEWRATE	New Interest rate	Amendment screen – Interest Call-form
FLOATING	Floating Interest Change Check	NA
FCOMP	Floating interest Component name	Amendment screen – Interest Call-form
OLDRTCODE	Old floating rate code	Amendment screen – Interest Call-form
NEWRTCODE	New floating rate code	Amendment screen – Interest Call-form
OLDSPRD	Old Spread Value	Amendment screen – Interest Call-form
NEWSPRD	New Spread Value	Amendment screen – Interest Call-form
SPECIAL	Special Interest change Check	NA
SCOMP	Component name	Amendment screen – Interest Call-form

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
_E_NEWAMT_	Special New amount	Amendment screen – Interest Callform
SIM	Simulation Check	NA
SDUEDT	Due Date	Amendment screen – Payment Details Callform
SIM	Simulation Check	NA
OUTST	Amount Due	Amendment screen – Payment Details Callform
AVDATE	Amendment Date	Amendment screen header
PG	Page Number	NA
ORGVAMB	Original Amendment check	NA

16.5.8.7 OL_SIM_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
CUSTOMER	Counterparty Name	Simulation Input Screen-Contract Tab
ADD1	Address line 1	NA
ADD2	Address line 2	NA
ADD3	Address line 3	NA
CONTRACTREF-NO	Contract Reference Number	Simulation Input Screen-Contract Tab
BRNAME	Branch name	Simulation Input Screen-Contract Tab
PROD	Loan Product Code	Simulation Input Screen-Contract Tab
PRODCAT	Product Category	Simulation Input Screen-Contract Tab
CCY	Currency	Simulation Input Screen-Contract Tab
CUST	Customer ID	Simulation Input Screen-Contract Tab
AMT	Amount financed	Simulation Input Screen-Contract Tab
AMTDSBR	Amount Disbursed	Simulation Input Screen-Contract Tab
VALDT	Value Date	Simulation Input Screen-Contract
MDATE	Maturity Date	Simulation Input Screen-Contract Tab
BDATE	Book Date	Simulation Input Screen-Contract Tab
TENOR	Duration	NA

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
RATE	Interest Rate	Simulation Input Screen - ICCF Details Tab
CMPSIM	Component name	Simulation screen–Schedule Tab >Payment Details
DATSIM	Due Date	Simulation screen–Schedule Tab >Payment Details
AMTSIM	Amount Due	Simulation screen–Schedule Tab >Payment Details
CCYSIM	Currency	Simulation screen–Schedule Tab >Payment Details

16.5.8.8 DRADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
BRANCHDATE	Branch Date	Payment Simulation Screen Header
CUSTOMER-NAME	Customer Name	NA
ADDRESS1	Customer Address Line1	NA
ADDRESS2	Customer Address Line2	NA
ADDRESS3	Customer Address Line3	NA
ADDRESS4	Customer Address Line4	NA
CUSTOMER	Customer ID	Payment Simulation Screen Header
ACCOUNT	Account Number	Payment Simulation Screen-Accounting Entries Call Form
ACC-DESC	Account Description	Payment Simulation Screen-Accounting Entries Call Form
VALUE-DATE	Value Date	Payment Simulation Screen Header
CCY	Currency	Payment Simulation Screen Header
SETTLEMENT-AMT	Amount Settled	Payment Simulation Screen Header
AMOUNTIN-WORDS	Amount Settled in Words	NA
CONTRACTREF-NO	Contract Reference No	Payment Simulation Screen Header
USERREFNO	Reference Number	NA
SIM	Simulation Check	NA

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME
SCOMP	Component name	Payment Simulation Screen-Schedule Details Button
SDUEDT	Due Date	Payment Simulation Screen-Schedule Details Button
OUTST	Amount Due	Payment Simulation Screen-Schedule Details Button
PAYMNT-DETAILS1	Payment details	Payment Simulation Screen-Settlements Call Form
PAYMNT-DETAILS2	Payment details	Payment Simulation Screen-Settlements Call Form
PAYMNT-DETAILS3	Payment details	Payment Simulation Screen-Settlements Call Form
PAYMNT-DETAILS4	Payment details	Payment Simulation Screen-Settlements Call Form
SNDR-RECV-INFO1	Sender Receiver Details	Payment Simulation Screen-Settlements Call Form
SNDR-RECV-INFO2	Sender Receiver Details	Payment Simulation Screen-Settlements Call Form
SNDR-RECV-INFO3	Sender Receiver Details	Payment Simulation Screen-Settlements Call Form
SNDR-RECV-INFO4	Sender Receiver Details	Payment Simulation Screen-Settlements Call Form
SNDR-RECV-INFO5	Sender Receiver Details	Payment Simulation Screen-Settlements Call Form
SNDR-RECV-INFO6	Sender Receiver Details	Payment Simulation Screen-Settlements Call Form
SLOGAN	Product Slogan	NA
BRANCHNAME	Branch Name	NA
PG	Page Number	NA
PAMT	Total Paid Amount	NA
VDATE	Value date	NA

