

Job Aid for DUS Gateway® Loan Option Updates related to Prepayment Components

This overview highlights changes made to DUS Gateway® Loan Options for capturing Prepayment information upfront and allowing for validation checks on Prepayment Component data.

This job aid ensures prepayment data is accurate and adheres to the accurate allowable values prior to deal submission.

This guide will dictate the valid prepayment combinations on the loan options page.



Loan Option Updates Overview

To support the commitment process for Credit Facilities and Flow deals in DUS Gateway, the system now requires accurate prepayment data upfront on all loan options prior to deal submission.

This includes data capture for the start month for prepayment periods and repurposing existing fields to capture end months. The open period for the loan (no payment penalties) will be captured by the Prepayment (3) fields.

For any Loan Option created on or after September 13, 2024, the following changes and new requirements will be implemented to the “Prepayment” fields on the Loan Option page:

- The “Prepayment Component (2)” will always be required and will have a new allowable value of “No Prepayment (Open)”.
- If “Prepayment Component (2)” does not have a value of “No Prepayment (Open)”, then “Prepayment Component (3)” will be required.
- If “Prepayment Component (3)” has a value, then “End Month (3)” will be required and should be equal to the loan term.
- The “Other Declining Premium Schedule” will be required when “Other” has been selected from “Declining Premium Schedule” where the schedule must contain only numbers and "-" (e.g., "5-4-3-1").
- New validation rules will be implemented for the following “Prepayment Component” fields (see Loan Option Business Rules):

The screenshot displays the 'Loan Options' interface with two columns for loan options LO740700 and LO740699. The interface includes a table with the following fields:

Field	LO740700	LO740699
Prepayment Component (1) *	Defeasance	Declining Premium
Start Month (1)	1	1
End Month (1) *	9	114
Prepayment Component (2)	1% Fixed Prepayment	No Prepayment (Open)
Start Month (2)		115
End Month (2)		117
Prepayment Component (3)		
Start Month (3)		
End Month (3)	120	
Declining Premium Schedule	Select an Op	
Other Declining Premium Schedule		
Other Prepayment Premium Description		

REQUIRED FIELD: Prepayment Component (2) (Callout pointing to the Prepayment Component (2) field)

CONDITIONALLY REQUIRED FIELD: When "Prepayment Component (2)" has a value, then "End Month (3)" will be required and should be equal to the loan term. (Callout pointing to the End Month (3) field)

CONDITIONALLY REQUIRED FIELD: When "Prepayment Component (2)" does not have a value of "No Prepayment (Open)", then "Prepayment Component (3)" will be required. (Callout pointing to the Prepayment Component (3) field)

CONDITIONALLY REQUIRED FIELD: The "Other Declining Premium Schedule" will be required when "Other" has been selected from "Declining Premium Schedule" (Callout pointing to the Other Declining Premium Schedule field)



New Business Rules

When saving and updating Loan Option ASKs, Lender will now see prepayment fields that are required depending on the Loan Term, Interest Type, and Variable Product Type for all deal types. Validation errors will appear in the orange pill at the top of the loan options. To proceed, these errors must be corrected prior to deal submission. Examine the table below for valid Prepayment combinations.

Additionally, when Lender selects the **Other** option from the **Declining Premium Schedule** for a non-standard schedule, the **Other Declining Premium Schedule** must be valid where the schedule must contain only numbers and "-" (e.g., "5-4-3-1").

