

2017 DDI User Group

Building Community Together...

New! Loan Participation





Loan Participation



Agenda

- Overview
- Benefits
- Risk Management Concepts
- Setup
- How to use new programs
- Reporting
- Enhancements
- Loan Participation in next generation of DDI-Connect™



Loan Participation



Overview

Participation loans are **loans** made by multiple banks or church extension funds to a single borrower. Several church extension funds, for example, might chip in to fund one extremely large **loan**, with one of the CEF's taking the role of the "lead lender." This lending institution then recruits other CEF's to participate and share the risks and profits.

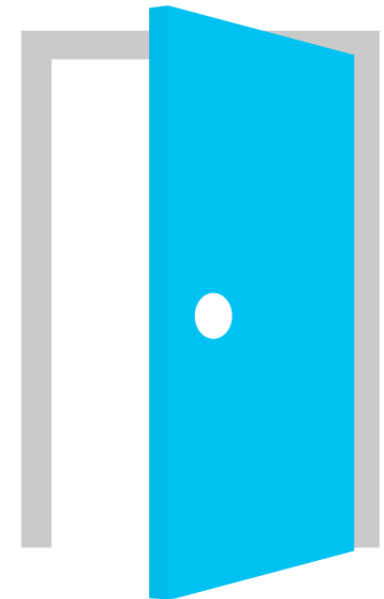


Loan Participation



Benefits

- Diversify risk
- Supplement organic loan growth
- Leverage another lender's expertise
- Gain access to a market segment



Loan Participation



Risk Management Concepts

- Establish and follow sound policies and procedures
- Apply your organizations underwriting standards to the loan
- Be wary of lending outside your organizations expertise
- Avoid relationships that are too complicated to understand
- Know the agreement details and all the participants

Resource: <https://www.communitybankingconnections.org>



Loan Participation



Raise of hands: What organizations here have been a lead lender or a participant on a loan with another bank or church extension fund?



Loan Participation



For the people that raised their hands:

- **Why did your organization make the decision to partner on a loan?**
- **What was your organizations experience like?**
- **Were you the lead or the participant?**



Loan Participation



Setup

- Contact DDI Support to Activate on your organization - 5 Minutes to Activate
 - Activate the new module
 - Turn on the menus
 - Add source code of LP (FW Codes 08)
- Create the new GL accounts



Loan Participation




Creating New GL Accounts

- Principal Payable
- Interest Expense
- Interest Payable
- Fee Expense
- Fee Payable
- Participant Payable

Participant Information

Priority:


PIN: 


Interest Rate:


Participation Rate:


Participation Amount:


Payment Method:


Principal Payable: 

Interest Expense: 

Interest Payable: 

Fee Expense: 

Fee Payable: 

Participant Payable: 



Loan Participation



Setting Up a Loan with Participation

- Add the Church and Loan to the system as you normally would

The screenshot shows the 'Church Extension [TEST] [pmchugh]' application window. The left sidebar contains a 'Main Menu' with various options, including 'Loans' and 'Transactions'. The '410 Loan Add/Maintenance' option is highlighted with a red box. The main window displays the 'Loan Setup' tab for loan # 14226. The loan type is 'LP' and the account is '990051962'. The church information is 'DDI Church, 101 W. Ohio St, Indianapolis, IN 46204-1906'. The 'Status' is '00 Commitment' with 'Regular payment' selected. The purpose is 'New Sanctuary', monitor is 'None', processor is 'None', category is 'Church', and denomination is 'Other'. A legend in the bottom right corner indicates: Ctrl-N - Next page, Ctrl-P - Previous page, Ctrl-# - Jump to page.