16.6 Accounting Entries for Contract Adjustment

Contract Ref No	Account	Amount Tag	EVEN T	DrCr	FC Y Amt	LCY Amt
CIPL-BN105118F3V4	160100501	PRINCIPAL_-ADJ	CADJ	Cr		2,000,000.00
CIPL-BN105118F3V4	330850401	PRINCIPAL_-ADJ	CADJ	Dr		2,000,000.00
CIPL-BN105118F3V4	0701000511	CONTRA-INT-ADJ	CADJ	Cr		1,000,000.00
Contract Ref No	Account	Amount Tag	EVEN T	DrCr	FC Y Amt	LCY Amt
CIPL-BN105118F3V4	0702000921	CONTRA-INT-ADJ	CADJ	Dr		1,000,000.00

Note

- The contract Adjustment entries are authorized when the Adjustment Activity is authorized.
- The Adjustment entry process flow is similar to journal entry process with respect to the GL updates and the handoff to the down stream systems
- The adjustment entries are always passed in the contract currency
- Payment messages are not applicable for the adjustment entries
- The Adjustment entry account balance is stored in Value dated and Monthly turnover table.

16.7 Payable Receivable Liquidation

PRLQ: - Liquidation of the Payables/Receivables

RVPR: - Reversal of the Payable/Receivable Payment

Accounting Role	Account	Dr/Cr Indicator
Expense	COMPONENT_PAY	Dr
Customer	COMPONENT_PAY	Cr
Asset	PRINCIPAL_PAY	Dr
Customer	PRINCIPAL_PAY	Cr
Customer	COMPO-NENT_REC	Dr

Accounting Role	Account	Dr/Cr Indicator
Income	COMP_REC	Cr
Customer	PRINCIPAL_REC	Dr
Asset	PRINCIPAL_REC	Cr

16.7.1 Credit Interest Component

For credit interest component accounting entries are available for the LIQD and ACCR events. When the interest is "PAY" during liquidation other than "CUSTOMER" then the component is identified as a credit interest component.

ROLE DESCRIPTION	ROLE TYPE	MODULE	ALLOW TRANSFER GL	USER DEFINED
Credit Settlement Bridge	X	OL	N	N
Credit Settlement Bridge	X	OL	N	N

Event	Accounting Role	Amount Tag	Dr/Cr
LIQD	CR_SETTLE_BRIDGE	RISTOURNE_LIQD	Cr
LIQD	RISTOURNEPAY	RISTOURNE_LIQD	Dr
ACCR	RISTOURNEPAY	RISTOURNE_ACCR	Cr
ACCR	RISTOURNEEXP	RISTOURNE_ACCR	Dr

16.8 Accounting for Discounted Loans

In this section, we shall discuss the manner in which you can define attributes and pass accounting entries specific to a Discounted Loan product.

A discounted loan is one for which the interest is collected upfront.

Example

On Jan 01, 2002, you lend USD 100 to customer ABC for a tenor of 1 year at a rate of interest of 10% per year. On Dec 31, 2002, he would pay you back USD 110 – repayment of principal amount of USD 100 and payment of interest of USD 10.

Instead, in a Discounted Loan, you collect the interest of USD 10 upfront.

Therefore, you book a loan of USD 100 while disbursing USD 100 – USD 10 = USD 90.

For each event (INIT, ACCR, LIQD), the Product Event Accounting Entries Maintenance Screen allows you to select the Accounting Roles, the corresponding Amount Tags and the Debit/Credit Indicator.

Event INIT

For the above example, the following accounting entries will be passed on INIT:

Accounting Role	Amount Tag	Dr/Cr Indicator	Amount
ASSETGL	PRINCIPAL	Dr	100.00
CUSTOMER	PRINCIPAL	Cr	100.00
LDDL-INTRIA	LDDL-INT_LIQD	Cr	10.00
CUSTOMER	LDDL-INT_LIQD	Dr	10.00

Event: ACCR

Accrued interest is pro-rated over the life of the loan. Accrual entries passed are as follows:

Accounting Role	Amount Tag	Dr/Cr Indicator
LDDL-INTREC	LDDL-INT_ACCR	Dr
LDDL-INTINC	LDDL-INT_ACCR	Cr

Event: LIQD

For the above example, let us assume that the principal amount of USD 100 is liquidated in equal installments as shown in the graph above, i.e., USD 20 is liquidated in each of five tranches. Entries for liquidation of accrued interest are passed along with the installment liquidation entries.

Note

During each liquidation, the entire interest accrued till that date will be liquidated, irrespective of the whether the customer is repaying the full installment or not.

For the above example, the entries passed during each of the five liquidations are:

Accounting Role	Amount Tag	Dr/Cr Indicator	Amount
ASSETGL	PRINCIPAL_LIQD	Cr	20.00
CUSTOMER	PRINCIPAL_LIQD	Dr	20.00
LDDL-INTRIA	LDDL-INT_LIQD	Dr	2.00
LDDL-INTREC	LDDL-INT_LIQD	Cr	2.00

16.9 Accounting Entries for Non-Performing Loans

The following entries are applicable when interest payment is done for non-performing loans:

LIQD: Interest Payment

Account	Amount	Dr/Cr Indicator
CUSTOMER	INTEREST	Dr
RECEIVABLE	INTEREST	Cr

ACCR: Memo To Real Movement

Account	Amount	Dr/Cr Indicator
MEMO INCOME	INTEREST	Dr
MEMO RECEIVABLE	INTEREST	Cr
RECEIVABLE	INTEREST	DR
INCOME	INTEREST	CR

