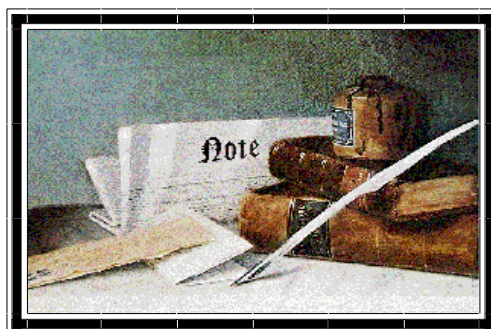


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# NoteSmith®

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Tutorial

NoteSmith  
NoteSmith Pro  
NoteSmith Net



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## Welcome

### **ADAGIO SYSTEMS/PRINCETON INVESTMENTS**

NoteSmith® Software

1001 E Harmony Road, Suite A-110 · Fort Collins, CO 80525 · (888) 226-2486

To: Loan servicers

Re: NoteSmith software

Welcome to NoteSmith software.

NoteSmith services notes that you hold in your portfolio and will also track notes that you buy and resell. Along with the normal servicing functions of a loan package, NoteSmith tracks the investor's discount earned and return of capital separate from the payor's amortization. All of the calculations have been taken from IRS publications. NoteSmith is completely menu driven.

The purpose of this document is to give you an overview of how NoteSmith functions and how easy it is to use. This document is meant to augment the NoteSmith user's manual. Think of this being the 'forest view' while the manual is the 'trees' view. Studying this tutorial should help you get started using NoteSmith quickly. It is designed both for companies starting with NoteSmith for the first time as well as someone new to NoteSmith working for a company which has used NoteSmith for a number of years.

Print out the entire document or selected pages while you enter your first note. The NoteSmith user's manual follows the main menu from left to right, so you might also leave it open as you add your first note.

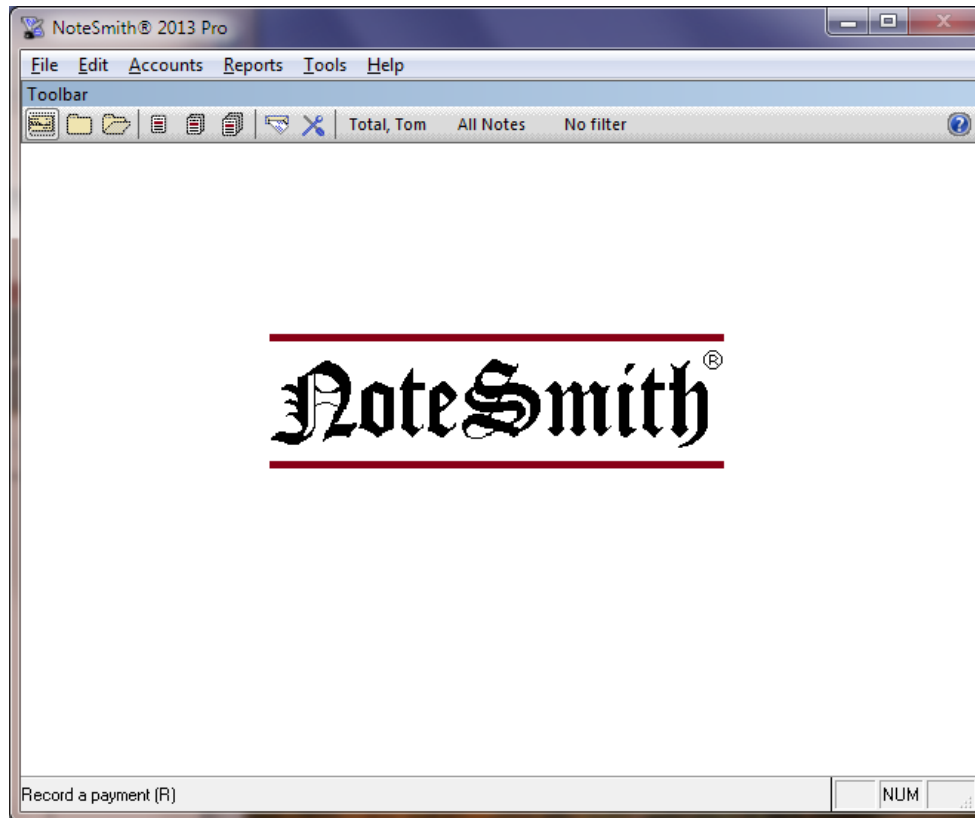
Additional information can be found in multiple places in the user's manual and at the Technical Support page of [www.NoteSmith.com](http://www.NoteSmith.com). If you have any other questions, do not hesitate to email us at [Support@NoteSmith.com](mailto:Support@NoteSmith.com) or fax us toll free at 888-227-2486.

