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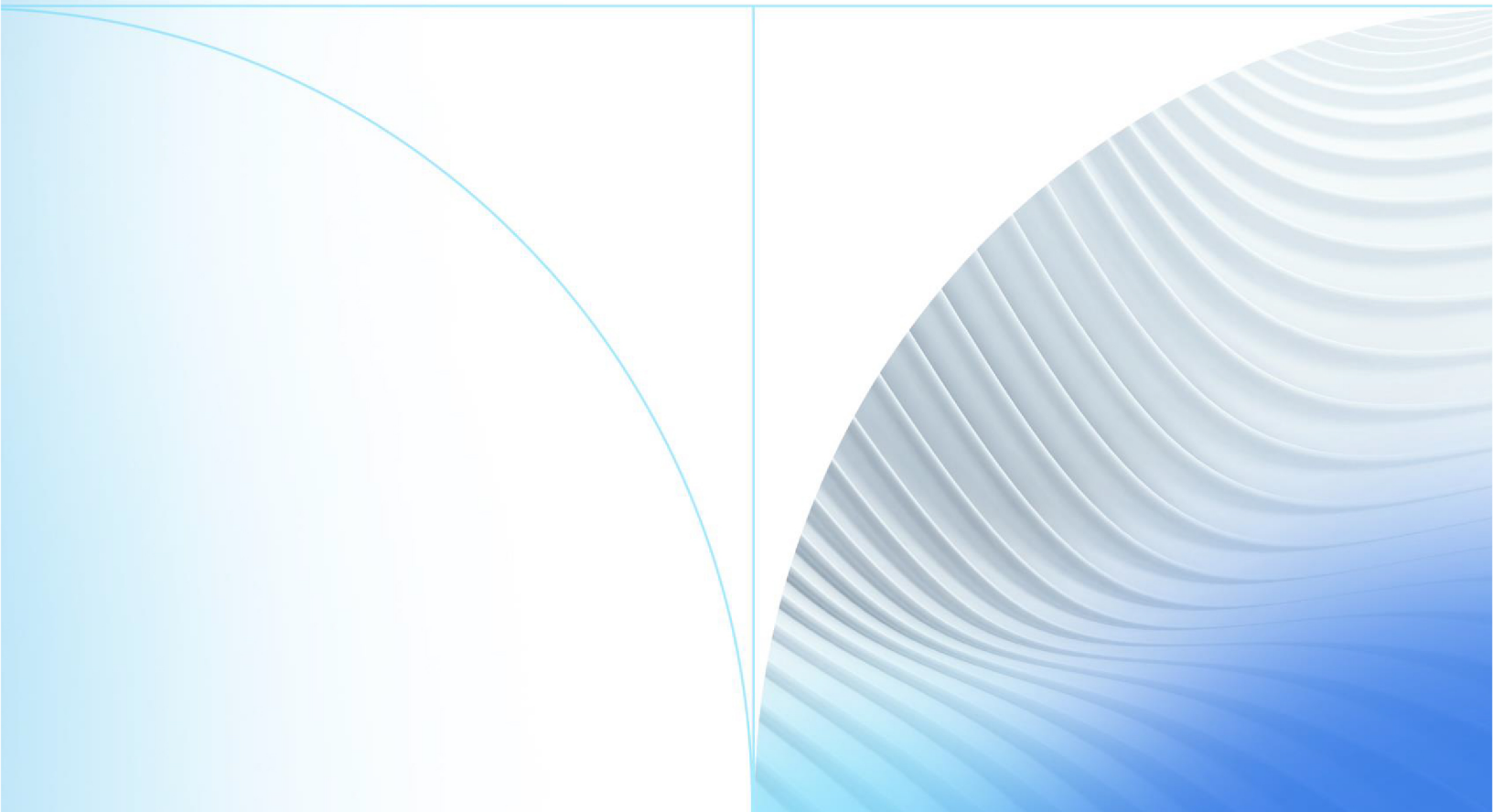
FactorSoft™

• Release v4.7

Bulk Collaterals Quick Guide



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Limitations on Maintenance Services

The FactorSoft™ application is intended for use in accordance with the standards and processes described within this documentation. Efforts to investigate and/or repair FactorSoft™ application or data integrity issues caused by activities or integrations outside of the intended use of the FactorSoft™ platform will be subject to the then-current Jack Henry Professional Services billable hourly rate.

Standard Maintenance Services (Technical Support) does not include the following:

Investigation and Remediation of errors and data integrity issues caused, contributed to, or by any of the following:

- a software program that was not originally provided by Jack Henry
    - third-party automation, BOT/Screen Scraping technology, custom importers, or any other integration with FactorSoft™ that was not created by or in conjunction with Jack Henry.
- any modification not provided by Jack Henry to the software or standard database schema
    - the addition of custom database elements including triggers, stored procedures, tables, and columns
    - the alteration of standard FactorSoft™ triggers, tables, columns, stored procedures and indexes
    - the execution of T-SQL scripts resulting in changes to the data stored within the FactorSoft™ database
- equipment, software, networks or any other infrastructure in the customer's environment that does not meet the minimum requirements described within the then-current FactorSoft™ product documentation

Please note that if you are exploring possibilities with third-party software providers or considering altering the FactorSoft database in any way, it is strongly recommended that you discuss your plans with the FactorSoft™ support team before making any commitments or changes. As your software partner, we may be able to help solve your business problem in a way that does not introduce risk, data corruption, or system instability.

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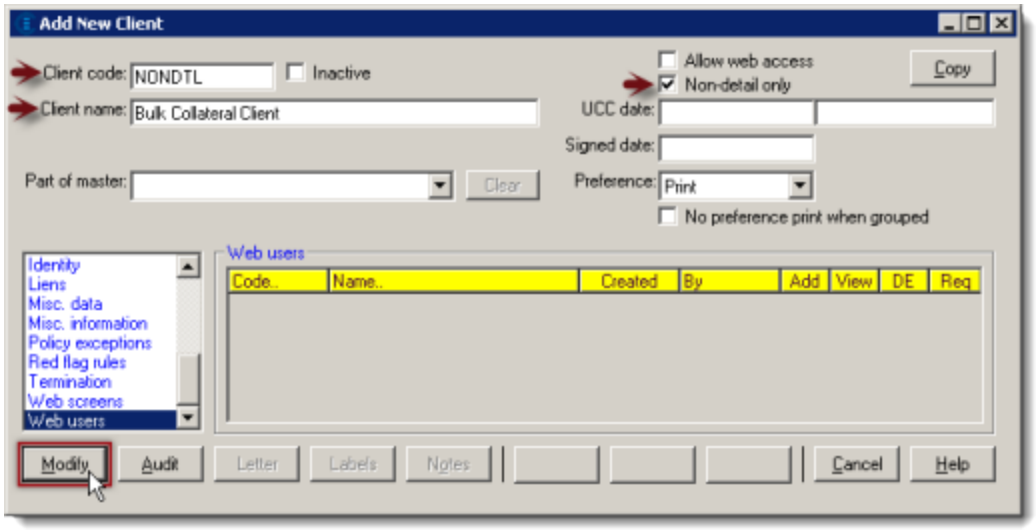
Creating Bulk Collateral Entities

Creating ABL Clients

To create a new client:

1. On the **File** menu, click **Add New Client**. The *Add New Client screen* appears.



2. Enter the **Client Code** and **Client Name**.
3. Select the **Non-detail only** check box.
4. Click the **Modify** button to save the new bulk collateral client.
5. Select the **Bank Relationship** panel.
6. Click the **New** button to open the *Client/Bank Relationship* screen and define the bank information for the client. Only the account name is required but you must create at least one bank relationship to perform a disbursement for the client, even if the disbursement is not performed in FactorSoft. When you are done, click **Create** to save the client bank relationship.
7. Select the **Credit/no buy** panel.
8. In the **Total client credit limit** field, enter the dollar amount of total exposure for all facilities for the client.
9. Click **Modify** to save the Credit/no-buy information.