CICR: Contra Increase

Account	Amount	Dr/Cr Indicator
INCOME	INTEREST	Dr
CONTRA	INTEREST	Cr

The following entries are passed when interest payment for non-performing loans is reversed:

REVP: Interest Payment Reversal

Account	Amount	Dr/Cr Indicator
RECEIVABLE	INTEREST	Dr
CUSTOMER	INTEREST	Cr

ACCR: Memo To Real Movement

Account	Amount	Dr/Cr Indicator
MEMO RECEIVABLE	INTEREST	Dr
MEMO INCOME	INTEREST	Cr
INCOME	INTEREST	DR
RECEIVABLE	INTEREST	CR

CICR: Contra Increase

Account	Amount	Dr/Cr Indicator
CONTRA	INTEREST	Dr
INCOME	INTEREST	Cr

The following are the entries for interest payment for non-performing loans which are partially or fully reserved:

LIQD: Interest Payment

Account	Amount	Dr/Cr Indicator
CUSTOMER	INTEREST	Dr
RECEIVABLE	INTEREST	Cr

ACCR: Memo To Real Movement

Account	Amount	Dr/Cr Indicator
MEMO INCOME	INTEREST	Dr
MEMO RECEIVABLE	INTEREST	Cr
RECEIVABLE	INTEREST	DR
INCOME	INTEREST	CR

CICR: Contra Increase

Account	Amount	Dr/Cr Indicator
INCOME	INTEREST	Dr
CONTRA	INTEREST	Cr

FRSV: FAS114 Reserve Decrease

Account	Amount	Dr/Cr Indicator
FAS114 FUNDED RESERVE	Least of (Reserve Decrease Amt, Existing FAS 114 Reserve)	Dr
FAS114 FUNDED RELEASE	Least of (Reserve Decrease Amt, Existing FAS 114 Reserve)	Cr

RESR: Reserve Decrease

Account	Amount	Dr/Cr Indicator
RESERVE	Least of (Residual of Reserve Decrease Amt after FRSV, Existing Reserve)	Dr
RECOVERY	Least of (Residual of Reserve Decrease Amt after FRSV, Existing Reserve)	Cr

16.10 Accounting Entries for Reserved and Non-reserved Loans

The following entry is posted when a manual contra increase is performed for an Non-reserved Loan:

CICR: Contra Increase

Account	Amount	Dr/Cr Indicator
CUS-TOMER	INTER-EST	Dr
CONTRA	INTER-EST	Cr

The following entries are posted when a manual contra increase is performed for a reserved Loan:

CICR: Contra Increase

Account	Amount	Dr/Cr Indicator
CUSTOMER	INTEREST	Dr
CONTRA	INTEREST	Cr

FRSV: FAS114 Reserve Decrease

Account	Amount	Dr/Cr Indicator
FAS114 FUNDED RESERVE	Least of (Reserve Decrease Amt, Existing FAS 114 Reserve)	Dr
FAS114 FUNDED RELEASE	Least of (Reserve Decrease Amt, Existing FAS 114 Reserve)	Cr

RESR: Reserve Decrease

Account	Amount	Dr/Cr Indicator
RESERVE	Least of (Residual of Reserve Decrease Amt after FRSV, Existing Reserve)	Dr
RECOVERY	Least of (Residual of Reserve Decrease Amt after FRSV, Existing Reserve)	Cr

16.11 Accounting Entries for Cost of Credit Valuation

The following entries are posted for cost of credit valuation:

FELR: Fee Liquidation

The entries posted for fee liquidation are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
COMPONENT_FIA	COMPONENT_DECR	D
MARKWOFFSET	COMPONENT_DECR	C
CUSTOMER	COMPONENT_LIQD	D
COMPONENT_FIA	COMPONENT_LIQD	C
COMPONENT_FIA	COMPONENT_DECR	D
CUSTOMER	COMPONENT_DECR	C
COMPONENT_FIA	COMPONENT_LIQD	C
CUSTOMER	COMPONENT_LIQD	D

FACR: Fee Accrual

The entries for fee accrual are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
COMPONENT_- FIN	COMPO- NENT_ACCR	C
COMPONENT_- FIA	COMPO- NENT_ACCR	D

FRSV: Unfunded and Funded FAS114 Reserve Increase/ Decrease

The entries for unfunded FAS114 reserve decrease are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
FASUNFND- EDRSV	UNFUND_FAS- DEC	Dr
FASUNFUNDRLS	UNFUND_FAS- DEC	Cr

The entries for unfunded FAS114 reserve increase are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
FASUNFUNDBLD	UNFUND_- FASINC	Dr
FASUNFND- EDRSV	UNFUND_- FASINC	Cr

The entries for funded FAS114 reserve increase are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
FASFUNDEDBUILD	FUND_FASINC	D
FASFNDEDRSV	FUND_FASINC	C

The entries for funded FAS114 reserve decrease are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
FASFNDEDRSV	FUND_FASDEC	D
FASFUNDEDREL	FUND_FASDEC	C