Thank you for choosing NoteSmith software to manage your portfolio.





## Overview



*The NoteSmith Main Menu*

### *Input and Output*

- The Toolbar consists of buttons that are shortcuts to some frequent menu choices.
- Change basic functionality of NoteSmith from the File menu.
- Enter information about your notes or leases (Pro feature) at the Accounts menu.
- Both Reports (one account per page) and Portfolio (multiple accounts per page or the payments of multiple accounts per page) will print reports.
- Tools will print administrative output, such as form letters, coupons, and receipts.
- Obtain technical support and open the online manual from Help.
- The Record, Edit, and History buttons are the most frequently used in the program.
- The 3 buttons on the right change names as you access them.
- Widen the window using the grab bar in the lower right to replace Toolbar icons with words.



NoteSmith® 2013 Pro

File Edit Accounts Reports Tools Help

Toolbar

Total, Tom All Notes No filter

Company configuration

All Notes Accounts Tools IRS Email

Description All Notes

Company Your Company Name Contact Bucky Weisen

Street 123 Your Street Title Technician

City,ST Zip Your City CO 80525 Phone 123-456-7890

Email YourEmail@YourSP.com Fax 123-456-7899

Ltrhd data

Investor

Calendar 01/01/2013 through 12/31/2013 PW access

Fiscal 01/01/2013 through 12/31/2013

Use Save Add Delete Exit

Select a company configuration NUM

*File, Company Configuration, Configuration Tab*

### ***Company Configuration***

- If this is the first time your company is using NoteSmith, go to File, Company Configuration. In the drop down list in the upper left corner, select All Notes.
- Enter all of your contact information on this tab, but leave the Investor field blank. This tells the program to give you all of your accounts when you run reports.
- Explore the other tabs and change anything relevant to your company.
- Click the Save button, then click the Add button. This creates a new configuration called 'NEW' which you should change to something memorable. Notice all the information you entered was copied into this new configuration. You need one configuration for each taxable entity whose accounts you are servicing.
- Choose a set of initials, preferably 4 capital letters, and enter it into the Investor field. Then Save again, drop the list down, choose All Notes, and then click Use.





## Input

*Accounts, Edit, Payor Tab*

### *Adding or Editing a Note*

- To add a new note, click Accounts, Add; or click the Add button in the Toolbar; or type the letter 'A'. Type 'E' to edit an existing account.
- You first enter a loan number, which NoteSmith will ensure is unique, then be taken right to the edit screens as if you had clicked Edit as was done above.
- For your first note, just add names on this screen and enter other information later.
- The first field is a Lookup name and typically is Last, First.
- NoteSmith does not use middle initials. The first field next to 'Name' is a Title.
- Watch the lower left corner of the screen which tells you what to enter.
- Only check 'Comp pays' if the company is the payor, not a real person.
- Right mouse click the phone number to dial your phone or right mouse click the email address to bring up your email program.
- A co-borrower can be added to the second tab.



**NoteSmith® 2013 Pro**

File Edit Accounts Reports Tools Help

Toolbar: Total, Tom All Notes No filter

**Account edit**

Tabs: Total Totallette Collateral **Note** Investment Escrow

Balance: 9802.28 Maturity: 01/02/2023 Pppp: 0.000

Rem pmts: 116 Balloon: 0.00 Fixed

Interest rate: 10.000 ☒ Daily ☒ USRule Monthly 365 ☐ Canadian

Payment: 132.15 Next due: 06/01/2013 -33 days

Escrow: 47.85 NSF

Service fee: 10.00 Paid by: Recipient 25.00

Total pmt: 170.00 Arrearage

Late fee: 5.00 5 2: TI-L-IP 345.00

Total late pmt: 175.00

Buttons: Notepad History Docs

Save Lookup Add Delete Exit

Regular periodic payment, excluding escrow, late, and service fees

*Accounts, Edit, Note Tab*

## Entering Note Information

- If this was a new note, you would first enter the balance. In this example, payments have already been recorded so the balance is grayed out because it is a calculated figure. You will see other gray fields on this and other tabs.
- Fill in all of the fields on this tab before proceeding to the Investment tab. Relevant information from here will be copied for you onto the next tab, so don't peek!
- The most common settings are to check USRule and uncheck Daily. These items are independent of each other. Check the note or state law to see which applies.
- Click the payment calculator after filling in the terms. If the payment doesn't match your note, check your entries. Enter whatever the note says in the payment field.
- Enter your late fee, the grace period, and the late fee order, which usually is 2.
- For older notes, start either with this January or put them in from their origination.
- The Notepad button lets you enter free form text, such as collection information.