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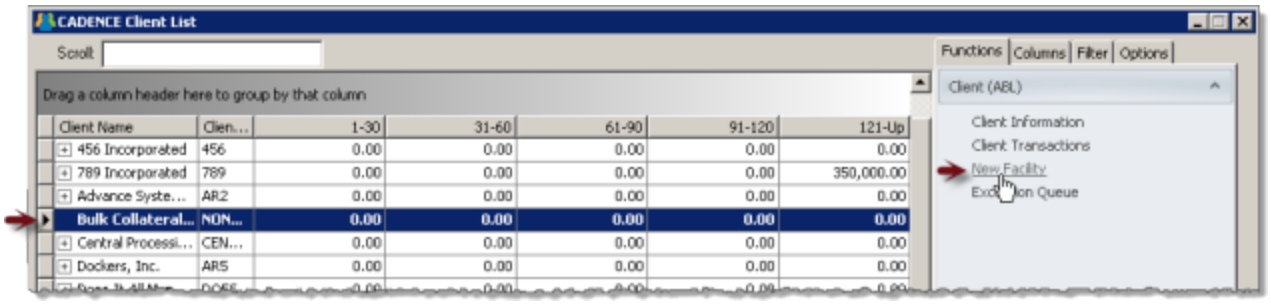
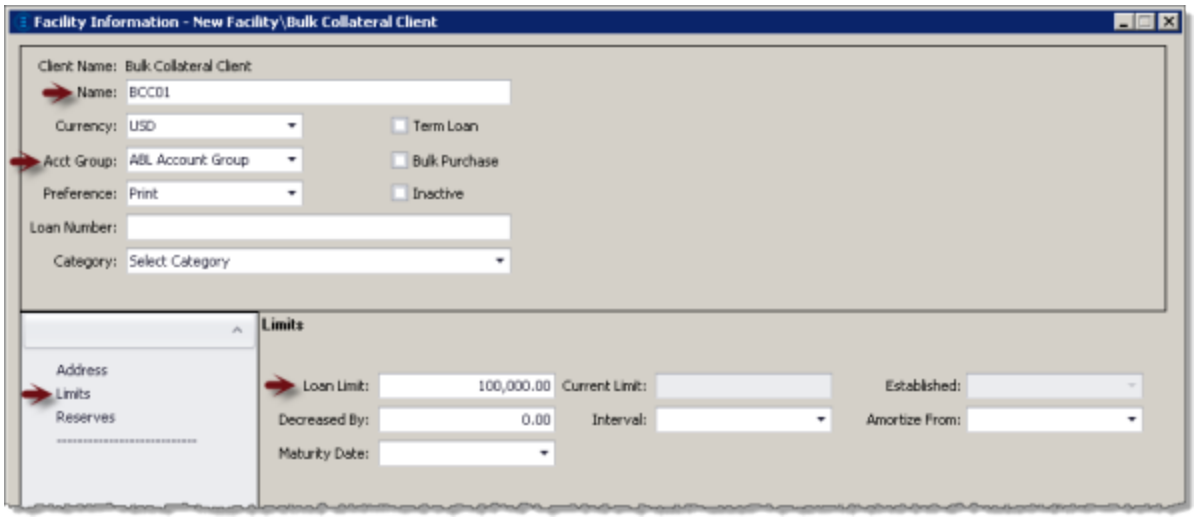
Creating Facilities

To create a new facility:

1. In the Client List, select the client for which the new facility will be created and click **New Facility** option in the Functions list.



2. The *Facility Information - New Facility* screen opens.



3. In the **Name** field, enter a name for the facility.
4. From the **Acct Group** list, select an account group for the facility.
5. If this facility will be for a term loan, select the **Term Loan** check box. This is the only time that you can do this. If this step is skipped before you click save, the term loan checkbox will become grayed out/unavailable.
6. Click the **Save** button at the bottom of the screen to save the new facility for the client.
7. Select the **Limits** panel.
8. In the **Loan Limit** field, enter the maximum allowed on this line of credit for the facility.

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Creating Collaterals

To create a new collateral:

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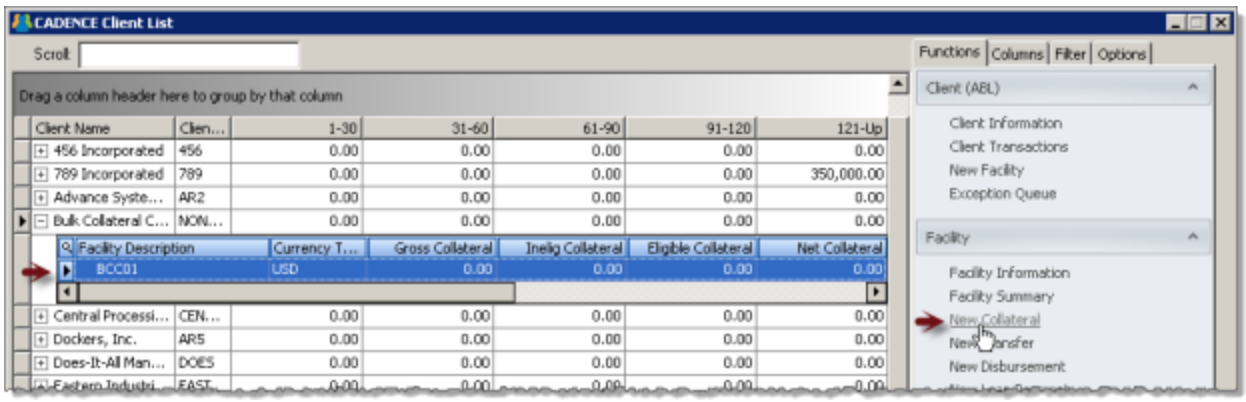
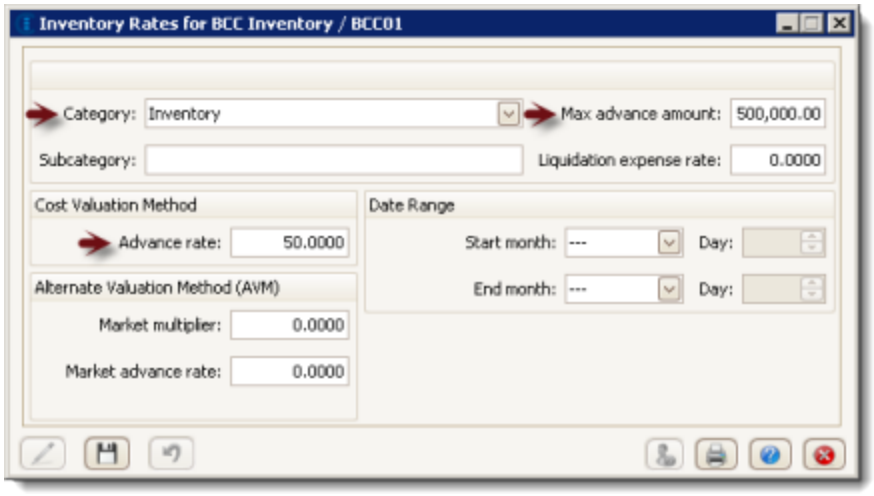
1. In the Client List, select the client for which the new collateral will be created and click **New Collateral** in the Functions list. The *Collateral Information* screen opens.



2. In the **Description** field, enter a description for the collateral.
3. From the **Type** list, select a type for the collateral.
    - For Bulk AR collateral, enter the **Availability Limit** and **Availability Rate (%)**.
    - For Inventory collateral, enter the **Availability Limit**.
4. Click **Save** to create the collateral.
5. Select the **Category Rates** panel from the list.
6. Click **New** to open the *Inventory Rates* screen.



7. From the **Category** list, select a category. See "Adding Inventory Categories" on page 8 in this guide for information on setting up inventory categories
8. Enter the **Max advance amount**, which is the cap on this inventory type.

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9. Enter the **Advance rate** for this inventory type.
10. Click **Save** to save the new inventory rates.
11. Click **Save** on the *Collateral Information* screen to save the new collateral.

