
Technical Document

Title: Creating Amortization Schedules
Category: The Exceptional Assistant
Author: TEA Support Team

Last Revision Date: November 25, 2005
Revision #: 1
Reference ID: n/a

Creating an Amortization Schedule

Once a loan has been set to a status of "Closed Deal" and the details of the loan such as Terms and Interest rate have been set, an amortization schedule may be created.

The amortization schedule is a vital component of a loan record. An accurate, locked schedule must be in place before any transactions may be entered in that loan. As well, the amortization schedule affects other aspects of TEA including delinquency reporting, transaction processing, credit bureau reporting and the electronic funds transfer manager.

When creating the amortization schedule, there are two tools that will assist you. The easiest way to create a basic amortization schedule is to use the Amortization Wizard. This tool will create a simple schedule based on the terms and interest rate of the loan.

Instead of using the Amortization Wizard, you may use the Amortization Workshop to create a schedule. This workshop may be used to create any schedule no matter how easy or complex. As well, if a basic schedule has been created using the Amortization Wizard, the Amortization Workshop may then be used to modify that schedule such as adding fees or balloon payments, etc.

Using the Schedule Wizard

When creating a new loan record, the fastest way to create an amortization schedule is by using the Schedule Wizard. This wizard will create a basic amortization schedule based on the terms and interest particulars of the loan. Once the basic schedule is created, it can easily be modified to include any necessary fee or insurance scripts.

Running the Schedule Wizard:

- 1 From within a new loan record, select [Loan Particulars](#).
- 2 Click [View All Terms](#).
- 3 From within the Browse Loan Terms window, select [Edit | Create Schedule](#).

- 4 In the Description field, enter the name of the schedule.

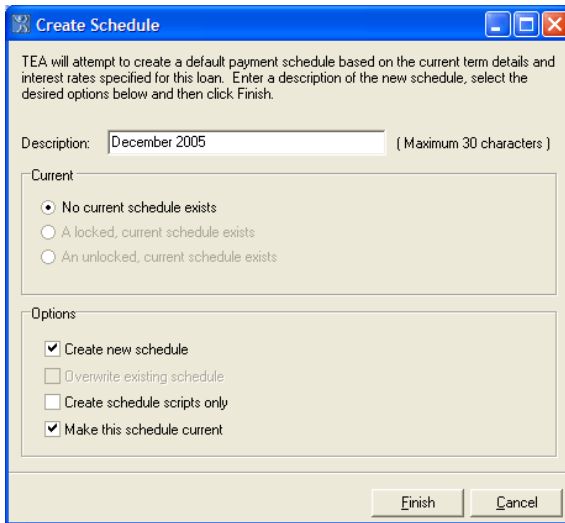


Figure 1- Creating a New Amortization Schedule

- 5 Click **Finish**.
- 6 When the Schedule created successfully box opens, click **OK**.
- 7 From within the Amortization Workshop, enter any necessary additional scripts.
- 8 Select **Schedule | Generate**.
- 9 Click the **Lock** icon in the menu bar to keep this schedule and to prevent any additional changes from being made.

Creating a New Amortization Schedule:

- 1 From within a loan record, select **Amortization Schedules** in the navigation tree, then select **Amortization Workshop** located on the far right of the Current Schedule window.