*Accounts, Edit, Investment Tab*

## Entering Additional Note Information

- The Investment tab stores ‘behind the scenes’ information the payor does not need to see. If you bought a note at a discount or financed your own land, enter the lower basis you have in the deal here. NoteSmith always assumes you originated a loan.
- Note the field Date Closed. It and the next one should be blank until you decide to close the note and not service it any longer. It is *not* the closing date.
- Other fields are gray here because payments have been recorded on this note.
- Be sure Next Due (on the previous tab) and Interest Starts (which now says ‘Last Interest’) are correct. NoteSmith will prorate the first payment if this is a monthly note and these dates are not exactly a month apart. Details appear in the manual.
- Select the IRS Form if your company needs to provide one.
- Choose your company from the drop-down list of Investors.
- User Defined Fields can be renamed from File, Company Configuration.





The screenshot shows the 'Account edit' dialog box in the NoteSmith 2013 Pro application. The 'Escrow' tab is active, displaying various fields for account management. The 'Totals' section shows a budget of -480.00 and actuals of -480.00. The 'Escrow' section shows a periodic amount of 47.85, an estimated payment of 57.50, and a difference of -9.65. The 'Escrow bal' section shows a current balance of -191.40 and an estimated balance of -115.00, with a difference of -76.40. The contact information for the escrow agency is also visible.

Totals		Escrow	
Budget (-)	-480.00	Escrow bal (-)	-191.40
Actual (-)	-480.00	Escrow bal (est)	-115.00
		Difference	-76.40

*Accounts, Edit, Escrow Tab*

## Entering Escrow Information

- Enter the complete contact information for the escrow agency you pay.
- Choose the Type as Insurance, Tax, or Unclassified.
- NoteSmith allows unlimited agencies per account. Click Add if you have more than one, change the name from 'NEW' and enter that escrow information.
- Enter the Budget amount (use a negative number) and the due date for each escrow.
- Change the periodic escrow amount, which is the same number as on the Note tab.
- View an estimate of how much to collect based on expected outflows.
- If this is a new account, enter the amount of escrow they already have on hand with you. Leave it at zero if they did not deposit anything at the closing.
- Save and Exit.



NoteSmith® 2013 Pro

File Edit Accounts Reports Tools Help

Toolbar

Lookup All Notes No filter

Record payments

Payments Account

Loan number	Name	Street	Collateral
Total2013-RC	Total, Tom	123 College Avenue	College Ave. Townhome

Date Paid	Date Due	Pmt Amt	Type	Interest	Principal	Balance
01/01/2013	01/01/2013	0.00		0.00	0.00	10000.00
02/01/2013	02/01/2013	170.00	R	83.33	48.82	9951.18
03/02/2013	03/01/2013	170.00	R	82.93	49.22	9901.96
04/04/2013	04/01/2013	170.00	R	82.52	49.63	9852.33
05/02/2013	05/01/2013	170.00	R	82.10	50.05	9802.28

Date Paid Date Due Pmt Amt Pmt Type Reference 07/04/2013

07/04/2013 06/01/2013 170.00 Regular Check 70 Unbatched

Record Lookup Receipt Delete DelToClip Exit

Enter the actual date that the payment was made

*Accounts, Record*

### ***Recording a Payment***

- Record a payment for the account you currently are using from Accounts, Record; or by clicking the Record button; or by typing the letter 'R' while all other NoteSmith windows are closed.
- You cannot type into the grid, only view it and scroll around it.
- Enter the exact day you were paid and the exact amount.
- The due date is figured for you and cannot be changed here. It appears on the grid whenever a payment cycle has been completed and is blank for partial payments.
- Typically, payments will be Regular but there is a variety of choices.
- Enter the check number or other referencing information.
- Batching is for companies that make morning and afternoon deposits at the bank.
- Click Record and the payment will appear on the grid.



### ***Recording a Payment (continued)***

- For partial or extra payments, NoteSmith will pop up a box to ask you what to do. Try recording a payment that is \$1 larger than the expected amount.
- Record a payment \$1 short. Choose Regular (R) from the pop up box to close out the month.
- Do it again, but this time choose Partial (r) to leave the month open and NoteSmith will expect a payment of \$1 when you try to record another Regular payment.