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Posting Inventory Declarations

To post a declaration to an inventory collateral:

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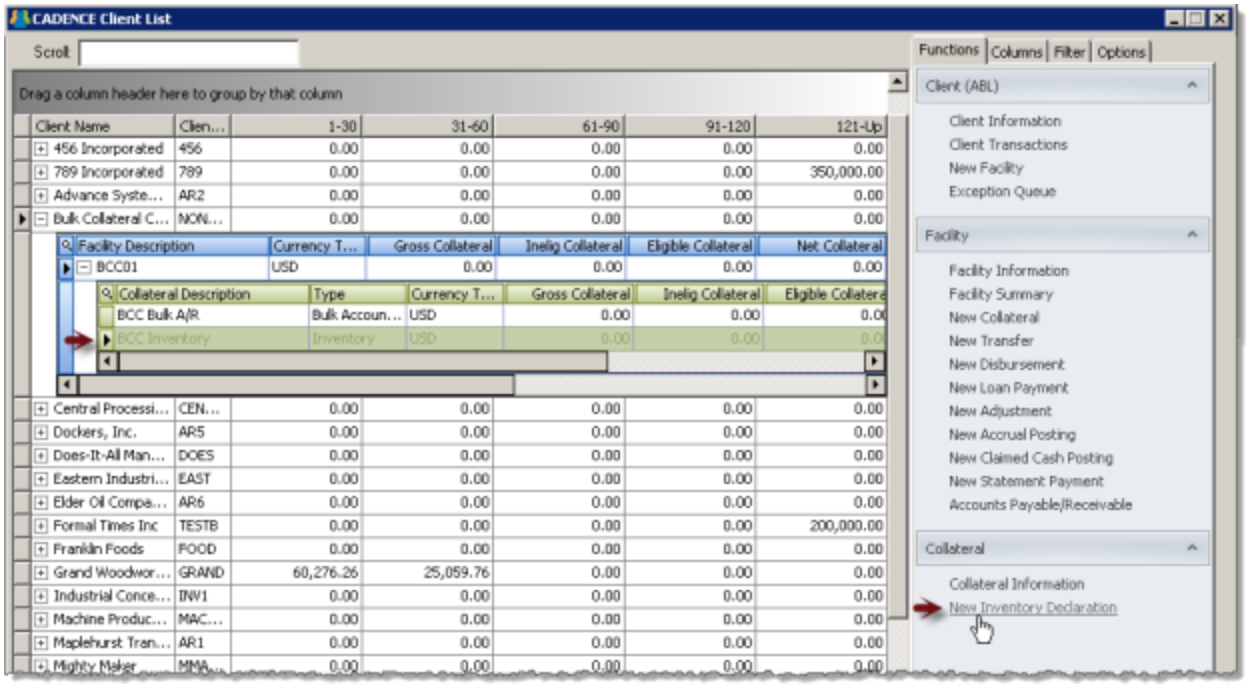
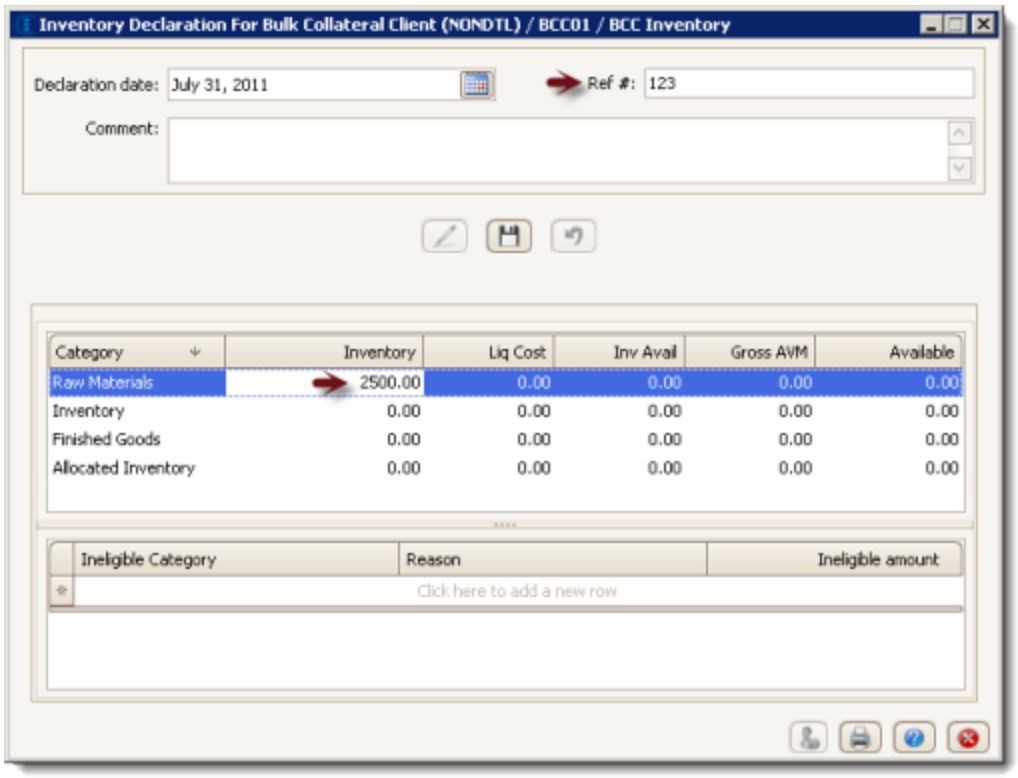
1. In the Client List screen, select the inventory collateral to which to post the declaration.



2. Click **New Inventory Declaration** from the Functions list. The *Inventory Declaration* screen for the client/facility/collateral opens.



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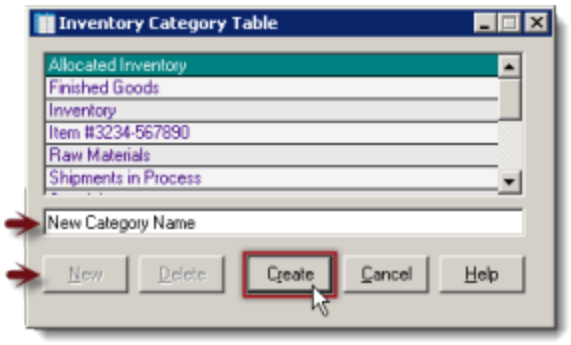
3. In the **Ref #** field, enter a transaction identifier for the declaration.
4. For each **Category** to be reported for the declaration, enter the dollar amount of inventory reported.
5. If required, select the **Ineligible Category** and **Reason**, and enter the ineligible amount for the **Ineligible Category**.
6. Click the **Save** button above the category grid to save the declaration.

Adding Inventory Categories

To add a category to an inventory collateral:

1. On the File menu, click **Tables**. The Tables module opens. Note that access to the Tables module may be restricted by Security Role.
2. On the **Facility & Collateral** menu, click **Inventory Categories**. The *Inventory Categories Table* screen opens.



3. Click **New**.
4. In the blank data entry field, enter the new inventory category name. Inventory category names will need to be created for each inventory type that will have a different advance rate or cap.
5. Click **Create** to save the new inventory category.

Posting Certificates

To post a certificate to a collateral:

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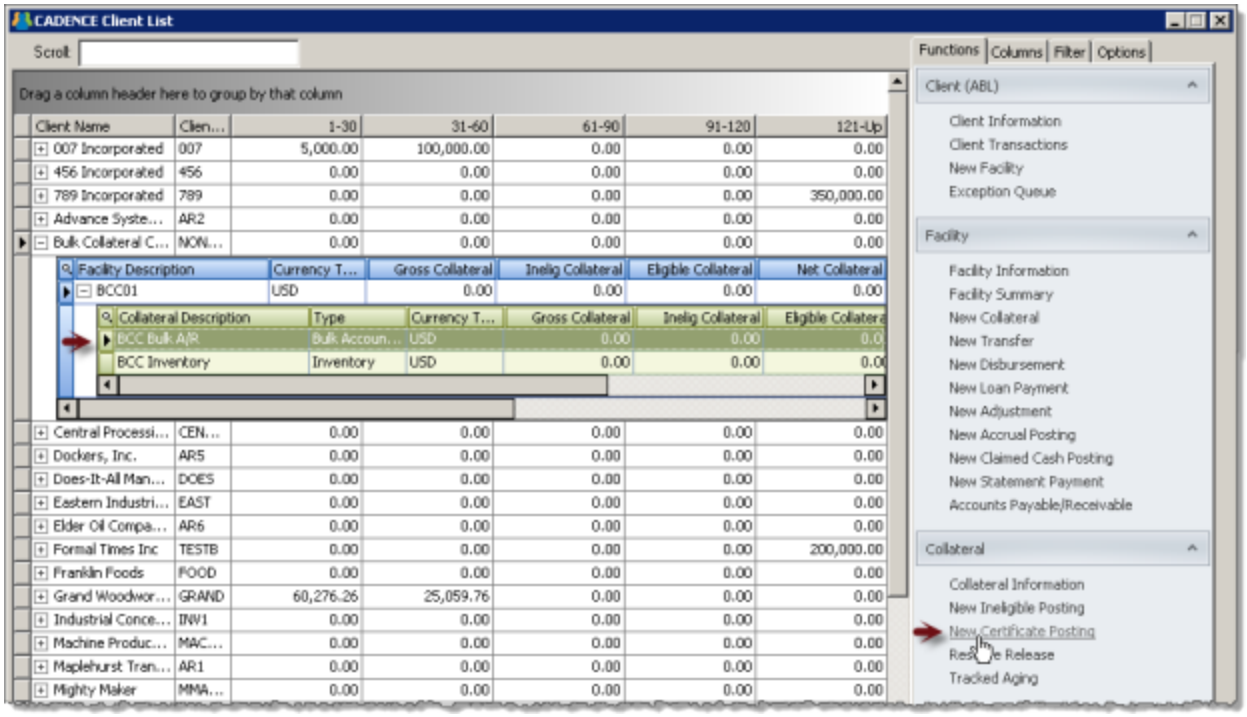
1. On the Client List screen, select the collateral to which to post the certificate.