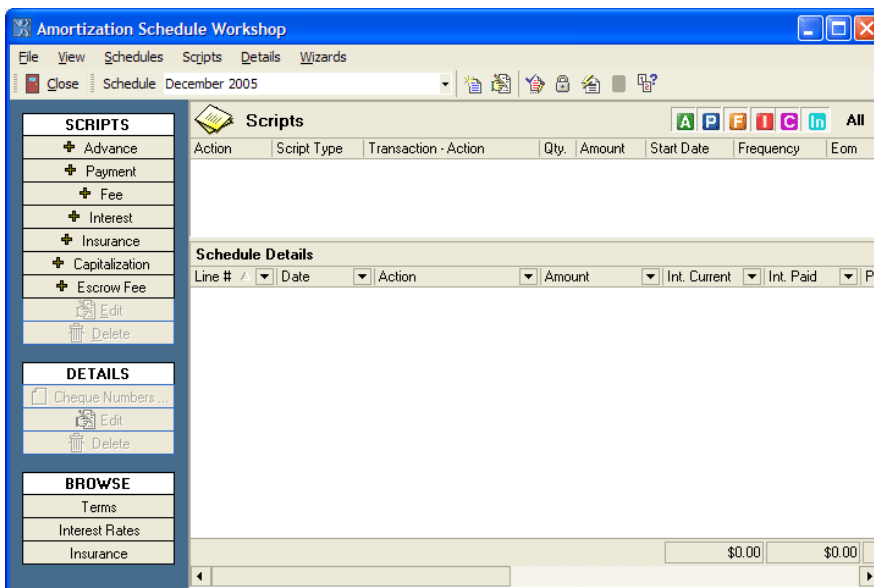


Figure 2 - Amortization Schedule Workshop

- 2 From within the Amortization Workshop, select **Schedules | Add**.
- 3 In the Description field, enter the name of the schedule.
- 4 Enter **Payment Frequency**.
- 5 Click **OK**.
- 6 From the scripts list, select **Advance**.
- 7 Enter the **Amount** and First Disbursement **Date**.
- 8 Click **OK**.

The screenshot shows a dialog box titled "Add Advances". It contains the following fields and values:

- Transaction Type: **Advance**
- Advance Sub Type: **Principal**
- Amount: **\$10,000.00**
- Frequency: **Once**
- Number of Advances: **1**
- First Disbursement: **12/15/2005**

Buttons for "OK" and "Cancel" are visible at the bottom.

Figure 3 – Add Advances

- 9 From the scripts list, select **Payment**.
- 10 Within the Add Payments window, enter the Payment Type: **Blended, Balloon, or Interest Only or Principal + Interest**.

The screenshot shows a dialog box titled "Add Payments". It contains the following fields and values:

- Transaction Type: **Payment**
- Payment Type: **Blended**
- Amount Type: **Calculated**
- Amount: **\$0.00**
- Frequency: **Monthly**
- Count Type: **Amortized**
- Number of Payments: **0**
- First Payment: **01/15/2006**

Buttons for "OK" and "Cancel" are visible at the bottom.

Figure 4 – Add Payments

- 11 Select **Fixed** or **Calculated** from the drop-down menu in Amount Type. (If you select Fixed, you will have to enter the Amount of the Payments).

- 12 Select **Frequency** from the drop-down menu.
- 13 Select **Count Type**: Amortized, Fixed or End Balance.
- 14 If you selected Fixed in Count, enter the Number of Payments.
- 15 Enter the first **Payment Date** if different than date shown. The Payment Date is automatically advanced based on the date of the advance and the frequency.
- 16 Click **OK**.

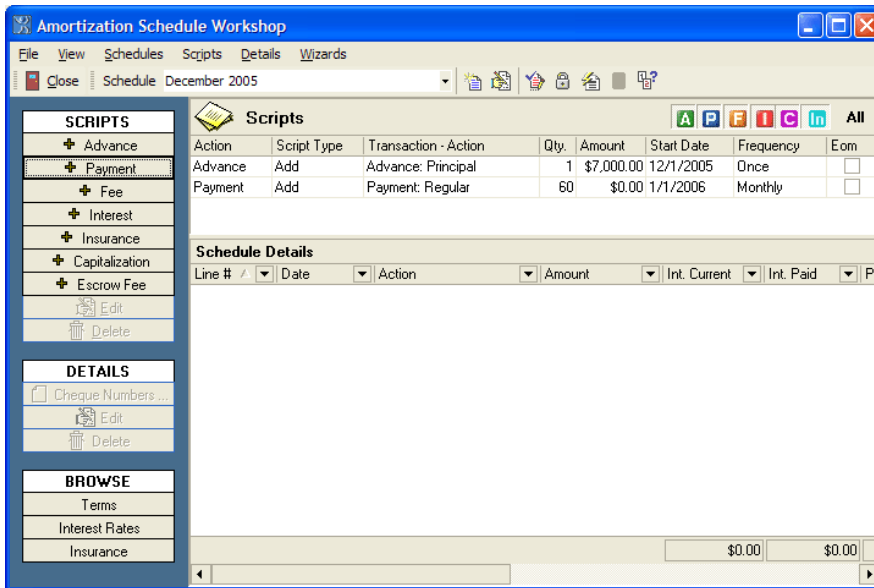


Figure 5 – New Payments are shown in the Amortization Schedule's scripts window

- 17 If you are satisfied with the scripts, click **Schedules | Generate**.