### **Recording a Payment (Options)**

- Print a receipt. Receipts print in window envelope format, with or without a coupon for the next payment. Whatever you choose on the Print Options window, NoteSmith will memorize for the next time you print a receipt.
- Click on the Account tab to see additional information.
- Choose Lookup to find another loan.
- Highlight the last payment made in the grid area by clicking the payment line with your mouse, then press Delete to remove the payment.
- Instead of deleting the payment, highlight it as above and press Del2Clip. This will delete the payment but store it in a file. Drop the PmtType list box down, choose Clipboard from the list, and then press Record and that payment will be pasted back in. You can do this for more than one payment by highlighting one further up the grid. That payment and all underneath will be sent to the clipboard.

Click Exit when you are done with the Record screen.





## Output

NoteSmith® 2013 Pro

File Edit Accounts Reports Tools Help

75%

Report Preview - r\_histp.frx - Page 1

**Your Company Name**  
123 Your Street  
Your City, CO 80525  
123-456-7890 YourEmail@YourSP.com

**Contact information**  
The Tom Total Company  
Total, Tom  
123 College Avenue  
Fort Collins, CO 80525

W: 970-123-1234      H: 970-123-1234

**Payment History**

Reference  
Total Total2013-RC SMPL  
Printed: 07/04/13    Period: 01/01/13 - 12/31/13

**Additional information**  
College Ave. Townhome Ft. Collins CO 80525  
Eugenia Totallette 123 College Avenue Fort  
Collins CO 80525

W: 970-234-5678      H: 970-345-6789

Regular pmt:	132.15	Int rate:	10.000	Rem pmts:	116	Orig bal:	10000.00
Escrow pmt:	47.85	Int calc:	Fixed 07/04/13	Per diem:	2.69	Orig date:	01/01/13
Service fee:	R 10.00	Pmt type:	U SRule 365 M	Next due:	06/01/13	Maturity:	01/02/23
Total pmt:	170.00	N SF fee:	25.00	Arrears:	345.00		
Ord/Day/L Fee:	2/5 5.00						
Total If late:	175.00						

Pay Date	DueType	Amount	Applied/Ref	Interest	Principal	Balance	Escrow	Payment/Balance	Lat	Svc
01/01/13		0.00	0.00	0.00	0.00	10000.00	0.00	0.00	0.00	
			Check 25							
02/01/13	02/01/13 R	170.00	170.00	83.33	48.82	9851.18	-47.85	0.00	-10.00	
			Check 65							
03/02/13	03/01/13 R	170.00	170.00	82.93	49.22	9601.96	-47.85	0.00	-10.00	
			Check 66							
04/04/13	04/01/13 R	170.00	170.00	82.52	49.63	9352.33	-47.85	0.00	-10.00	
			Check 67							
05/05/13	05/01/13 R	170.00	170.00	82.11	50.04	9102.29	-47.85	0.00	-10.00	

NUM

### Reports, Pay History

#### Pay History

- Go to Reports, Accounts, Payment History; or click the History button on the Toolbar, or just press the letter 'H'.
- Choose Screen, make sure the dates are correct, and press OK.
- You will see the history appear on screen.
- The history is in double window envelope format.
- The highlight bars, shown here in gray, can be changed to different colors to match your company style. Do this from File, Setup, Program.
- Unchanging information appears near the top and the list of payments appears at the bottom.
- This may be the most important report in NoteSmith. Always fax it to technical support if you have questions about the application of payments. Reports, Accounts, Setup is also useful.



### ***NoteSmith Reports***

Below is a list of many of the reports in NoteSmith. They are accessible from either the Reports menu (one payor per page) or from Portfolio (multiple payors or their payments per page).

#### Reports designed for payors

- Payment history
- Setup
- IRS 1098, 1099-INT, 1096
- Escrow analysis
- Invoice
- Payoff