2. Click **New Certificate Posting** from the Functions list on the left. The *Certificate* screen for the client/facility/collateral opens.

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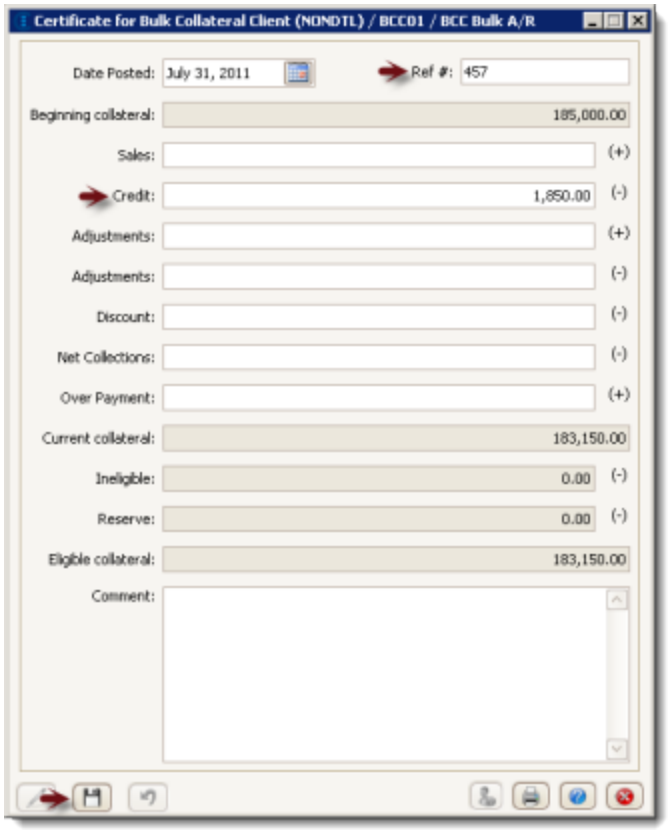

3. Enter the amounts to post for the appropriate posting categories. For the initial posting, we recommend you post the collateral balance using the **Adjustment (+)** category so that turnover ratios are calculated correctly.

4. Click the **Save** button to save the posting and update the collateral.

Posting Ineligibles

To post ineligibles to a collateral:

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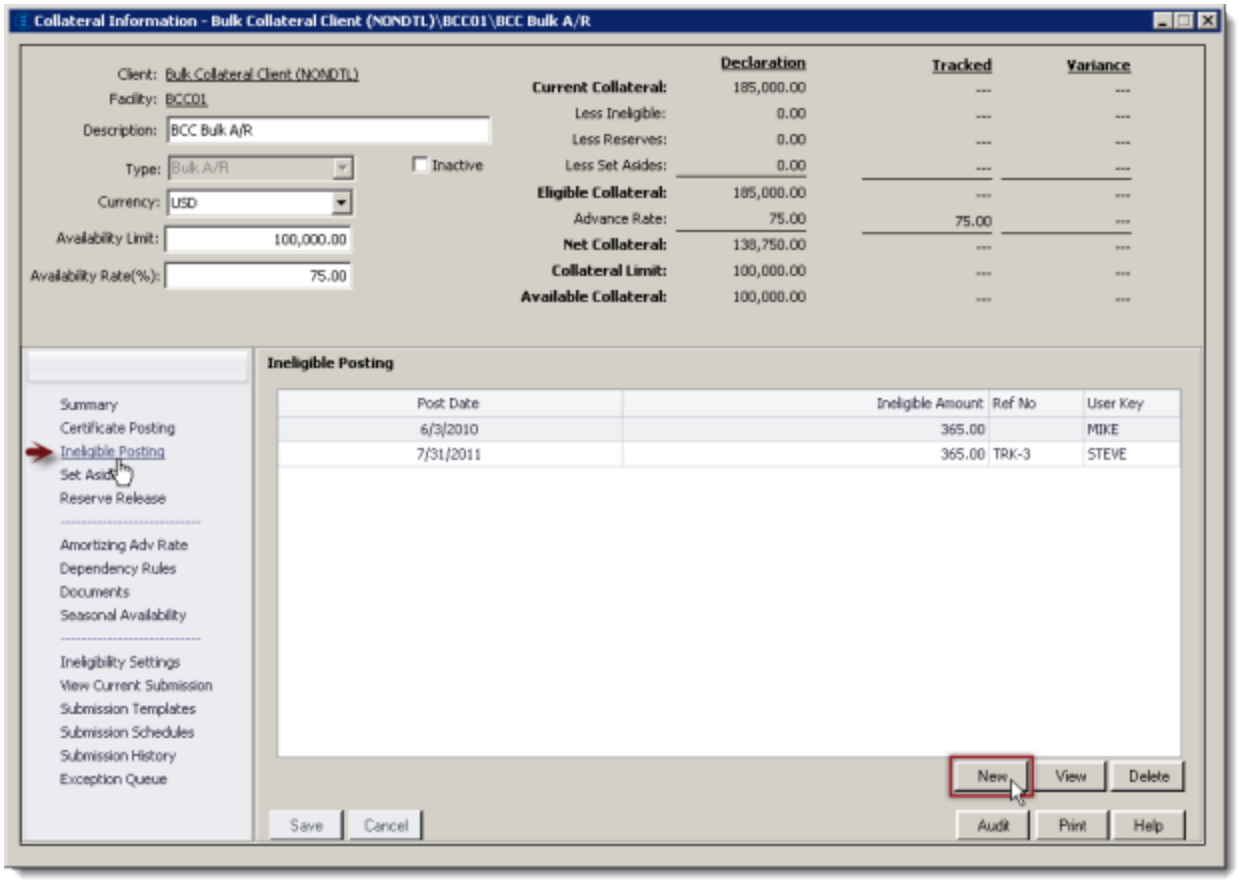
1. On the Client List screen, select the collateral to which to post the ineligibles.
2. Click the **Collateral Information** link in the Functions list on the left. The *Collateral Information* screen for the collateral opens.
3. Select the **Ineligible Posting** panel. The Ineligible Posting panel appears.



4. Click the **New** button. The *Ineligible Posting* screen appears for the collateral. The fields on the screen vary depending on the collateral type.
5. In the **Ref #** field, enter the transaction identifier for the ineligible posting.
6. In the **Amount** field, enter the amount to reduce the available value of the collateral for the applicable **Ineligible title** or **Category**.
7. Click the **Save** button to save the ineligible posting and update the collateral.