TRCL: Trade Reclassification

The entries posted for trade reclassification are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
CONASSETGL	PRINC_HFS_DECR	D
CONASSETGLHFS	PRINC_HFS_DECR	C
CONASSETGLHFS	PRINC_HFS_INCR	D
CONASSETGL	PRINC_HFS_INCR	C
ASSETGL	PRINC_HFS_DECR	D
ASSETGLHFS	PRINC_HFS_DECR	C
ASSETGLHFS	PRINC_HFS_INCR	D
ASSETGL	PRINC_HFS_INCR	C

CREB: Contra Rebalance

The entries posted for contra rebalancing are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
CONTRAGL	LD-FX-INT_CDCR	D
WASHACC	LD-FX-INT_CDCR	C
WASHACC	LD-FX-INT_CICR	D
CONTRAGL	LD-FX-INT_CICR	C

FREB: FAS114 Rebalance

The entries posted for FAS114 rebalancing are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
FASFNDEDRSV	FUND_FASDEC	D
WASHACC	FUND_FASDEC	C
WASHACC	FUND_FASINC	D

FASFNDEDRSV	FUND_FASINC	C
-------------	-------------	---

WREB: Write-off Rebalance

The entries posted for write-off rebalancing are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
RESERVEGL	PRINCIPAL_RDEC	D
WASHACC	PRINCIPAL_RDEC	C
WASHACC	PRINCIPAL_RINC	D
RESERVEGL	PRINCIPAL_RINC	C

RESR: Reserve Decrease

The entries posted for reserve decrease are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
RESERVEGL	PRINCIPAL_RDEC	D
URECOVERY_GL	PRINCIPAL_RDEC	C
WRITEOFFEXP	PRINCIPAL_RINC	D
RESERVEGL	PRINCIPAL_RINC	C

CDCR: Contra Decrease

The entries posted for contra decrease are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
CONTRAGL	COMPONENT_CDCR	D
CUSTOMER	COMPONENT_CDCR	C

CICR: Contra Increase

The entries posted for contra increase are listed below:

Accounting Role	Amount Tag	Dr/Cr Indicator
COMPONENTINC	COMPONENT_CICR	D
CONTRAGL	COMPONENT_CICR	C
CUSTOMER	COMPONENT_MCICR	D
CONTRAGL	COMPONENT_MCICR	C

16.12 Accounting Entries for LC Sublimit Re-classification

The possible accounting entries for the event TRCL are given below:

Event	Amount Tag	Accounting Role	Dr/Cr
TRCL	LCLMT_HFS_INCR	LCSUBLIMITHFS	Dr
TRCL	LCLMT_HFS_INCR	LCSUBLIMIT	Cr
TRCL	LCLMT_HFS_DECR	LCSUBLIMIT	Dr
TRCL	LCLMT_HFS_DECR	LCSUBLIMITHFS	Cr

16.13 Accounting Entries for Rollover Contingent

RAMD: Rollover Amendment

Accounting Role	Amount Tags	Dr/Cr. Indicator
CONASSETGL	PRIN_CONT_DECR	Credit
CONASSETGL	PRIN_CONT_INCR	Debit
CONASSETOFF	PRIN_CONT_INCR	Credit
CONASSETOFF	PRIN_CONT_DECR	Debit

16.14 Error Codes

16.14.1 Amortized Exchange Details

The following error codes are available for exchange details:

Error_Code	Description
CF-NRTE01	Amort Exch Rate cannot be less than equal to Zero

16.14.2 Effective Date of Exchange Rate Amendment

The following error codes are available for effective date:

Error Code	Message	Type
LD-EXAMD102	Effective date cannot be earlier than the last commitment fee liquidation date	E

LD-EXAMD101	Effective date cannot be earlier or equal to VAMI date. + code change	E
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16.14.3 Adjustment Reversal Details

The following error codes are available for adjustment reversal details:

Error_Code	Description
LD-ADJ-022	Invalid Debit GL Account.
LD-ADJ-023	Invalid Credit GL Account.
LD-ADJ-026	Accounting entries not found for the Debit account type
LD-ADJ-025	Accounting entries not found for the Credit account type
LD-ADJ-027	Adjustments Reversal Processing Failed
LD-ADJ-028	Value Date cannot be less than today for Operation Adjustments
LD-ADJ-029	Auto reversal is not allowed for Operation Adjustments

16.14.4 Cost of Credit Valuation

The following error codes are available for the cost of credit valuation process:

Error_Code	Description
LD-COC-01	COC Revaluation failed
LD-COC-02	Failed in COC balances population
LD-COC-03	Failed in commitment COC population
LD-COC-04	Failed in commitment COC balances population
LD-COC-05	Failed in loan balances population for a commitment
LD-COC-06	Failed in populating loan balance
LD-COC-07	Error in loan COC balance population
LD-COC-08	Error in updating commitment COC balance
LD-COC-09	Error in updating loan COC balance
LD-COC-10	Net carry value for a loan cannot be negative
LD-COC-11	Failed in updating loan COC rebalance values