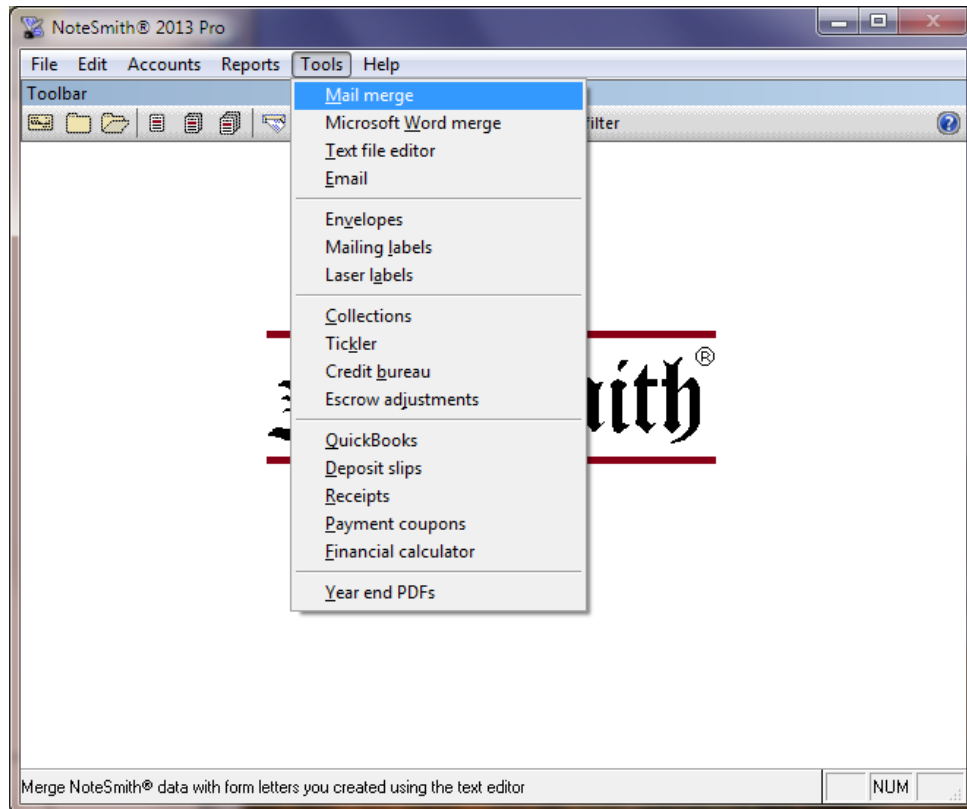
#### Reports designed for managers

- Bankruptcy 410
- Wraparound
- Aging
- Balloon
- Collateral
- Due dates
- Interest accrued
- Seasoning
- Register, Register change, Register totals, Register escrow
- Ordinary income and capital gains
- Cash flow

### **In Case That Was Not Enough**

- A custom report generator in NoteSmith Pro prints selectable data fields in a variety of reporting styles. The generator can be set to export the data instead of printing. NoteSmith Pro can create Word, Excel, dBase, FoxPro, or comma delimited data files.