Adding Ineligible Categories

To add an ineligible category to a collateral:

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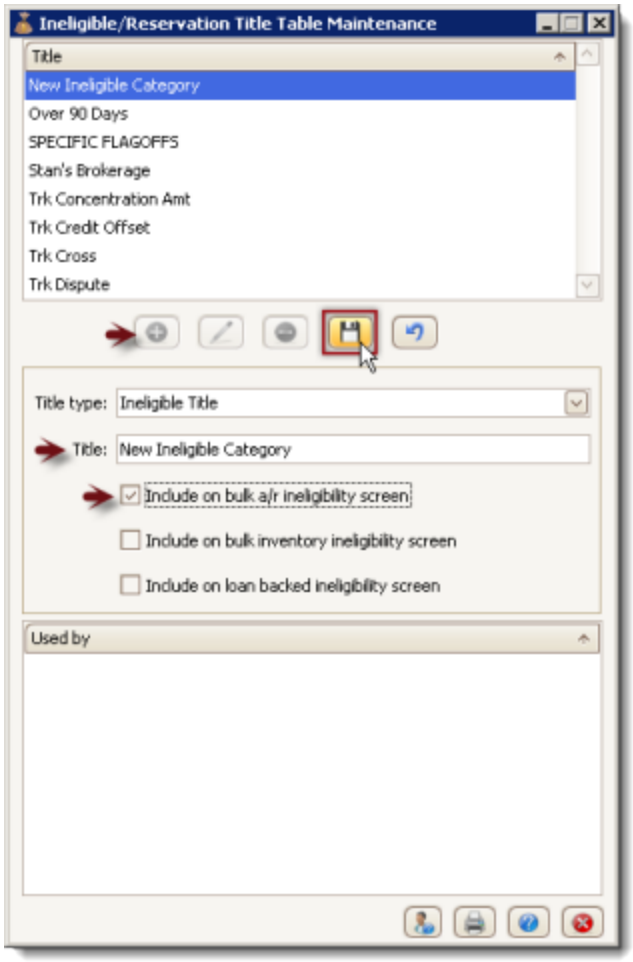
1. On the **File** menu, click **Tables**. The Tables module opens. Note that access to the Tables module may be restricted by Security Role.
2. On the **Facility** menu, click **Ineligible/Reservations**. The *Ineligible/Reservation Title Table Maintenance* screen opens.



3. Click the **New (+)** button.
4. From the **Type** list, select **Ineligible Title**.
5. In the **Title** field, enter a unique title for the new ineligible category.
6. Select the collateral type(s) on which to include the ineligible category.
7. Click the **Save** button to save the ineligible category.

Posting Disbursements

To post disbursements from a facility:

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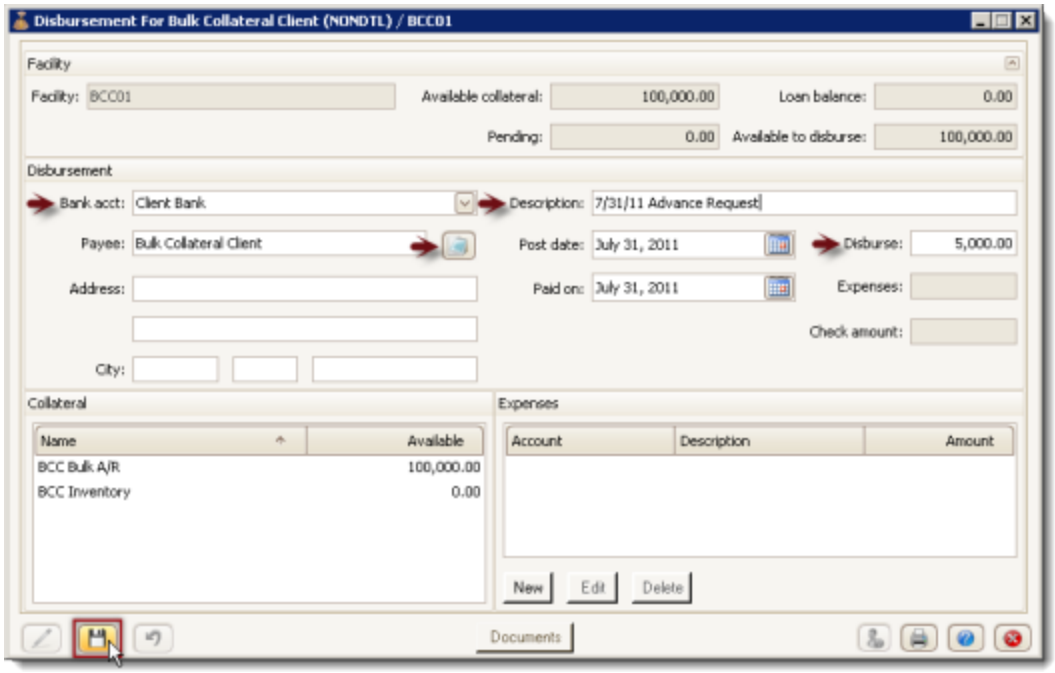
1. On the Client List screen, select the facility from which to advance funds.
2. Click the **New Disbursement** link in the Functions list on the left. The *Disbursement* screen appears.



3. From the **Bank acct** list, select the account into which the disbursement will be paid.
4. In the **Description** field, enter a description for the disbursement.
5. Enter the payee information in the remaining fields. If the client is the payee, click the **Fill** button (next to the **Payee** field) to have the payee information from the Client Information record automatically be entered.
6. In the **Disburse** field, enter the disbursement amount.
7. Click **Save** to save the disbursement. This disbursement must be approved from the *Manage Pending Transactions* screen. To open this screen, press Shift+F8, or click **Manage Pending Transactions** from the **Office** menu.

Approving Disbursements

Disbursements must be approved before they update the facility.

To approve the disbursement:

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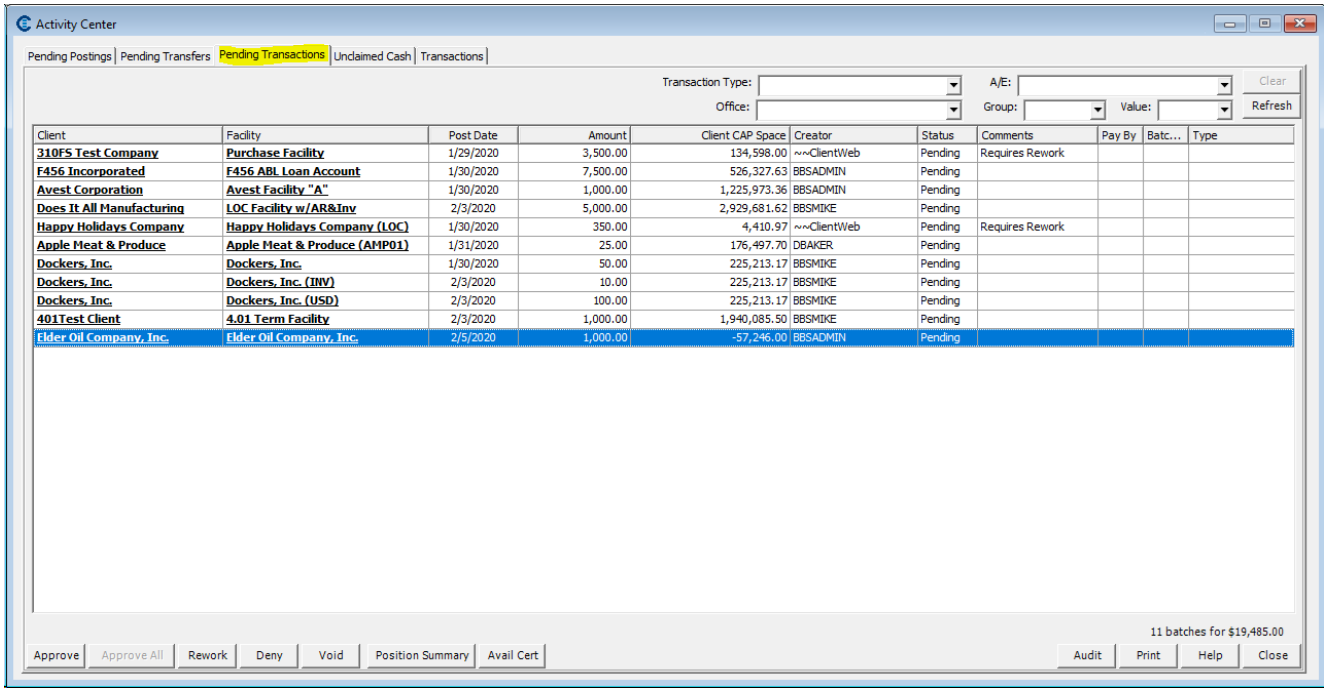
1. From the Office menu, click **Manage Pending Transactions** (or press **Shift + F8**). The *Activity Center* screen opens to the **Pending Transactions** tab.



2. Select the disbursement transaction to be approved in the list on the screen.
3. Click the **Approve** button. A verification message appears. Click **Yes** to approve the disbursement.

> **NOTE**
> If on Approval or Rework, the Post Date does not match the current date, the user is asked to verify the correct Post Date.