Interest Rate Type	Execution Type	Loan Term (months)	Prepayment Component 1	Prepayment Component 2	Prepayment Component 3
Fixed Rate		84	Prepayment Lockout	Declining Premium	No Prepayment (Open)
Fixed Rate			Declining Premium	No Prepayment (Open)	
Fixed Rate			Defeasance	1% Fixed Prepayment	No Prepayment (Open)
Fixed Rate			Defeasance	No Prepayment (Open)	
Fixed Rate			Yield Maintenance	1% Fixed Prepayment	No Prepayment (Open)
Fixed Rate			Yield Maintenance	No Prepayment (Open)	
Fixed Rate			Yield Maintenance	Other Prepayment Premium	No Prepayment (Open)
Variable Rate	Bond Credit Enhancement		Fee Maintenance	1% Fixed Prepayment	No Prepayment (Open)
Variable Rate	Bond Credit Enhancement		Fee Maintenance	No Prepayment (Open)	
Variable Rate			Prepayment Lockout	1% Fixed Prepayment	No Prepayment (Open)
Variable Rate			Prepayment Lockout	Declining Premium	No Prepayment (Open)
Variable Rate			Prepayment Lockout	No Prepayment (Open)	
Hybrid ARM		84	Declining Premium	No Prepayment (Open)	
Hybrid ARM		120	Declining Premium	No Prepayment (Open)	
SARM		60	Declining Premium	No Prepayment (Open)	
SARM		84	Declining Premium	No Prepayment (Open)	
SARM		120	Declining Premium	No Prepayment (Open)	
SARM			Prepayment Lockout	Declining Premium	No Prepayment (Open)
SARM			Prepayment Lockout	1% Fixed Prepayment	No Prepayment (Open)

UI Validation Examples

Example 1:

For a loan option that is Fixed, 84 Month Loan Term and a “Prepayment Component (1)” with a value of “Defeasance”, there will be an error displayed in the orange pill stating an invalid Prepayment Component combination.

According to the validation rule table, an 84-month fixed loan option can only have “Prepayment Component (1)” with a value of “Prepayment Lockout”.



Interest Rate Type	Execution Type	Loan Term (months)	Prepayment Component 1	Prepayment Component 2	Prepayment Component 3
Fixed Rate		84	Prepayment Lockout	Declining Premium	No Prepayment (Open)

Example 2:

For a loan option that is Fixed Rate, 84 Months Loan Term and a valid combination for “Prepayment Component (1) & “Prepayment Component (2)” then the End Month (2) should coincide with Loan Term of 84 Months.

An error in the orange pill will display any deviation from this business validation, when End Month (2) is not equal to 84 Months.

For Loan Options with 2 Prepayment Component End month 2 should always be equal to Loan term



Appendix

The table below shows all the valid Prepayment Component combinations.

TIP: Blank fields for Prepayment Component (3) in the combination table convey no value is required.

Interest Rate Type	Execution Type	Loan Term (months)	Prepayment Component 1	Prepayment Component 2	Prepayment Component 3
Fixed Rate		84	Prepayment Lockout	Declining Premium	No Prepayment (Open)
Fixed Rate			Declining Premium	No Prepayment (Open)	
Fixed Rate			Defeasance	1% Fixed Prepayment	No Prepayment (Open)
Fixed Rate			Defeasance	No Prepayment (Open)	
Fixed Rate			Yield Maintenance	1% Fixed Prepayment	No Prepayment (Open)
Fixed Rate			Yield Maintenance	No Prepayment (Open)	
Fixed Rate			Yield Maintenance	Other Prepayment Premium	No Prepayment (Open)
Variable Rate	Bond Credit Enhancement		Fee Maintenance	1% Fixed Prepayment	No Prepayment (Open)
Variable Rate	Bond Credit Enhancement		Fee Maintenance	No Prepayment (Open)	
Variable Rate			Prepayment Lockout	1% Fixed Prepayment	No Prepayment (Open)
Variable Rate			Prepayment Lockout	Declining Premium	No Prepayment (Open)
Variable Rate			Prepayment Lockout	No Prepayment (Open)	
Hybrid ARM		84	Declining Premium	No Prepayment (Open)	
Hybrid ARM		120	Declining Premium	No Prepayment (Open)	
SARM		60	Declining Premium	No Prepayment (Open)	
SARM		84	Declining Premium	No Prepayment (Open)	
SARM		120	Declining Premium	No Prepayment (Open)	
SARM			Prepayment Lockout	Declining Premium	No Prepayment (Open)
SARM			Prepayment Lockout	1% Fixed Prepayment	No Prepayment (Open)