



# LEND CONNECT 2020

SMALL DOLLAR, SHORT-TERM, CONSUMER LENDING CONFERENCE

An aerial photograph of a resort pool area with many blue lounge chairs and umbrellas, surrounded by palm trees. In the background, a sandy beach meets the ocean under a blue sky with light clouds. The word 'WELCOME' is overlaid in large white letters at the bottom right.

WELCOME



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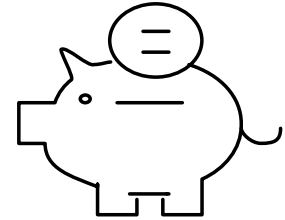
## EPIC's Interest Calculations

Presented by Cynthia Espinal





## Need to Know Info for Sample Borrower



### Federal Holidays Affecting Borrower:

1/20/2020 MLK Birthday

2/17/2020 Washington Birthday

5/25/2020 Memorial Day

- Interest Rate: 360%
- Number of Installments: 12
- Principal Amount: \$500
- Borrowers Pay Freq:  
Bi-Weekly on Mondays
- Average Pay Period for  
Bi-Weekly is 14 Days



Calculates interest **based on the average number of days in a unit** for that customers frequency

- 1st Unit Period - # of Days from Effective date to 1st Payment date
- Average Unit Period - # of days from Last Payment Date to Next Payment date
  - Weekly Average - 7 Days
  - Bi-Weekly Average - 14 Days
  - Semi-Monthly - 15 Days
  - Monthly - 30 Days

A bi-weekly customer will ALWAYS be charged 14 days of interest for EACH payment even if the first (any) payment is less than 14 days

## Rigid Period Interest Calculation



## RIGID Example

Pay-Frequency: Bi-Weekly Mondays  
Effective Date: 1/7/2020  
First Payment Date: 1/17/2020

- 1st Unit Period: 10 Days
- 14 Days of Interest is Charged

Every Unit Period is calculated using the same number of days which results in identical payments with interest paid down first and principal paid down last.

Payment Plan and Balances				Underwriting and Balances			
<b>Payment Plan Options</b>							
Program:	Tribe - Rigid - Cyn			<a href="#">Reset selected program</a>			
Interest Rate:	360.00			Regular Payment:	\$87.74		
# of Installments:	12			Total Interest:	\$552.87		
Effective Date:	01/07/2020			Total of Payments:	\$1,052.87		
Due Date:	6/22/2020			Payment Type:	Select		
APR:	370.610%			<a href="#">Apply</a>			
Principal Amount:	500.00						

#	Date	Payment Mode	Principal, \$	Interest, \$	Additional Fees...	NSF Fee, \$	Late Fee, \$	Total Amount, \$	Payment Sta...	Authorization Type
1	01/17/2020	ACH	18.51	69.23	0.00	0	0	87.74	None	Loan Agreement
2	02/03/2020	ACH	21.07	66.67	0.00	0	0	87.74	None	Loan Agreement
3	02/14/2020	ACH	23.99	63.75	0.00	0	0	87.74	None	Loan Agreement
4	03/02/2020	ACH	27.31	60.43	0.00	0	0	87.74	None	Loan Agreement
5	03/16/2020	ACH	31.09	56.65	0.00	0	0	87.74	None	Loan Agreement
6	03/30/2020	ACH	35.40	52.34	0.00	0	0	87.74	None	Loan Agreement
7	04/13/2020	ACH	40.30	47.44	0.00	0	0	87.74	None	Loan Agreement
8	04/27/2020	ACH	45.88	41.86	0.00	0	0	87.74	None	Loan Agreement
9	05/11/2020	ACH	52.23	35.51	0.00	0	0	87.74	None	Loan Agreement
10	05/22/2020	ACH	59.46	28.28	0.00	0	0	87.74	None	Loan Agreement
11	06/08/2020	ACH	67.70	20.04	0.00	0	0	87.74	None	Loan Agreement
12	06/22/2020	ACH	77.06	10.67	0.00	0	0	87.73	None	Loan Agreement

<b>Total Left:</b>	\$0.00	<b>Payment Plan Total:</b>	\$1,052.87
Left Principal:	\$0.00	Payment Plan Principal:	\$500.00
Left Interest:	\$0.00	Payment Plan Interest:	\$552.87
Left NSF Fee:	\$0.00	Payment Plan Origination Fee:	\$0.00
Left Late Fee:	\$0.00	Payment Plan Same Day Fee:	\$0.00
Left Additional Fees:	\$0.00	Payment Plan Service Fee:	\$0.00
		Payment Plan Service Fee Interest:	\$0.00
		Payment Plan Management Fee:	\$0.00
		Payment Plan Maintenance Fee:	\$0.00
		<b>Total at Maturity:</b>	\$1,052.87
		<b>Maturity Interest:</b>	\$552.87



Prorate Loans charge the full value of interest accrued for the first payment period of the loan and then assumes that all subsequent payment periods are equal when calculating interest.