Posting Loan Payments

To post a payment to a facility:

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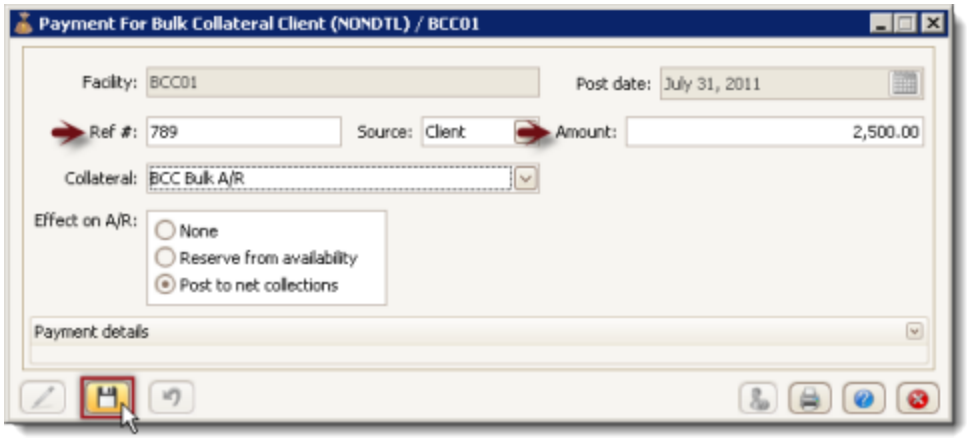
1. On the Client List screen, select the facility that will have its balance paid down by the payment.
2. Click the **New Loan Payment** link in the Functions list on the left. The *Payment* screen appears.



3. In the **Ref #** field, enter the transaction identifier for the payment.
4. In the **Effect on A/R** area, select the effect on A/R. These options are used to specify whether to post adjustments to the collateral:

   - **None** – Pays down the loan balance and no collateral adjustments are made. This option is selected by default.
   - **Reserve from availability** – Payment places a reserve against the collateral. This does not reduce the Gross Collateral so when the Borrower submits a new Borrowing Base Certificate (BBC), it rolls forward from the correct beginning balance. To reduce reserves when a new certificate is received, go to the *Collateral Information* screen, and select the **Reserve Release** panel.
   - **Post to Net Collections** – Reduce the A/R by the amount of collections. This posts a BBC with the loan payment amount entered as the collections figure. If the loan payment is unprocessed, the collateral posting that is generated when using the **Post to Net Collections** will not be deleted.

5. In the **Amount** field, enter the amount to pay down the loan balance (the amount of collections the FI declared on the BBC).
6. Click the **Save** button.

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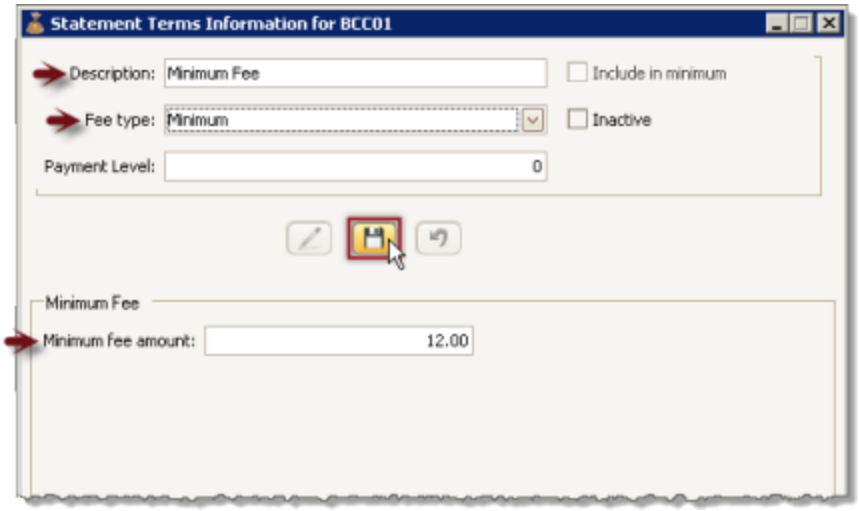
Setting Up Interest or Other Fees

To configure interest or fees for a facility:

1. On the Client List screen, select the facility in which to set up interest and/or fees.
2. Click **Facility Information** in the Functions list on the left. The *Facility Information* screen appears.
3. Select the **Statement Terms** panel. Then, click the **New** button. The *Statement Terms Information* screen appears.



4. In the **Description** field, enter the title for the fee to appear on the statement.
5. From the **Fee Type** list, select the type for the fee. More information about fee types can be found in the CLMS Bulk Collaterals User Guide.
6. Set up the fee parameters, which vary by the Fee Type you have selected.
7. Click the **Save** button to save the fee.

Setting Up Statement Generation

Statement generation is the process that calculates interest and fees on the facility. This applies to term loans and lines of credit. Statements are manually generated.

To generate statements:

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1. On the Client List, select the facility for which to generate statements.
2. Click **Facility Information** in the Functions list. The *Facility Information* screen appears.
3. Select the **Statements** panel.
4. In the **Day to wait for posting** field, enter the number of days after the current processing date to actually post fees to the loan balance. If you leave this field blank, fees will be posted as the statement is generated.
5. From the **Output** list, select an output type for the statement.
6. Click **Save** to save the statement parameters.

Generating Loan Payoff Quotes

To generate a payoff report for a bulk collateral or term loan facility, generate a Loan Statement for the day that the payoff is expected.

To generate a loan payoff quote:

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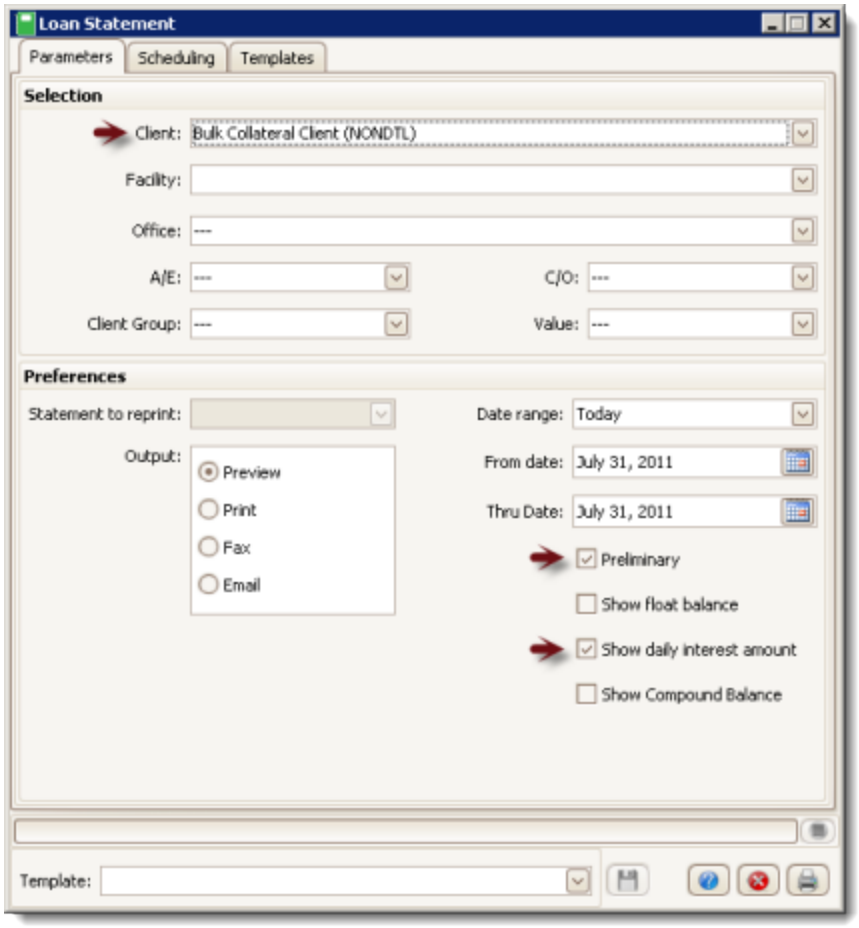
1. In the Reports module, on the **Facility** menu, click **Loan Statement**.



2. From the **Client** list, select the client for which to generate the report.
3. Select the **Show daily interest amount** check box.
4. If the payoff has not been received, select the **Preliminary** check box to produce the statement without updating the client record.