LD-COC-12	Failed in Transfer Asset Marks processing
LD-COC-13	Failed in populating Transfer Asset Marks
LD-COC-14	Failed in FAS114/ Write-off processing
LD-COC-15	Failed in populating FAS114/ Write-off amounts
LD-COC-16	Failed in Recovery processing
LD-COC-17	Failed in Rebalance processing
LD-COC-18	Failed in Cost of Credit Validation
LD-COC-19	Error in populating Cost of Credit details
LD-COC-20	Error in setting Cost of Credit valuation required flag
LD-COC-21	Failed in Cost of Credit valuation status update
LD-COC-22	Cannot set Cost of Credit Valuation, as Product is not checked for Cost Of Credit Valuation
LD-COC-23	Failed in computing FAS114 Reserve Release values
LD-COC-24	Failed in CoC balances archiving
LD-COC-26	FAS91 Fee Refund / Liquidation population failed
LD-COC-27	FAS91 Fee Refund / Liquidation process failed
LD-COC-28	At least one event should be chosen for reversal
LD-COC-29	Only one event at a time can be reversed
LD-COC-30	Failed in Deferred interest component processing on commitments
LD-COC-31	Failed in Negative carrying value processing on commitments
LD-COC-33	Failed in Amort fee accrual restart
LD-COC-39	Contra/Writeoff/Fas114 Reserve balance will be in negative after reversal. Do you want to continue?
LD-COC-34	COC Valuation required flag will be defaulted from product as contract is in Non-Performing Status. Do you want to proceed?
LD-COC-40	COC balance is negative after rebalancing
CF-AC005	Only one component is allowed to check as Deferred interest component

16.14.5 LC Sublimit Balance (HFI) Update

The following error codes are available for LC Sublimit Balance (HFI) Update:

Error_Code	Description
LD-STP-LC06	LC Sublimit HFI Balance Update failed

16.14.6 Late Payment Charges

The following error codes are available for late payment charges:

Error_Code	Description	Error Type
LD-CON-310	Grace days for the Loan is defaulted from the commitment contract	O
LD-CON-311	Grace period is defaulted from loan product	O
LD-VAM-61	For special rate type Amount/Rate change should be current dated	E
CS-WVR-001	Penalty Waiver Details need to be captured	E
CS-WVR-002	Amendment is not allowed on the Reversed Transactions	E
CS-WVR-003	Transaction did not happen from here, amend it from appropriate screen	E
CS-WVR-004	Transactions can be saved only with waive flag checked	E
CS-WVR-005	Prior schedules are unpaid for this component. Please pay/waive all such schedules before proceeding	E
CF-CL0021	For the given amount category, Accrual Required flag should be set to N	E
CS-WVR-006	Reversal of Waiver not allowed as nothing is due on the given due date	E
CS-WVR-007	Reversal not allowed, Latest due date should be reversed first.	E
CS-WVR-008	Later schedules are waived for this component. Please reverse waiver for all such schedules before proceeding	E

16.14.7 All-In Rate Floor/Ceiling for Loans

Error Code	Description	Error Type
LD-FLR-001	Rate for \$1 component is lesser than the Floor defined at Commitment Level. Do you want to override?	O
LD-FLR-002	Rate for \$1 component is greater than the Ceiling defined at Commitment Level. Do you want to override?	O
LD-FLR-003	Failed in getting the floor and ceiling rate	E
LD-FLR-004	Rate for \$1 component is lesser than the Floor defined at Commitment Level. Do you want to Continue?	O
LD-FLR-005	Rate for \$1 component is greater than the Ceiling defined at Commitment Level. Do you want to Continue?	O
LD-FLR-006	Maintenance was not done from here, so authorize it from appropriate screen.	E
LD-FLR-007	Maintenance was not done from here, so delete it from appropriate screen	E

16.14.8 Pool Funds

The following error codes are available for Pool Funds:

Error Code	Description
LD-POOL-01	Pool Amount cannot be Blank or zero or negative
LD-POOL-02	Cannot Copy Unauthorized Record
LD-POOL-05	Pool funding ref no cannot be null.
LD-POOL-06	Master funding ref no cannot be null.
LD-POOL-07	Contract Amount is not maintained.
LD-POOL-08	Contract currency is not maintained
LD-POOL-09	Unable to compute available amount for the pool \$1.
LD-POOL-10	Insufficient balance in the Pool \$1, booking not allowed.
LD-POOL-11	Failed in validating funding pool details.
LD-POOL-12	Pool \$1 is either unauthorized or locked by another process. Cannot proceed.
LD-POOL-16	Loan and Commitment currency should be same for Commitments linked to a Pool.

LD-POOL-17	This Commitment is linked to loans in a different currency; hence Pool cannot be attached.
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16.14.9 Chinese Characters in Payment

The following error code is available for Chinese Characters in payment:

Error Code	Description
LD-BR103	Do you want to disable Chinese characters in Payment ?

16.14.10 UCC Processing

The following error codes are available for UCC processing of disclosure codes and contract disclosure schedule:

Error Code	Description
LS-DSC-017	Expiry Date cannot be less than Application Date
LS-DSC-018	Expiry Date is Mandatory if UCC code is selected
LS-DSC-019	Expiry Date will be propagated to UCC linked contracts upon authorization, do you want to continue?
LS-DSC-022	Contract Disclosure schedule for \$1 is being amended by another user; expiry date will not be propagated
LS-DSC-028	Expiry Date will not be propagated to contracts, do you want to continue?
LS-DSC-031	Multiple schedules are not allowed for UCC disclosure codes
LS-DSC-032	End date cannot be lesser than Start date
LS-DSC-033	Cannot delete the schedule for UCC disclosure codes

16.14.11 Marking Contracts as Liquidated

The following error codes are available for marking the status of a loan or commitment contract from 'Active' to 'Liquidated'.

