

Loan Amortization

Application Overview

The INTERAC Loan Amortization Module helps you calculate loan payment schedules for even the most complex loans quickly, easily, and accurately.

Special features include:

- Calculate variable loan schedules.
- Make fast and accurate computations.
- Compute uneven payment schedules.
- Design custom report formats.
- On-Screen loan computation.
- Loan variables can easily be changed on the screen with differences being displayed immediately.
- Calculate interest by three different methods.
- Standard interest can be entered as either APR or IPR.
- APR will additionally be calculated and displayed when interest is entered as periodic.
- Interest rate can be changed during the life of the loan.
- Principal payment can be constant while interest changes.
- Variable payments can be designed to allow for balloon payments or payments of varying amounts.
- Payments can be designed to occur on the same day each pay period.
- Payment date can vary or be changed during the life of the loan.

Application Details

Compute Any One of Four Loan Variables

Given any three of the four loan variables - principal, interest, length of loan, and payment amount - the module will quickly and correctly compute the fourth.

Improves Management Decisions

The software makes loan amortization calculations quickly, so loan schedules can be computed with different variables to give management a clearer picture of what options are available. Knowledge of the options makes it easier to select the best loan terms.

Use Most Frequently Used Methods

The Loan Amortization module can calculate interest using the following three methods:

Periodic Interest Rate

The annual interest rate divided by the number of annual payment periods gives the periodic interest rate. This rate times the outstanding loan balance gives the interest due for the period.

Actual Days

Interest is computed for the actual number of days in the payment period. For example given the same outstanding balance and interest rate, interest due in January would be different from February which has fewer days.

Rule of 78^{ths}

Sometimes the finance charge is calculated when the loan is originated. The rule of 78^{ths} formula calculates how much of each payment is principal and how much is finance charge.

Build Flexibility Into Payment Schedules

Some loan schedules require flexible payments, in addition to fixed payment schedules the Loan Amortization module will calculate:

Constant Principal

With this method the principal portion of each payment is constant but the interest decreases with each payment.

Variable Payments

The module can design schedules to include balloon payments or payments of varying amounts. Variable payments are often desirable to businesses with seasonal fluctuations.

Variable Interest

Users can also change the interest rate during the life of the loan.

Extra Days

The software will also design loan schedules so payments always fall on the same day of the payment period. This is done by varying the number of days in the first period. The payment date can also be changed during the life of the loan.

Design Custom Reports for Loan Schedules

The Loan Amortization module also enables you to design highly flexible report formats. Create payment schedule formats to meet your particular business needs, then sort the formats for later use.

- User-defined loan schedule design to provide complete flexibility.
- Loan Schedule designs can be re-used or copied over for different clients or companies.
- Reports can be printed to a printer, viewed on screen or saved to a file for later use.
- Selective printing allows all or a selected part of the schedule to be printed.