Modifying and Recasting Loan Terms Documentation for LOAN SERVICING SOFT

This document will guide you through the process of changing loan terms through the Loan Modification feature of the software. Loan Modifications are tracked in the loan payment history and can be included in a loan activity report. Loan Modifications clearly indicate what loan values have been changed and what the previous loan values were.

For additional information or questions please feel free to contact our support group at support@loanservicingsoft.com or 1-800-993-1839 x2.

Modifying Loan Terms

To review all existing Loan Modifications of a loan and to create a new change to the loan terms, click the **Loan Modifications** button on the terms page of a loan, next to the **Other Options** button.

Use the Add button and select the type of modification you want to apply.
1) Set the date for the changes to take effect.
2) Provide a short description of the changes.
3) Change the loan terms under the **New Terms** panel.
4) Review the changes using the **Preview New Amortization Schedule** button.
5) Click OK to save your modification as PENDING.
6) Use the **Apply To Loan** button to confirm your changes and update the loan terms.

**interest rate changes may need to be backdated for loans with interest accrued in arrears as interest accrual changes will take effect BEGINNING on the modification date.*

Loan Modification Types

LOAN SERVICING SOFT has multiple types of modifications. See below the common uses for the varying types.

Term Recast

- Changing an interest-only loan to amortizing
- Modifying the principal balance without receiving or disbursing funds
- Extending the maturity date
- Updating the fixed interest rate of a defaulted loan

Rate Recast

- Changing the index on an adjustable-rate loan
- Changing an adjustable-rate loan to a fixed-rate loan

Schedule Recast

- Changing the due date of a loan (e.g. from the 1st to the 15th)
- Changing the frequency of scheduled payments (e.g. from bi-weekly to semi-monthly)

Unpaid Modification

- Forgiving interest or late fees accrued
- Adding an unpaid balance in impounds or interest

Payment Deferral Modification

- Move the next scheduled payment forward while resolving loan delinquency

LOAN SERVICING SOFT

Term Recast

Changing the Amortization Type or Interest Calculation Method

Use the **Interest Method** or **Amortized** drop-down options in the **New Terms** panel. Changing either option will cause the **PI Payment** to recalculate based on the remaining terms of the loan and the remaining principal balance of the loan.

Principal Balance Modification

Place the amount of the principal balance increase in the **Amount** field. Use a negative value to decrease the principal. The **New Terms** panel will show the updated **Principal Balance** along with a recalculated **PI Payment**.

*** always add a lender period with up to date lender balances as of the modification date.*

Maturity Extension

Change the **Maturity Date** in the **New Terms** panel or add the number of additional payments to the **Term Due**. Adjusting either value will cause the other to synchronize and update the **Terms to Maturity** as well as recalculate a **PI Payment**.

Loan Default Penalty Rate

Set the **Interest Rate** to the penalty rate on the **New Terms** panel. Use the date the penalty rate interest should accrue from as the **Effective Date**.
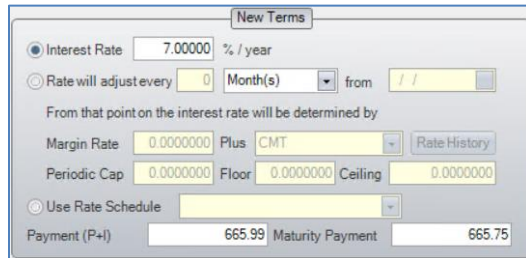When the default is cured, enter a new modification to remove the penalty rate.

** the loan terms page has a default rate which is applied to individual payments made later than the default period. Use this modification for default scenarios specified in the note other than late payments.

Rate Recast

Adjustable-Rate Modifications

Update the **New Terms** panel with any changes to the new adjustable interest rate terms. Updating any terms causes the **PI Payment** to recalculate.

Use the date interest should accrue from using the modified terms as the **Effective Date**.

Schedule Recast

Modifying the Due Date

Change day of the **First Payment Date** in the **New Terms** panel. Only the day needs to be changed for the new payment schedule to change the billing due date. The **Maturity Date** will recalculate.

Modifying the Payment Frequency

Change the **Term Period** in the **New Terms** panel. The **Term** and **Term Due** will change to match the new number of expected payments. The **Maturity Date** of the loan will recalculate based on the new payment schedule and the **PI Payment** will be recalculated.

Unpaid Modification

Forgiving an Unpaid Amount

Any balance listed on the modification can be reduced in the **New Terms** panel. Set the new amount to be billed or set the amount to 0 to completely forgive the balance owed.

Adding an Unpaid Amount Owed

Add an amount to be billed to any value on the **New Terms** panel.

Payment Deferral Modification

In the **New Terms** panel click the button in the **Next Due Date** field to bring up the amortization schedule for the loan. Highlight the next selected payment to be paid by the borrower and click OK.

The **New Terms** panel updates any amounts owed according to the payment schedule along with any late fees owed on those payments as of the **Modification Effective Date**.

Waive any amount or extend the maturity date of the loan using the provided checkboxes.