Err Code	Error Message
LD-PMT304	Active Loans exist for the commitment. Liquidation not allowed.
LD-PMT306	Contract will be liquidated. Proceed?
LD-PMT307	Maturity date is greater than application date. Liquidation not allowed.
LD-PMT308	Validation for marking the liquidation is failed.
LD-PMT309	Principal Outstanding/amount due balance still exists. Liquidation not allowed.
LD-PMT310	Active STP contract exists. Liquidation not allowed.
LD-PMT311	The escrow balances linked to this contract is not zero. Liquidation not allowed.
LD-PMT313	Pending STP contract yet to be processed. Liquidation not Allowed

16.14.12 Clearing Line Validation

The following error codes are available for clearing line and credit line validation on Tranche and Drawdown contracts.

Err Code	Error Message
LD-C0802	Approved Clearing Line is Not Specified.
LD-C0812	Origination self participant \$1 of the tranche is not linked to credit line.
LD-C0813	Self Participant \$1's amount \$2 is more than credit limit amount \$3.
LD-C0814	Clearing line limit check for tranche is failing .Tranche non HFI amount \$1 is more than limit amount \$2
LD-C0815	Tranche is linked to an unavailable clearing line.
LD-C0816	Origination self participant \$1 is linked to an unavailable credit line.
LD-C0817	The Credit line GFRN value cannot change to clearing line GFRN.
LD-C0818	The Clearing line GFRN value cannot change to credit line GFRN.

16.14.13 Participant Margin Maintenance

The following error codes are available for participant level margin maintenance on Tranche and Drawdown contracts.

Err Code	Error Message
LN-PMAR-001	Lender margin maintenance is not allowed as this functionality is not enabled at Loan parameter maintenance level
LN-PMAR-002	Margin maintenance for lenders is not applicable for LOR type of contracts
LN-PMAR-003	NPVAMI is already performed on \$1 hence participant margin can not be changed
LN-PMAR-005	Lender margin can be maintained only for main interest margin components
LN-PMAR-006	Floor/Ceiling is already maintained. Do you want to override it?
LN-PMAR-007	Total margin rate of all the participants is not same with borrower margin rate
LN-PMAR-010	Participant margin is not allowed on the tranche \$1 having non prorata payment captured on underlying drawdowns
LN-PMAR-011	Lender margin can not be maintained for non-cascade participation types of tranche
LN-PMAR-016	Please visit the participant margin screen to correct the margin there
LN-PMAR-015	Participant margin maintained for effective date \$1 will also be cleared. Do you want to proceed.

16.14.14 CUSIP Reclass

The following error codes are available for CUSIP reclass.

Error Code	Error Description
LD-RCLS-001	Batch No/No of job for CUSIP no reclass is not available could not proceed with reclass processing
LD-RCLS-002	Cusip No Reclass has happened for this contract. Do you want to proceed?.
LD-RCLS-003	CUSIP Reclass reprocessed successfully
LD-PMT317	Marking the tranche as Inactive is failed

16.15 Examples of Calculating TEAC

16.15.1 Example I – Simple Bearing loan

The Loan details are as follows:

- Loan Amount – 10,000
- Tenor 12 Months
- Nominal Rate – 12.0%
- Start Date – 1st Jan 2002
- End Date – 1st Jan 2003
- Loan Type – Bearing
- Number of Periods– 12
- Unit Period – Monthly
- Sub-period 30 days
- TEAC = 11.8372461257062%

Date (Outflow)	Period	Outflow Amount	Sub Periods Fraction	Discounted Outflow	Date (Receipts)	Periods	Total Pay	Sub Period Fraction	Discounted Value of Receipts
1/1/2002	0	10000	0.0000	10000	1/1/2002	0		0.0000	0.00
2/1/2002	1.00		0.0333		2/1/2002	1.00	100	0.0333	98.99
3/1/2002	1.00		0.9667		3/1/2002	1.00	100	0.9667	98.09
4/1/2002	3.00		0.0000		4/1/2002	3.00	100	0.0000	97.10
5/1/2002	4.00		0.0000		5/1/2002	4.00	100	0.0000	96.15
6/1/2002	5.00		0.0333		6/1/2002	5.00	100	0.0333	95.18
7/1/2002	6.00		0.0333		7/1/2002	6.00	100	0.0333	94.25
8/1/2002	7.00		0.0667		8/1/2002	7.00	100	0.0667	93.30
9/1/2002	8.00		0.1000		9/1/2002	8.00	100	0.1000	92.36
10/1/2002	9.00		0.1000		10/1/2002	9.00	100	0.1000	91.45
11/1/2002	10.00		0.1333		11/1/2002	10.00	100	0.1333	90.53

12/1/2002	11.00		0.1333		12/1/2002	11.00	100	0.1333	89.65
1/1/2003	12.00		0.1667		1/1/2003	12.00	10100	0.1667	8,962.96

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16.15.2 Example II – True Discounted Loan

The Loan details are as follows:

- Loan Amount – 10,000
- Tenor 12 Months
- Start Date – 1st Jan 2002
- End Date – 1st Jan 2003
- Nominal Rate – 12.0%
- Number of Periods– 1
- Sub-period - 360 days
- TEAC = 10.55227%