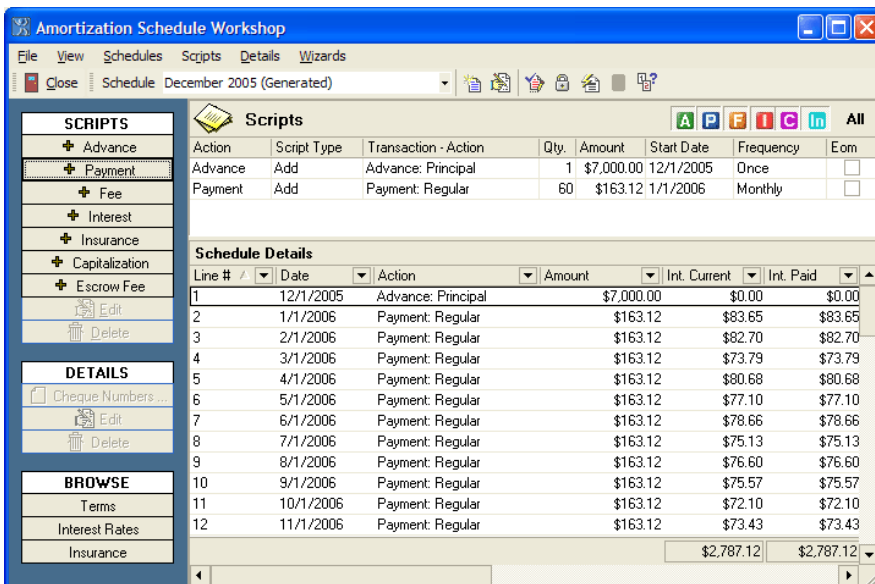


Figure 6 – The Payment Schedule is generated

- 18 Click the **Lock** icon in the menu bar to lock the schedule details.

Creating Seasonal Amortization Schedules

Within the amortization workshop is a replicate schedule tool that makes creating seasonal amortization schedules quick and easy. Essentially, instead of creating several scripts for each year of the amortization, you are able to create scripts for only the first year. The replicate schedule feature will then copy that first year for the rest of the amortization period of the loan.

For example, to create a ten year amortization schedule with eight months of regular blended payments every year, followed by four months interest only payments, you would otherwise need to create twenty payment scripts. By using replicate schedule, you need only create two payment scripts.

Creating a Seasonal Amortization Schedule:

- 1 From within a loan record, select **Amortization Schedules | Amortization Workshop**.
- 2 From within the Amortization Workshop, select **Schedules | Add**.
- 3 In the Description field, enter the name of the schedule.
- 4 Select **Payment Frequency** from the drop-down menu.
- 5 Select the **Options** tab.
- 6 Select **Replicate Schedule**.

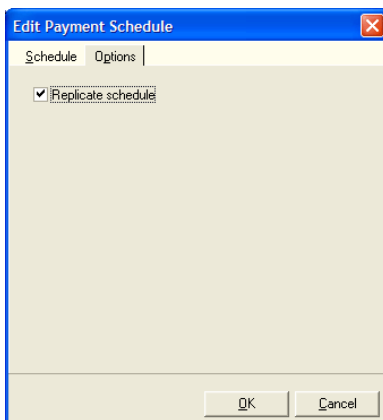


Figure 7 – Select Replicate schedule in the Edit Payment Schedule window

- 7 Click **OK**.
- 8 From the scripts list, select **Advance**.
- 9 Enter the **Amount** and **Date** of the Advance.
- 10 Click **OK**.
- 11 From the scripts list, select **Payment**.
- 12 Enter the Payment Type, **Blended**.

- 13 Enter the Count Type, **Fixed**.
- 14 Enter the Number of Payments, **8**.
- 15 Enter the first **Payment Date**.

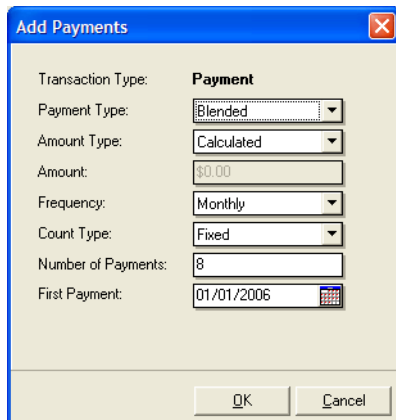


Figure 8 – Adding Payments

- 16 Click **OK**.
- 17 From the scripts list, select **Payment**.
- 18 Enter the Payment Type, **Interest Only**.
- 19 Enter the Count Type, **Fixed**.
- 20 Enter the Number of Payments, **4**.