1<sup>st</sup> Payment can be ↓ or ↑ than other payments in loan schedule depending on if the number of days is higher or lower than the average.

## Pro-Rate Interest Calculation





## Pro-Rated Example

Pay-Frequency: Bi-Weekly Mondays  
Effective Date: 1/7/2020  
First Payment Date: 1/17/2020

- 1st Unit Period: 10 Days
- 10 Days of Interest is Charged Only on First Payment
- 14 days of Interest will be Charged on All Other Payments

Every Unit Period **EXCEPT** the first is calculated using the same number of days which results in identical payments.

Program:

Tribal - ProRate - Cyn

Reset selected program

Interest Rate:

360.00

# of Installments:

12

Effective Date:

01/07/2020

Due Date:

6/22/2020

APR:

349.030%

Principal Amount:

500.00

Regular Payment:

\$88.70

Total Interest:

\$538.41

Total of Payments:

\$1,038.41

Payment Type:

Select

Apply

#	Date	Payment Mode	Principal, \$	Interest, \$	Additional Fees...	NSF Fee, \$	Late Fee, \$	Total Amount, \$	Payment Sta...	Authorization Type
1	01/17/2020	ACH	13.22	49.45	0.00	0	0	62.67	None	Loan Agreement
2	02/03/2020	ACH	21.30	67.40	0.00	0	0	88.70	None	Loan Agreement
3	02/14/2020	ACH	24.25	64.45	0.00	0	0	88.70	None	Loan Agreement
4	03/02/2020	ACH	27.61	61.09	0.00	0	0	88.70	None	Loan Agreement
5	03/16/2020	ACH	31.43	57.27	0.00	0	0	88.70	None	Loan Agreement
6	03/30/2020	ACH	35.78	52.92	0.00	0	0	88.70	None	Loan Agreement
7	04/13/2020	ACH	40.74	47.96	0.00	0	0	88.70	None	Loan Agreement
8	04/27/2020	ACH	46.38	42.32	0.00	0	0	88.70	None	Loan Agreement
9	05/11/2020	ACH	52.80	35.90	0.00	0	0	88.70	None	Loan Agreement
10	05/22/2020	ACH	60.11	28.59	0.00	0	0	88.70	None	Loan Agreement
11	06/08/2020	ACH	68.43	20.27	0.00	0	0	88.70	None	Loan Agreement
12	06/22/2020	ACH	77.95	10.79	0.00	0	0	88.74	None	Loan Agreement

Total Left:

\$0.00

Left Principal:

\$0.00

Left Interest:

\$0.00

Left NSF Fee:

\$0.00

Left Late Fee:

\$0.00

Left Additional Fees:

\$0.00

Payment Plan Total:

\$1,038.41

Payment Plan Principal:

\$500.00

Payment Plan Interest:

\$538.41

Payment Plan Origination Fee:

\$0.00

Payment Plan Same Day Fee:

\$0.00

Payment Plan Service Fee:

\$0.00

Payment Plan Service Fee Interest:

\$0.00

Payment Plan Management Fee:

\$0.00

Payment Plan Maintenance Fee:

\$0.00

Total at Maturity:

\$1,038.41

Maturity Interest:

\$538.41



## Flexible Interest Calculation

### TRUE Daily Simple Interest



Calculates interest based on the borrower's ACTUAL number of days in between each pay period and accrue interest accordingly.

As a result, interest will accrue at the value of the Daily Interest during that period of the loan.

Accrual for a period begins the day after the previous event (Payment or Loan Effective Date) and ends on the Payment Date.



## Flexible Example

Pay-Frequency: Bi-Weekly Mondays

Effective Date: 1/7/2020

First Payment Date: 1/17/2020

- 1st Unit Period: 10 Days
- Exact Number of days is charged to each pay period

Payment Plan and Balances										Underwriting and Balances		
Payment Plan Options												
Program:	Tribe - Flexible - Cyn				<a href="#">Reset selected program</a>							
Interest Rate:	360.00				Regular Payment:		\$86.13					
# of Installments:	12				Total Interest:		\$533.52					
Effective Date:	01/07/2020				Total of Payments:		\$1,033.52					
Due Date:	6/22/2020				Payment Type:		Select					
APR:	359.290%				<a href="#">Apply</a>							
Principal Amount:	500.00											