•

Date (Outflow)	Period	Outflow Amount	Sub Periods Fraction	Discounted Outflow	Date (Receipts)	Periods	Total Pay	Sub Period Fraction	Discounted Value of Receipts
1/1/2002	0	10000	0.0000	10000	1/1/2002	0	\$0.00	0.0000	0.00
2/1/2002	0.00		0.0861		2/1/2002	0.00	0	0.0861	0.00
3/1/2002	0.00		0.1639		3/1/2002	0.00	0	0.1639	0.00
4/1/2002	0.00		0.2500		4/1/2002	0.00	0	0.2500	0.00
5/1/2002	0.00		0.3333		5/1/2002	0.00	0	0.3333	0.00
6/1/2002	0.00		0.4194		6/1/2002	0.00	0	0.4194	0.00
7/1/2002	0.00		0.5028		7/1/2002	0.00	0	0.5028	0.00
8/1/2002	0.00		0.5889		8/1/2002	0.00	0	0.5889	0.00
9/1/2002	0.00		0.6750		9/1/2002	0.00	0	0.6750	0.00
10/1/2002	0.00		0.7583		10/1/2002	0.00	0	0.7583	0.00

11/1/2002	0.00		0.8444		11/1/2002	0.00	0	0.8444	0.00
12/1/2002	0.00		0.9278		12/1/2002	0.00	0	0.9278	0.00
1/1/2003	1.00		0.0139		1/1/2003	1.00	11071.43	0.0139	10,000.00

16.15.3 Example III – Bearing Loan (Irregular Interest periodicity)

The Loan details are as follows:

- Loan Amount – 10,000
- Tenor 12 Months
- Start Date – 1st Jan 2002
- End Date – 1st Jan 2003
- Nominal Rate – 12.0%
- Loan Type – Bearing (Irregular Interest periods).
- Number of Periods – 15
- Sub-period 24 days
- TEAC = 11.82894%

Date (Outflow)	Period	Outflow Amount	Sub Periods Fraction	Discounted Outflow	Date (Receipts)	Periods	Total Pay	Sub Period Fraction	Discounted Value of Receipts
1/1/2002	0	10000	0.0000	10000	1/1/2002	0	\$0.00	0.0000	0.00
2/1/2002	1.00		0.2917		2/1/2002	1.00	100	0.2917	98.99
3/1/2002	2.00		0.4583		3/1/2002	2.00	100	0.4583	98.09
4/1/2002	3.00		0.7500		4/1/2002	3.00	100	0.7500	97.10
5/1/2002	5.00		0.0000		5/1/2002	5.00	100	0.0000	96.15
6/1/2002	6.00		0.2917		6/1/2002	6.00	100	0.2917	95.18
7/1/2002	7.00		0.5417		7/1/2002	7.00	100	0.5417	94.25
8/1/2002	8.00		0.8333		8/1/2002	8.00	100	0.8333	93.30
9/1/2002	10.00		0.1250		9/1/2002	10.00	100	0.1250	92.35
10/1/2002	11.00		0.3750		10/1/2002	11.00	100	0.3750	91.45
11/1/2002	12.00		0.6667		11/1/2002	12.00	100	0.6667	90.53
12/1/2002	13.00		0.9167		12/1/2002	13.00	100	0.9167	89.64

12/5/2002	14		.0833		12/5/2002	14.00	13.33	0.0833	11.93
12/12/2002	14		.3750		12/12/2002	14.00	23.33	0.3750	20.84
12/27/2002	14		.0000		12/27/2002	15.00	50	0.0000	44.44
1/1/2003	15.00		0.2083		1/1/2003	15.00	10013.33	0.2083	8,885.76

16.15.3.1 Example IV – Bearing loan (with Rate Changes)

The Loan details are as follows:

- Loan Amount – 10,000
- Tenor 12 Months
- Nominal Rate – 12.0%
- Rate Change – 18% (on 1st March 2002)
- Loan Type – Bearing
- Number of Periods – 12
- Sub Period – 30 days
- TEAC - 16.7001012606821%

Date (Outflow)	Period	Outflow Amount	Sub Periods Fraction	Discounted Outflow	Date (Receipts)	Periods	Total Pay	Sub Period Fraction	Discounted Value of Receipts
1/1/2002	0	10000	0.0000	10000	1/1/2002	0	\$0.00	0.0000	0.00
2/1/2002	1.00		0.0333		2/1/2002	1.00	100	0.0333	98.58
3/1/2002	1.00		0.9667		3/1/2002	1.00	100	0.9667	97.32
4/1/2002	3.00		0.0000		4/1/2002	3.00	150	0.0000	143.91
5/1/2002	4.00		0.0000		5/1/2002	4.00	150	0.0000	141.93
6/1/2002	5.00		0.0333		6/1/2002	5.00	150	0.0333	139.92
7/1/2002	6.00		0.0333		7/1/2002	6.00	150	0.0333	138.00
8/1/2002	7.00		0.0667		8/1/2002	7.00	150	0.0667	136.04