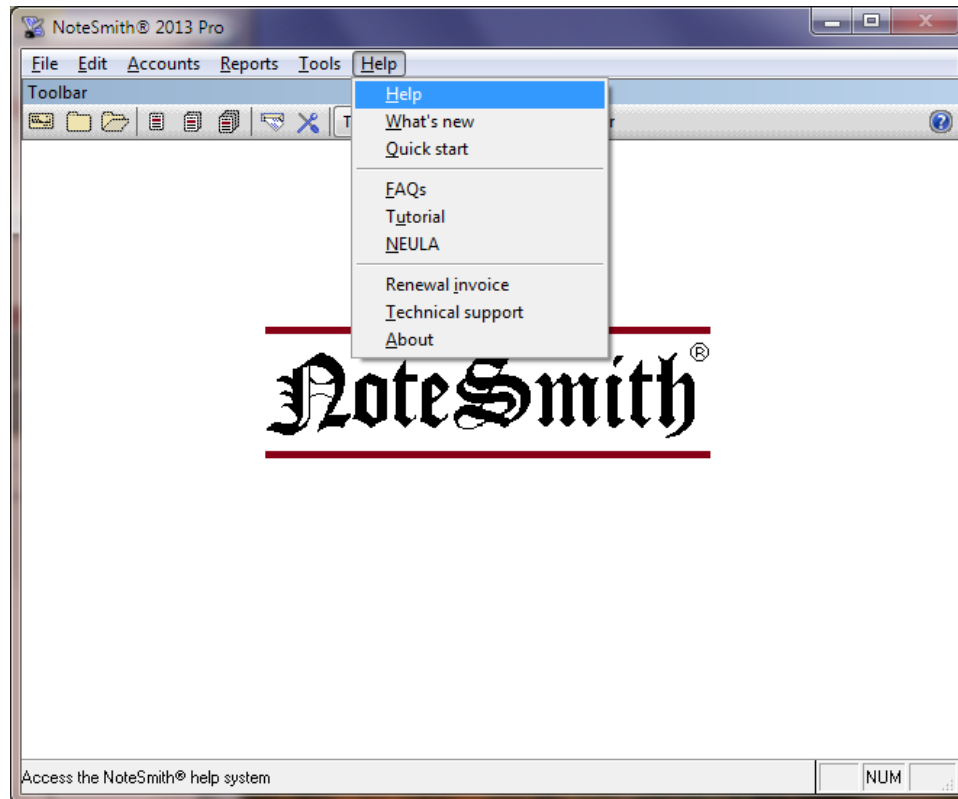
*Tools Menu*

### ***Administrative Output***

- Mail merge letters are checked by NoteSmith. Balloon letters can only be printed for balloon notes. Late letters only print for accounts that are late.
- NoteSmith Pro creates a small export file with mail merge data in it that Word can use to generate a letter. You must be proficient in Word to use this feature, but you then can completely modify, edit, and format mail merge documents. These can include letters, mortgages, leases, and others. Sample documents are on the CD.
- The body of mail merge letters and boilerplate text that appears on certain reports can be changed from Tools, Text Editor.
- Receipts can be printed from here in bulk by date if you do not print them one at a time from the Record screen.
- The financial calculator will print an amortization schedule either from theoretical information you enter or from account information already stored in NoteSmith.



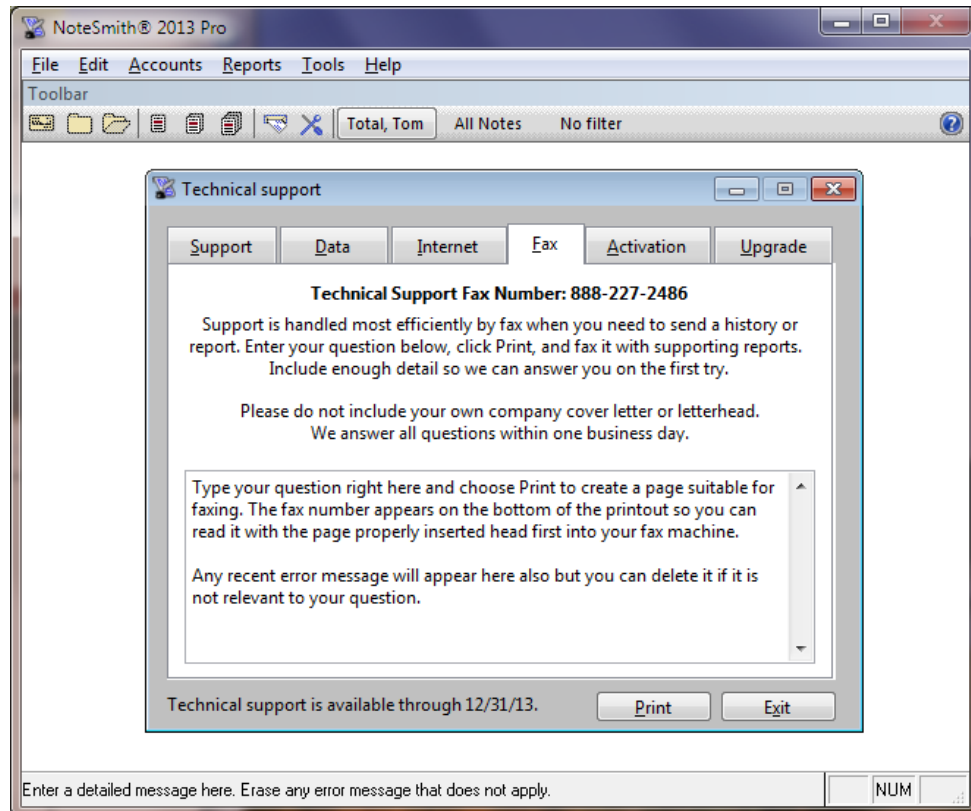
## Help



*Help Menu*

### ***NoteSmith Help***

- Notice the status bar text in the lower left corner. Helpful text appears for all menus and data entry fields.
- Press F1 from anywhere in the program and a PDF of the manual appears opened to the relevant page. Install the Reader if you do not have one at File, Setup, PDF.
- A Frequently Asked Question (FAQ) file is updated when you access our web site from File, Online, Freshen. You can download the file using your browser. Go to [www.NoteSmith.com](http://www.NoteSmith.com) and then Technical Support.
- The FAQ file contains a list of all updates we made through the year. Check it before contacting Technical Support.
- This tutorial is available from Help to help you get started quickly.
- The Technical Support menu is your direct access to our support technicians.
- Start up tips can be turned on or off from File, Setup. We recommend they be on.