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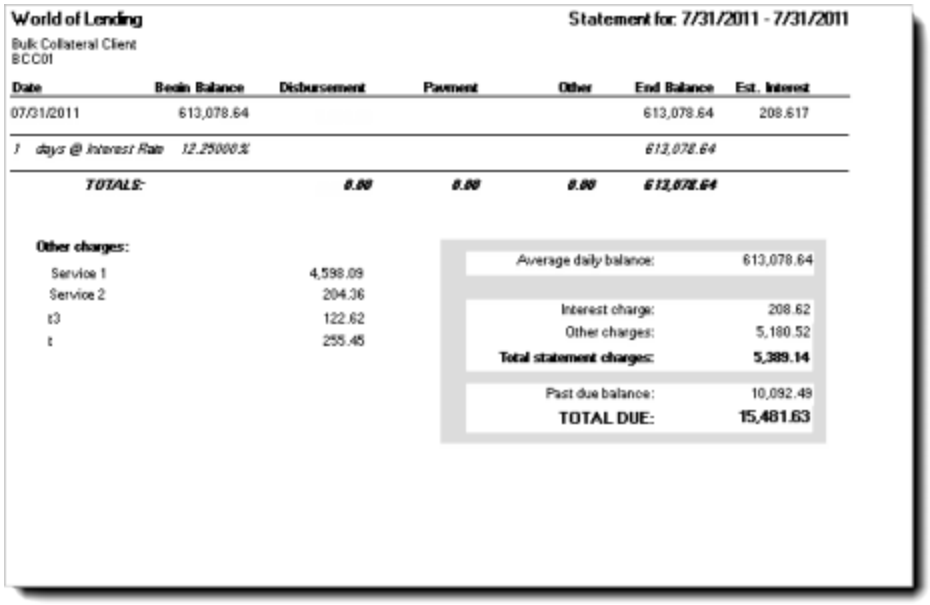

World of Lending — Statement for: 7/31/2011 - 7/31/2011

Bulk Collateral Client
BCC01

Date	Begin Balance	Disbursement	Payment	Other	End Balance	Est. Interest
07/31/2011	613,078.64				613,078.64	208.617
1 days @ Interest Rate 12.25000%					*613,078.64*	
TOTALS:		***0.00***	***0.00***	***0.00***	***613,078.64***	

Other charges:

Service 1	4,598.09
Service 2	204.36
t3	122.62
t	255.45

Average daily balance:	613,078.64
Interest charge:	208.62
Other charges:	5,180.52
Total statement charges:	**5,389.14**
Past due balance:	10,092.49
TOTAL DUE:	**15,481.63**

5. Once the payoff is received, generate the statement without the **Preliminary** check box selected. You can then post the payment, which should result in a zero balance for the client.

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Setting Up Tracked A/R Submissions

To set up tracked A/R submissions:

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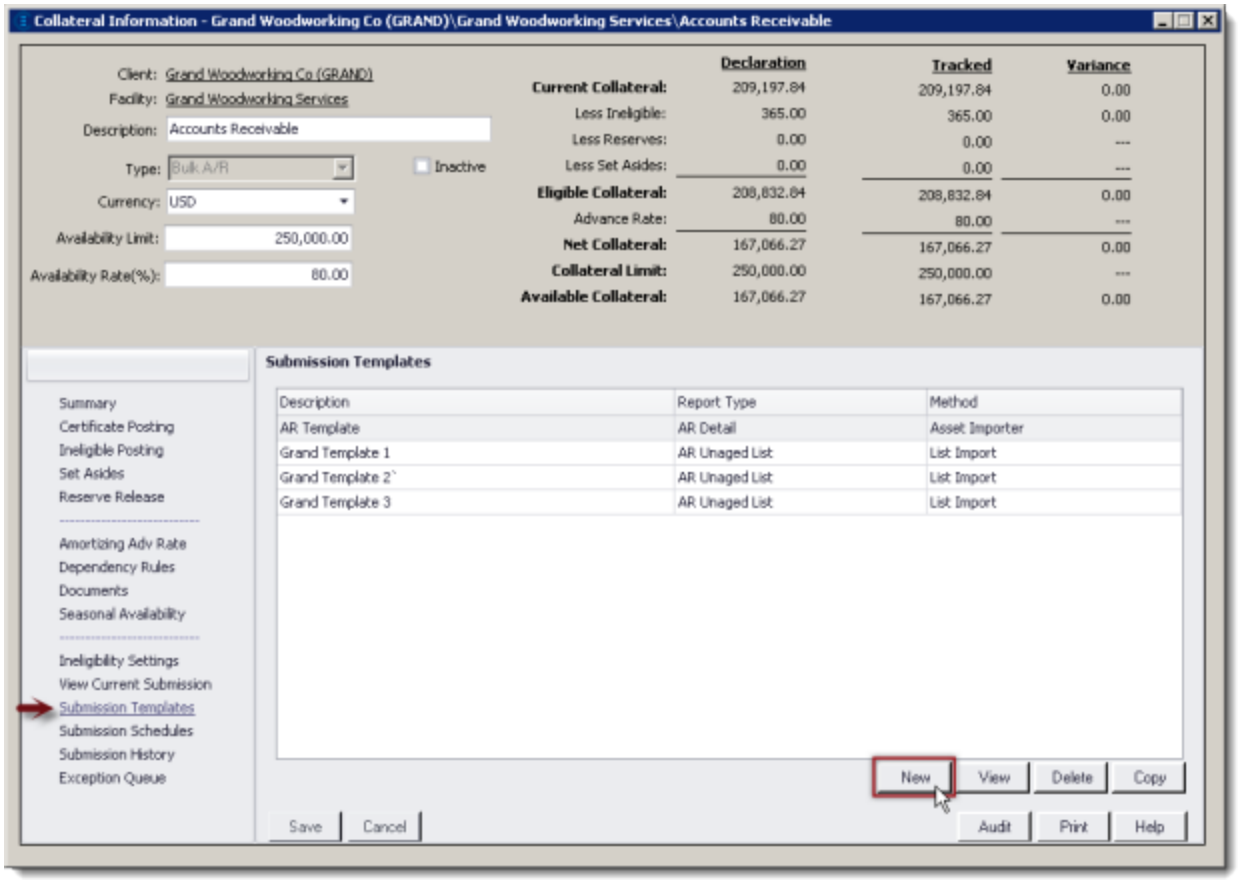
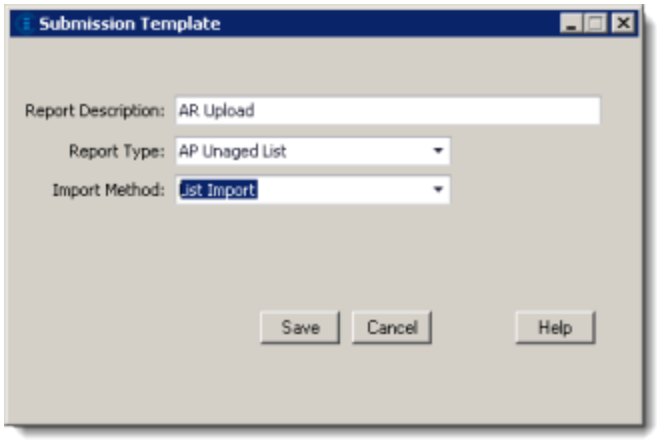
1. On the *Collateral Information* screen, select the **Submission Templates** panel. The *Submission Template* screen appears.



2. On the *Submission Template* screen:



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- In the **Report Description** field, enter a brief description for the report.
- Select **AR Unaged List** from the **Report Type** list.
- Select **List Import** from the **Import Method** list.

3. On the *Collateral Information* screen, select the **Submission Schedules** panel. Then, on the *Submission Schedules* screen, click **New**. The *Borrower Submission* screen appears.
4. On the *Borrower Submission* screen:

- In the **Description** field, enter a description for the borrower submission.
- From the **Submission Template** list, select the template you created in the previous step.
- Click **Save** to save the submission.

Importing Tracked AR Submissions

Once the Tracked AR Submission is set up, you can import the submission file.