The First Payment date for Interest Only payments is automatically advanced to the correct date, eight months from the First Payment of the Blended payments.

- 21 Click **OK**.
- 22 Click **Schedules | Generate**.

Line #	Date	Action	Amount	Int. Current	Int. Paid
1	1/1/2006	Advance: Principal	\$6,000.00	\$0.00	\$0.00
2	2/1/2006	Payment: Regular	\$789.81	\$71.70	\$71.70
3	3/1/2006	Payment: Regular	\$789.81	\$56.98	\$56.98
4	4/1/2006	Payment: Regular	\$789.81	\$54.36	\$54.36
5	5/1/2006	Payment: Regular	\$789.81	\$44.10	\$44.10
6	6/1/2006	Payment: Regular	\$789.81	\$36.66	\$36.66
7	7/1/2006	Payment: Regular	\$789.81	\$26.76	\$26.76
8	8/1/2006	Payment: Regular	\$789.81	\$18.54	\$18.54
9	9/1/2006	Payment: Regular	\$789.81	\$9.33	\$9.33
10	10/1/2006	Payment: Interest Only	\$0.00	\$0.00	\$0.00
11	11/1/2006	Payment: Interest Only	\$0.00	\$0.00	\$0.00
12	12/1/2006	Payment: Interest Only	\$0.00	\$0.00	\$0.00
				\$318.43	\$318.43

Figure 9 – Adding Interest Only Payments in the Amortization Schedule Workshop

- 23 Click the **Lock** icon in the menu bar to keep this schedule and to prevent any additional changes from being made.

Refinancing a Loan

If additional financing is given to an existing loan client there is no need to create a new loan record. The new money can be simply added to the existing loan record. First, a new loan particulars record is created that includes the current loan balance, the additional financing and the new amortization, term, etc. Since TEA is historical, the original loan particulars will be saved so that they can later be referred to if necessary. A new amortization schedule is then created based on the new terms (the original schedule will be saved just like the original loan particulars) and then the additional funds are recorded as an advance in transactions. Refer to the following four steps to refinance a loan.



For those Ontario organizations who submit quarterly reports to Industry Canada/FedNor, a new loan record **MUST** be created in order to have all statistics included on the quarterly report.

I. Creating new loan particulars

- 1 From within a loan record, select **Loan Particulars** in the navigation tree.
- 2 Click the **View all Terms** button to display the Browse Loan Terms dialog box.

- Click the **Add New Term** button on the toolbar, or select **File | New** from the menu.

Figure 10 – Adding New Loan Terms for the purpose of refinancing

- From the Type drop-down menu, select **Refinanced**.
- At a minimum, fill in the New amount, as well as the new Term and Amortized period (in months).
- Click **Save** to save this term.

II. Creating a New Amortization Schedule

- Still in the Browse Loan Terms dialog box, select **Edit | Create Schedule** from the menu or click the **Create Schedule** button on the toolbar.

Figure 11 – Creating a new amortization schedule

- In the **Description** field, type a name for the amortization schedule. Leave all other options as is.
- Click **Finish** to create the schedule based on the terms entered for the loan.

- 4 When the box appears stating the schedule was created successfully, click **OK**.



The Browse Loan Terms dialog box will close and you will automatically be taken to the Amortization Schedule Workshop.

III. Locking the New Amortization Schedule

- 1 If you are satisfied with the schedule, click the **Lock/Unlock** icon to lock the selected schedule.
- 2 Click **Close** to close the Amortization Schedule Workshop.

IV. Advance the New Loan Funds

- 1 Back in the loan record now, select **File | Save** from the main menu in order to save any changes to the loan record without closing the window.
- 2 Select **Transactions** in the navigation tree.
- 3 Click the **New** button, or select **File | New | Transaction** from the menu.

Figure 12 – Adding a Transaction



The Loan Status must be set to **Closed Deal** before transactions can be added.

- 4 In the Action drop-down menu, select **Advance**.
- 5 In the **Amount** field, enter the amount of the advance.

- 6 Click **Calculate**. Verify the results of the transaction in the Verification pane.
- 7 If satisfied, click **Post** to post the transaction to the loan.
- 8 Click the **Close** button to close the Add Transaction dialog box.
- 9 Back on the loan record, click the **Save and Close** button.