### *Help, Technical Support*

#### ***Technical Support***

- Contact us by email or toll free fax.
- If you fax, always type your question into the box above, then print the form.
- It is often difficult to read handwritten faxes, plus our form will give us important information about your NoteSmith program.
- Do *not* use your own company letterhead or cover sheet. Neither will tell us anything about your NoteSmith program.
- The Data tab gives information about your current program.
- Other functions on this screen allow you to activate your program from our web site and order an upgrade to a more fully featured version.



### ***Technical Support (continued)***

NoteSmith users have a variety of methods available to them to receive technical support for specific computer problems, questions about NoteSmith reports, and issues surrounding data entry of their own individual notes.

- Toll free fax (so we can see your printed reports)
- Email for quick turnaround
- Illustrated user's manual
- Web site with updated files and answers to Frequently Asked Questions
- Low cost help days in various locations around the country when available
- Context sensitive, pop up help which includes the entire text of the manual in PDF format. Pressing F1 from anywhere in the program opens the manual to the relevant page.

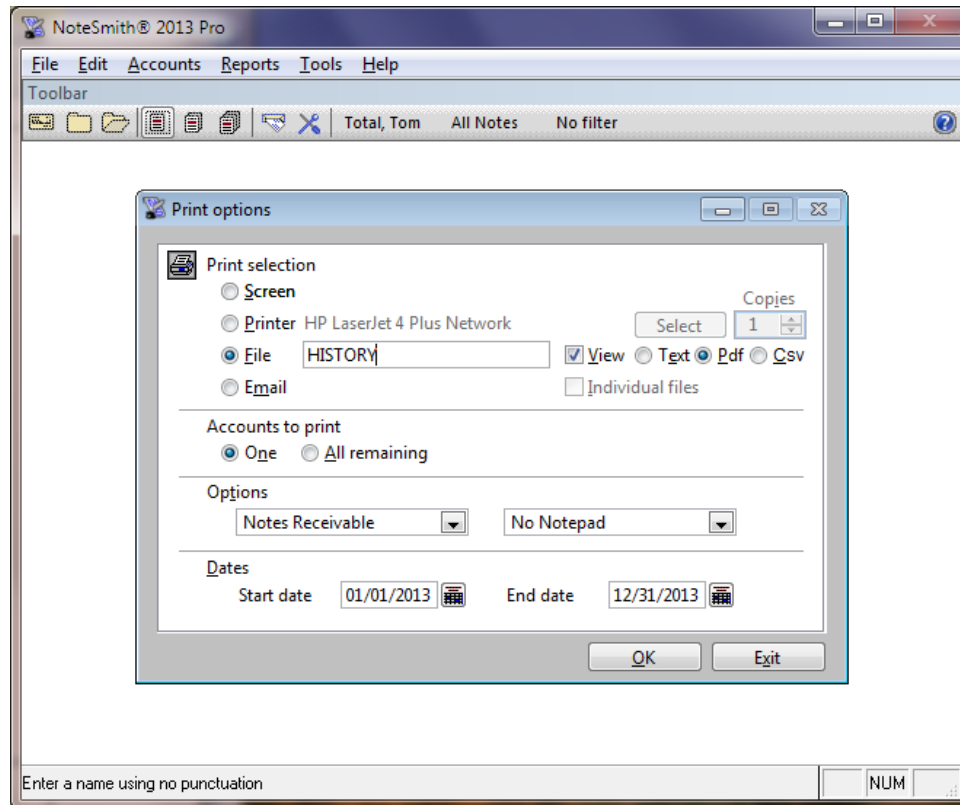
### ***Handling Technical Support***

- Answering technical support questions is an important part of our day because we know your questions are an important part of your business. We are committed to offering timely, reasonably priced, and accurate technical support. We answer virtually all questions the same day that they arrive in our office. Those we must research or that arrive late in the day may be answered early the next business day.
- We prefer email for short questions about procedure. Toll free fax is provided so that we can see any printed report that you do not understand.
- To keep the cost of your program reasonable, telephone support is not offered. The experience of providing over 2 decades of support taught us that we need to see what you see, which is impossible by telephone. Also, not counting unavoidable 'phone tag' time, it takes 5 times longer than answering a question by fax or email.