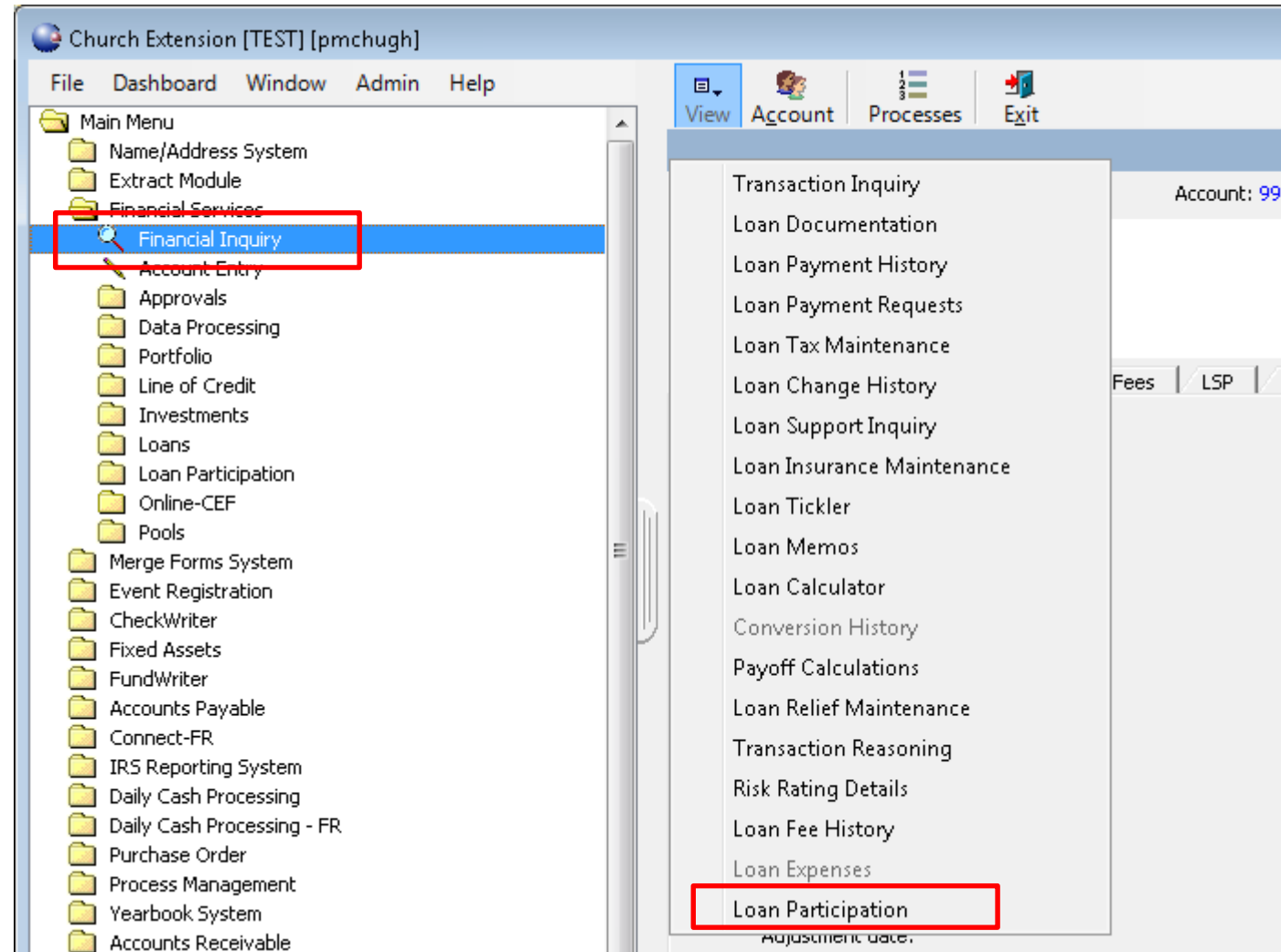


Loan Participation



Setting Up a Loan with Participation

- Add the participants to the loan



Loan Participation



Setting Up a Loan with Participation

- Click Add
- Enter the participant information

Participant Information

Priority:

PIN:

Interest Rate:

Participation Rate:

Participation Amount:

Payment Method:

Indianapolis 500 Church Extension Fund
555 Raceway Ln
Indianapolis, IN 46231-1003

Principal Payable:

Interest Expense:

Interest Payable:

Fee Expense:

Fee Payable:

Participant Payable:



Fee Expense:
Fee Payable:
Participant Payable:

Loan Participation



Setting Up a Loan with Participation

- You can have as many participants up to 100%
- The system will assume your organization is the lead lender with the remaining stake
 - Ex: 75%

Loan	Priority	PIN	Participant Name	Interest Rate	Participation Rate	Participation Amount
14226	1	990061389	Mr Monte Griffith	5.2500%	25.0000%	550,000.00

Participant Information

Priority: 1

PIN: 990061389

Interest Rate: 5.2500%

Participation Rate: 25.0000%

Participation Amount: 550,000.00

Payment Method:

Indianapolis 500 Church Extension Fund
555 Raceway Ln
Indianapolis, IN 46231-1003

Principal Payable: DCEF:01-999-99-99-99

Interest Expense: DCEF:01-500-10-99-99

Interest Payable: DCEF:01-999-99-96-99



Loan Participation



Transactions

- Loan payments
- Loan advances
- Loan interest accruals

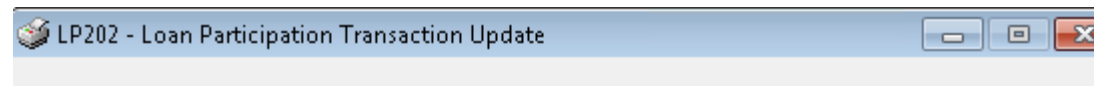


Loan Participation



LP202 – Loan Participation Transaction Update

- This program breaks out the payments and advances by the participation percentage
- Daily program

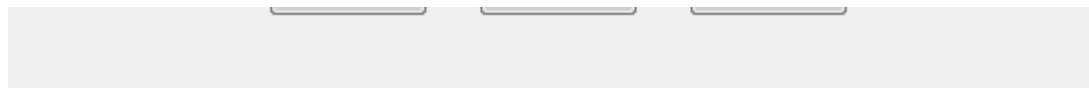


05/06/2017 12:19 PM EDT
LP202

Church Extension
Loan Participation Transaction Update
08/31/2016 thru 08/31/2016; Filename: m:\loan_part.csv; Update Mode

Page 1

Loan	Partner Num	Partner Rate	Partner PIN	Tran Date	TranID	PrinAmt	IntAmt	LateFeeAmt	PartPrin	PartInt	PartLateFee
9966	1	25.0000	990017963	08/31/2016	400	0.00	141.44	0.00	0.00	1.77	0.00
9966	1	25.0000	990017963	08/31/2016	210	9,477.00	0.00	0.00	2,369.25	0.00	0.00
9966	1	25.0000	990017963	08/31/2016	275	100,000.00	0.00	0.00	25,000.00	0.00	0.00
14226	2	25.0000	990061389	08/31/2016	270	2,200,000.00	0.00	0.00	550,000.00	0.00	0.00



Loan Participation



Understanding the GL Mapping for Loan Payments



Loan Participation



Understanding the GL Mapping for Advances



Loan Participation



Understanding the GL Mapping for Interest Accruals



Reporting



LP201 Loan Participation Ownership Summary

05/06/2017 12:29 PM EDT
LP201

Loan: 14226

OrgName

Church Extension
Indianapolis 500 Church

LP201 - Loan Participation Ownership Summary

Loan #:

Participant PIN:

Create output file

LP201 Entity: DCEF Business dt: 08/31/2016 CAPS

Page 1

Interest Paid YTD	Principal Balance
\$0.00	\$1,650,000.00
\$0.00	\$550,000.00
\$0.00	\$2,200,000.00

***** END OF REPORT *****



Possible Enhancements



Statements for participants?

Query tool?

Automatic Payments?



Next Generation of DDI-Connect



Next Gen & Loan Participation



Webinars and Touchbases



Webinars:

- Monthly hour long sessions
- Open Q&A time at the end of the session
- Link to the webinar for future viewing
- PDF setup and checklist guide
- Cost per organization: \$75/month

Touchbases:

- Free hour long sessions
- Monthly, Bi-Monthly, or Quarterly
- Discuss open or new requests, software needs, etc.
- Use allotted time for training on DDI-Connect™



Discussion, Questions, Comments



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