To import Tracked A/R Submissions:

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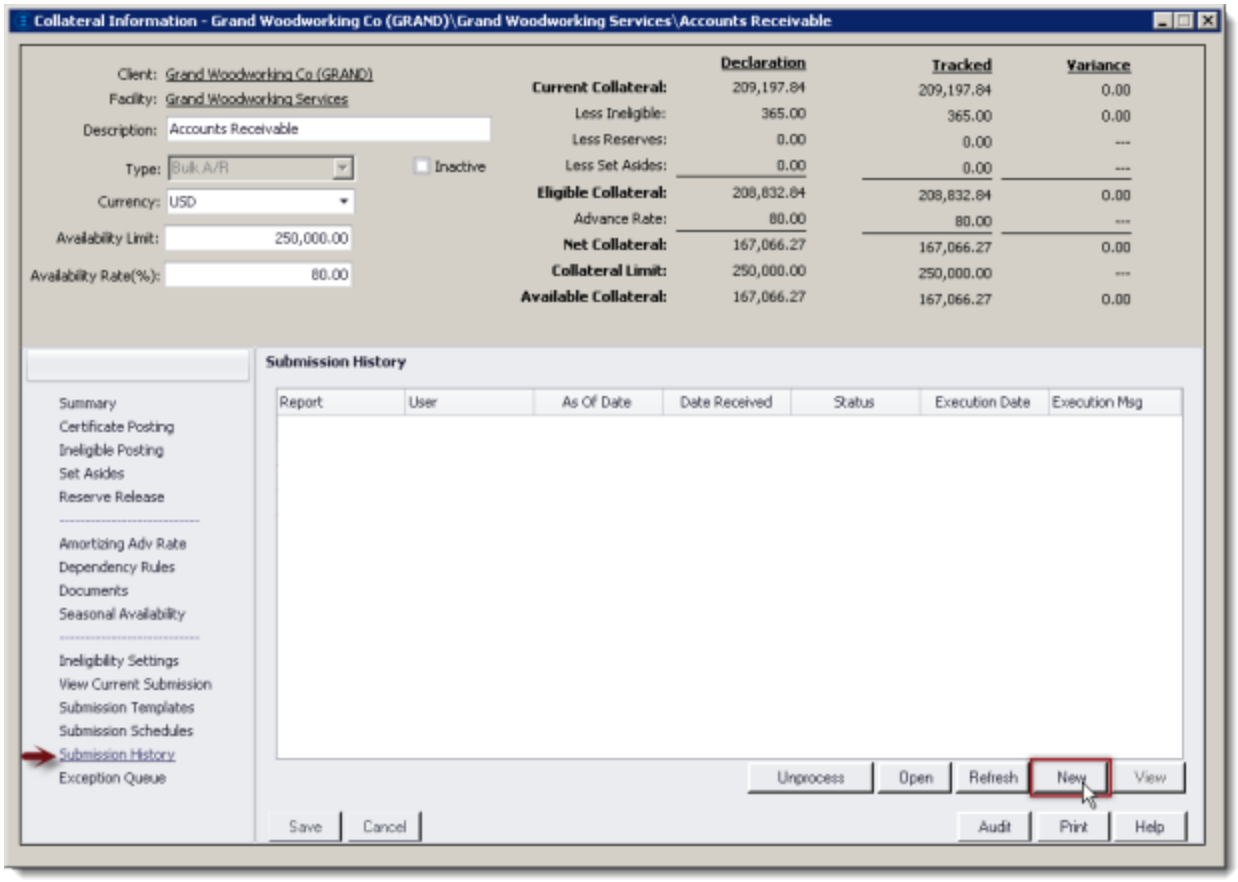
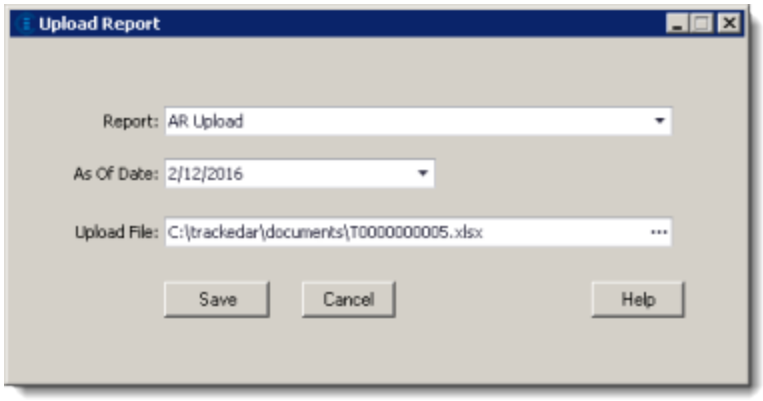
1. On the *Collateral Information* screen, click the **Submission History** panel.



2. Click **New**. The *Upload Report* screen appears.

3. On the *Upload Report* screen:



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a. From the **Report** list, select the report template created when you set up Tracked AR Submissions.

b. From the **As Of Date** list, select the date for the submission.

c. Click the ellipses next to the **Upload File** field to select where the AR Aging file that you want to import will be located.

d. Click **Save** when you are done.

4. The *Upload Report* screen closes and the submission is sent to the Engine, where it is processed in 30 to 60 seconds for an average sized aging. Click the **Refresh** button to update the "Execution Msg" column of the **Submission History** panel and observe that the import process completed successfully.

5. Click **Ineligibility Settings** panel. Then, click the **Ineligibility** tab.

6. Define the ineligible criteria as needed and save when done. More information about the ineligibility settings can be found in the Help file.

7. If the System Preference to allow borrowing base certificates and ineligible postings to be entered based on Tracked AR submissions is set, click the **Summary** tab. Then, from the Action list, select the action to post ineligibles or post borrowing base certificates based on the Tracked AR submission.

Setting Up Tracked A/R Ineligibles

To set up tracked A/R ineligibles:

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1. On the *Collateral Information* screen, select the **Ineligibility Settings** panel. The **Ineligibility Settings** panel appears.
2. Click the **Ineligibility** tab.

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3. Define the ineligibles as needed using the fields and options on the screen:

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- **No Debtor limit is ineligible** – Select this check box to make each debtor required to have a Single Client Credit limit set at the debtor level. The amount over the Single Client Credit Limit will not be held ineligible.
- **Over debtor limit is ineligible** – Select this check box to hold the amount over the Single Client Credit Limit (or credit override limit at the relationship level) ineligible.
- **Partially paid invoice are ineligible** – Select this check box to compare invoices on the current import to invoices with the same invoice number on previous imports. If the invoice amount has decreased, it will be considered "partially paid" and held ineligible.
- **One invoice over make all invoices ineligible** – Select this check box to have the system look for any debtors with an invoice over the "Ineligibility days" setting, and make that entire debtors balance ineligible.
- **Or what % over makes all invoices ineligible (Cross Age Rule)** – Enter a percentage in this field to have the system look for any debtor whose total invoices over the "ineligibility days" is a greater percentage of the debtor total than the percentage provided.
- **Maximum Eligible Invoice Amount** – Enter the amount over will hold the amount over this set figure per invoice ineligible.
- **Ineligibility Days** – Enter the number of days after which to have the system to have the system hold the invoice as eligible. .
- **Concentration Limit (%)** – Enter the percentage of the total A/R at which to cap all debtors. The amount over will be held ineligible. Individual debtors can be overridden in the relationship setting.
- **Summarized invoices are ineligible** – This option is currently not in use.
- **Blank invoices are ineligible** – Select this check box to hold any invoices ineligible if an invoice number is not supplied.
- **Future dated invoices are ineligible** – Select this check box to have the system hold any invoice dated after the "as of date" used when importing the Tracked AR file.
- **Duplicate invoice numbers are ineligible** – Select this check box to will hold any duplicate invoices ineligible. Please note this will mark any invoice ineligible that had previously been closed, and reopened, as this will be seen as a new invoice.
- **Force total over eligible days to zero when negative** – Select this check box so that when the over eligible days figure is negative the ineligible will zero out rather than have a negative ineligible figure. A negative ineligible figure would create additional availability.

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- **Aged Credits** – Select the **Detail** option to have all negative invoices with the "ineligibility days" figure to be considered ineligible. Select the **Summary** option to have all debtors whose total over the "ineligible days" is a negative amount will be held ineligibile.
- **If Account Balance is Credit** – Select the **Include** option to have a debtor's negative total balance included in the calculation of the aged credits. Select the **Exclude** option to have a debtor's negative balance not included in the calculation of the aged credits.

4. Click **Save** to save the ineligibility settings you have defined.

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