

First Payment Dates

The Lightning Docs Approach

Lightning Docs takes the guesswork out of most date and payment calculations. It will automatically determine the amount of payments and when they are due. The First Payment Date, is probably the most important date to communicate to borrowers and for lenders to understand.

In its most basic form, without using any additional features, Lightning Docs will calculate the First Payment Date as the FIRST day of the SECOND month following the date specified on the loan documents.

For example: If the loan is dated March 5th, the first payment will be on May 1st. This is for two reasons: The interest that accrues for the month of March is either paid or credited at closing as the Per Diem interest – that is, the interest that is owed for March on a daily basis for the remaining number of days in that month. The interest that accrues for the month of April gets paid on the first of the following month – May 1st. This payment schedule continues on the first of every month thereafter for the interest that accrued in the prior month.

Notice that the specific closing date is irrelevant, so long as it occurs during the same month that the loan documents are dated. In our example the loan documents are dated on March 5th, but the closing could occur on any date during the month of March and the payment and maturity dates will still line up correctly. If the closing date gets pushed back into the month of April, the loan documents should be re-dated for some time in April, which will push back the first payment date and maturity date one month, accordingly.

If you wish, you can enable a “Permission” to manually enter the First Payment Date. This permission will open a new prompt in the Standard Loan Terms window. Here, you will be able to enter a specific first payment date of your choice. TAKE CAREFUL NOTE that manually choosing a different first payment date will also change the maturity date. For example, if the loan is dated March 5th with an ordinary first payment date on May 1st, and a 6-month term, the ordinary maturity date will be October 1st. This is because the system is calculating 6 payments – May 1st to October 1st, inclusive. If the first payment date is manually moved up one month to April 1st, then the maturity date will also move up one month to September 1st.

If you have any further questions on the first payment date or need assistance to enable the manual payment date permission, please contact our support team by email: Support@lightningdocs.ai.