## Printing



*Print options*

### ***Print Options***

- NoteSmith prints to Screen by default to avoid wasting paper.
- Choose All Remaining if you want to print a payor report to the selected person and one to every person following them. Find the first person in alphabetical order from the Lookup button first. Portfolio reports print multiple payors so One is disabled.
- Choose your exact printer the first time you print any report and NoteSmith will memorize it. This allows you to use one printer for receipts and another for letters.
- Reports like Register have start and end dates. Reports such as Aging are snapshots and only have an as-of date. Print Options reflects relevant choices. Single dates default to today and ranges are the calendar year in File, Company Configuration.
- For letters, select Print from Print Options and do not print from Print Preview. The Preview is actually done by Windows, so NoteSmith does not know that you printed any particular form letter for a given account and cannot therefore mark the database. NoteSmith tracks letters you print to your customers.





## Shortcuts

NoteSmith® 2013 Pro

File Edit Accounts Reports Tools Help

Report Preview - r\_ddate.frx - Page 1

75%

Your Company Name  
**Due Dates: Notes Receivable**  
 Report as of: 07/04/13 Printed on: 06/04/11  
 Order: Name Investor: All Notes: No filter

Name/Collateral	Loan Number	Pmt/RBal/RPmts	Next/Last/Maturity	Due In
BSchedule, A.	BSchdul13-RC	140.00	07/01/13	-3
456 Appleton Way		5811.38	06/02/13	
		55/115	01/01/23	
Interest Only	IntOnly13-RC	312.50	06/01/13	-33
1996 Mazda Miata		25000.00	05/03/13	
		56/ 56	01/01/18	Balloon
Partial, A.	Partial13-RC	152.15	06/01/13	-33
16 Oak St.: 2 Duplexes		4982.83	05/05/13	
		56/116	01/01/23	
Total, Tom	Total2013-RC	170.00	06/01/13	-33
College Ave. Townhome		9802.28	05/02/13	
		116/116	01/02/23	
Wraparound, W.	Wrap2013 -RC	132.15	06/01/13	-33
55 Maine Street		9802.28	05/01/13	
		116/116	01/01/23	
Accounts :	5	Pmt Tot:	906.80	TotBal: 55398.77
TotMoPmts:	906.80	AveMoPmt:	181.36	AveBal: 11079.75

NUM

*Print Preview*

### *Printing Shortcuts*

- The simplest way to negotiate a report is by using the arrow and page keys on your keyboard.
- Press the 'L' key to make the image Littler. Once it shrinks completely, the next press will zoom to 500%. The best viewing size should be either 75% or 100%.
- The cursor keys scroll the report, just as the mouse would do.
- Drop down the Zoom box to choose a size. NoteSmith remembers this setting.
- Press the ESC key to exit the report or click the door icon in the toolbar.
- The toolbar can be dragged so it floats or docks at the top edge.
- The VCR-style buttons represent first page, previous page, next page, and last page.



### ***Other Shortcuts***

- At any date field, right mouse click or type 'T' to enter today's date.
- Use the + and – keys to move dates one day at a time.
- Use the PgUp and PgDn keys to move dates one month at a time.
- The three buttons on the right of the Toolbar can be activated by 'L' for Lookup, 'C' for Company Configuration, and 'F' for Filter regardless of what the button actually says. Those 3 buttons change names to reflect your current note and other settings. (The Filter button is a Pro feature.)
- Press ALT and then any underlined letter on any screen to select that choice.
- Go to File, Settings, Program to turn tool tips on or off. When on, the status bar text appears next to your mouse cursor as well as at the left bottom of your screen.
- From the Lookup window, double click your payor's name in the grid and NoteSmith will immediately assume that is the account you wish to use.
- Also in Lookup, move your mouse to the column headings until the cursor changes to a down arrow. Click and the data will be re-sequenced in that order. NoteSmith memorizes this for the next time you use the program.

### **Conclusion**

- Enter a single, simple loan of your own, then record some payments. Delete the payments if necessary. Remember there is an art to loan servicing—it is not scientific because payors do not pay on their due dates, nor do they pay the correct amount, nor is each payment a regular, monthly installment.
- Progress to more difficult notes only after you have added and recorded all payments for the simple ones.
- Be sure each loan has been designated with an investor code. If you forget one, go to Accounts, Adjustments and select it.
- Review this information as often as necessary.
- Remember that this document merely overviews the user's manual. Look to the manual for details on all NoteSmith functions.
- This concludes your tour of NoteSmith.

**Thank you for choosing NoteSmith to manage your portfolio.**