9/1/ 2002	8.0 0		0.1000		9/1/ 2002	8.00	150	0.1000	134.11
10/1/ 2002	9.0 0		0.1000		10/1/ 2002	9.00	150	0.1000	132.27
11/1/ 2002	10. 00		0.1333		11/1/ 2002	10.00	150	0.1333	130.40
12/1/ 2002	11. 00		0.1333		12/1/ 2002	11.00	150	0.1333	128.61
1/1/ 2003	12. 00		0.1667		1/1/ 2003	12.00	101 50	0.1667	8,578.91

16.15.4 Example V – Premature Liquidation

The Loan details are as follows:

- Loan Amount – USD 10000
- Tenor - 12 Months
- Start Date – 1st Jan 2002
- End Date – 1st Jan 2002
- Prepayment Date – 1st March 2002
- Nominal Rate – 12.0%
- Number of Periods in a Year – 12
- Sub-period - 30 days
- TEAC = 12.2003939724179%

Date (Outflow)	Period	Outflow Amount	Sub Periods Fraction	VP Outflow	Date (Receipts)	Periods	Total Pay	Sub Period Fraction	Discounted Value of Receipts
1/1/2002	0	10000	0.0000	10000	1/1/2002	0	\$0.00	0.0000	0.00
1/31/2002	1.00		0.0333		1/31/2002	1.00	96.67	0.0000	95.70
3/1/2002	1.00		0.9667		3/1/2002	1.00	10103.33	0.9667	9,904.30
4/1/2002	3.00		0.0000		4/1/2002	3.00	0	0.0000	0.00
5/1/2002	4.00		0.0000		5/1/2002	4.00	0	0.0000	0.00
6/1/2002	5.00		0.0333		6/1/2002	5.00	0	0.0333	0.00
7/1/2002	6.00		0.0333		7/1/2002	6.00	0	0.0333	0.00

8/1/ 2002	7.0 0		0.066 7		8/1/2002	7.00	0	0.0667	0.00
9/1/ 2002	8.0 0		0.100 0		9/1/2002	8.00	0	0.1000	0.00
10/1/ 2002	9.0 0		0.100 0		10/1/ 2002	9.00	0	0.1000	0.00
11/1/ 2002	10. 00		0.133 3		11/1/ 2002	10.00	0	0.1333	0.00
12/1/ 2002	11. 00		0.133 3		12/1/ 2002	11.00	0	0.1333	0.00
1/1/ 2003	12. 00		0.166 7		1/1/2003	12.00	0	0.1667	0.00

17. Appendix C – Unexpected Recovery

17.1 Introduction

When a deal is completely written-off, any additional fund received is considered an unexpected recovery.

You have to define events in the system to facilitate the processing of these unexpected funds. The system verifies whether or not a write-off has been processed on a contract and then allow you to proceed with the event that you have defined.

Note

You are allowed to execute the events that you define on active contracts only.

The following sections give step-by-step instructions that you need to follow to facilitate the system to recognize unexpected recoveries.

17.1.1 Setting Up Events, Accounting Roles and Amount Tags

You can use the Module Details screen to set up events, accounting roles and amount tags. To invoke this screen, click on Module Definition under User Defined Maintenance in the Application Browser.

17.1.1.1 Setting Up an Event

You need to set up the event 'RECO'. To do the same, follow the steps given below:

- Click on the 'Events' tab
- Enter the 'Event' and 'Event Description'

You can also specify the following parameters for the event being defined:

- Whether accounting entries and advices are allowed for this event
- Whether interest, charge and tax must be computed, but not accrued or levied during this event. This is represented in the respective options under the section 'Assoc'.
- Whether the accounting entries have to be passed for interest, tax and charges. This can be indicated in the respective options under the section 'Apply'
- Whether the interest, charge and tax components must be liquidated when the new event being defined is triggered
- Whether contract UDE Advices are allowed for this event

18. Function ID Glossary

L

LFDACFIN 5-102

O

OLDACRCL 7-1

OLDASTMT 4-71

OLDATAUT 8-43

OLDATMNT 5-78

OLDBRPRM 11-2

OLDCDAYS 4-76

OLDCLQRY 12-22

OLDCONTR 8-51

OLDCOROL 9-19

OLDDIAEV 3-1

OLDDRYET 3-5, 3-10

OLDDRYMS 3-4, 3-5, 3-10

OLDDRYST 3-10

OLDDSMNT 4-47

OLDEXAMD 5-124

OLDFLRCL 5-131

OLDFSTMT 4-72

OLDLDENT 5-80

OLDLLRSV 5-123

OLDLNKAM 12-8

OLDMKATV 8-42

OLDMKAUT 8-46

OLDMKLIQ 8-44

OLDMNDSB 5-59

OLDMSCDT 5-98

OLDNOTCH 12-11

OLDOSTMT 4-74

OLDOUTBR 15-1

OLDOVDEF 5-144

OLDPMNSI 8-46

OLDPMNT 8-32

OLDPNWVR 5-127

OLDPOOLF 4-66

OLDPRDRS 4-75

OLDPRLIQ 10-16

OLDPRMNT 4-1

OLDPRUAT 8-12

OLDPRUPL 8-10

OLDPSAUT 8-13

OLDPSUPL 8-12

OLDQCKRD 12-18

OLDREFND 8-8

OLDREPRC 5-121

OLDREPRS 5-111

OLDREVTP 4-69

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