#	Date	Payment Mode	Principal, \$	Interest, \$	Additional Fees...	NSF Fee, \$	Late Fee, \$	Total Amount, \$	Payment Sta...	Authorization Type
1	01/17/2020	ACH	36.68	49.45	0.00	0	0	86.13	None	Loan Agreement
2	02/03/2020	ACH	8.23	77.90	0.00	0	0	86.13	None	Loan Agreement
3	02/14/2020	ACH	36.62	49.51	0.00	0	0	86.13	None	Loan Agreement
4	03/02/2020	ACH	15.77	70.36	0.00	0	0	86.13	None	Loan Agreement
5	03/16/2020	ACH	30.37	55.76	0.00	0	0	86.13	None	Loan Agreement
6	03/30/2020	ACH	34.58	51.55	0.00	0	0	86.13	None	Loan Agreement
7	04/13/2020	ACH	39.36	46.77	0.00	0	0	86.13	None	Loan Agreement
8	04/27/2020	ACH	44.81	41.32	0.00	0	0	86.13	None	Loan Agreement
9	05/11/2020	ACH	51.02	35.11	0.00	0	0	86.13	None	Loan Agreement
10	05/22/2020	ACH	64.09	22.04	0.00	0	0	86.13	None	Loan Agreement
11	06/08/2020	ACH	62.85	23.28	0.00	0	0	86.13	None	Loan Agreement
12	06/22/2020	ACH	75.62	10.47	0.00	0	0	86.09	None	Loan Agreement

<b>Total Left:</b>	\$0.00	<b>Payment Plan Total:</b>	\$1,033.52
Left Principal:	\$0.00	Payment Plan Principal:	\$500.00
Left Interest:	\$0.00	Payment Plan Interest:	\$533.52
Left NSF Fee:	\$0.00	Payment Plan Origination Fee:	\$0.00
Left Late Fee:	\$0.00	Payment Plan Same Day Fee:	\$0.00
Left Additional Fees:	\$0.00	Payment Plan Service Fee:	\$0.00
		Payment Plan Service Fee Interest:	\$0.00
		Payment Plan Management Fee:	\$0.00
		Payment Plan Maintenance Fee:	\$0.00
		<b>Total at Maturity:</b>	\$1,033.52
		<b>Maturity Interest:</b>	\$533.52



		Period	Pro-Rate	Flexible
Principal		\$500	\$500	\$500
Interest Rate		360%	360%	360%
Effective Date		1/7/2020	1/7/2020	1/7/2020
Frequency		Bi-Weekly Monday	Bi-Weekly Monday	Bi-Weekly Monday
1/17/2020	(First Period=10 Days)	P 18.51	P 13.22	P 36.68
		I 69.23	I 49.45	I 49.45
		T 87.74	T 62.67	T 86.13
2/3/2020	(Second Period=17 Days)	P 21.07	P 21.30	P 8.23
		I 66.67	I 67.40	I 77.90
		T 87.74	T 88.70	T 86.13
2/14/2020	(Third Period=11 Days)	P 23.99	P 24.25	P 36.62
		I 63.75	I 64.45	I 49.51
		T 87.74	T 88.70	T 86.13
3/2/2020	(Fourth Period=17 Days)	P 27.31	P 27.61	P 15.77
		I 60.43	I 61.09	I 70.36
		T 87.74	T 88.70	T 86.13
3/16/2020	3/30/2020	....	....	....
4/13/2020	4/27/2020			
5/11/2020				
5/22/2020	(Tenth Period=11 Days)	P 59.46	P 60.11	P 64.09
		I 28.28	I 28.59	I 22.04
		T 87.74	T 88.70	T 86.13
Maturity Interest		\$552.87	\$538.41	\$533.52



	Period Method	Pro-Rate Method	Flexible Method
Advantage	Supports <b>higher interest rates</b> with an even payment schedule	Method supports a <u>true cost</u> of the loan based on <b>EXACT</b> days in the <b>first unit period</b>	Method supports a true cost of the loan based on <u><b>EXACT days</b></u> in <u><b>ALL unit periods</b></u>
Disadvantage	Does <u>not</u> calculate first payment using the <u><b>exact number of days</b></u> in the first payment period	<u><b>First payment</b></u> could likely to be <u><b>higher or lower</b></u> than the average payment.	One or more <u><b>interest-only payments can occur</b></u> when first unit period is longer than average unit period.



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thank you!

Feel free to contact me at [support@epicloansystems.com](mailto:support@epicloansystems.com) for any direct questions or comments.



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BREAK  
TIME

...Next session with John B. on Marketing  
Rules in 30 minutes at 11:30am