

## **NoteSmith Loan Servicing Software**

**As reviewed in Growing Wealth magazine: August, 2008**

**Version at that time: NoteSmith 2008**

**Version released: October 1, 2007**

**This document revised: February 14, 2011**

### **Introduction**

Looking to track mortgage payments that you receive? Have to give an IRS 1098? Want to track the home loan you pay to ensure your extra principal payments are applied correctly? Look no further than NoteSmith from Princeton Investments, Inc. NoteSmith provides the individual note investor with many of the high powered functions available to banks and other large financial institutions but at one tenth the cost—or less!

The product web site states that the NoteSmith family of loan servicing software tracks incoming and outgoing payments on mortgage notes, discounted notes, leases, rent, and other cash flows. Perfect for investors, loan companies, and not-for-profit organizations, NoteSmith is affordable, easy to use, and fully featured. Used nationwide since 1988 and internationally since 1995, NoteSmith works under desktop versions of Windows, from Win95 up to Vista.

### **Features**

Installation is typical for a Windows program—just insert the CD and run the Setup routine. On the first use, the program asks you to verify the date, a user name, and the CD serial number. Standard ReadMe and License Agreement screens are presented along with technical support and tax form expiration information. Seven sample notes are created so you can record some dummy payments and run reports immediately without any risk to live financial data.

We found recording a payment quite simple. Click the Record button in the constantly visible Toolbar, pick an account, then enter the payment date and payment amount. The payment is immediately split between principal and interest, optionally to escrow and late fees. The program was savvy enough to recognize payments that were too large and asked how to apply the overage (normally to principal, but other options are offered), which saved us time and prevented mistakes. Similarly, payments that are too small are flagged. Choose to hold that cycle open until the remainder arrives (the more common option) or close the month out accepting whatever had been paid (which you might do if a check was written in error by a few cents).

Entering a new account the first time took the longest, although our speed increased after adding a few notes. We quickly learned what information NoteSmith requires and where to put it. In fairness, a note has a lot of variables to describe it. Aside from simple mailing address information and standard terms, it needs the next due date, whether the note is daily interest, how deficient payments should be applied, and, in the case of a note bought at discount, what was paid and how much of the note is owned. A configuration screen saves a bit of time because we could save most of these items and tell NoteSmith to use them for any new note we added.

Printing late letters was a snap. NoteSmith knows who is late and whether they already received a letter. We liked that the body of the letters could be completely modified and we chose a font to match our business stationery. NoteSmith does the rest in just a few clicks. Letters can be printed directly from the program or, with the advanced models, through Microsoft Word which allows full formatting of all mail merges.

NoteSmith includes dozens of reports, coupons, receipts, envelope and label printing, a financial calculator that can print an amortization schedule, automatic IRS 1098 forms for the appropriate year, and a simple but necessary backup module to get the data off site. The advanced models add lease and rent tracking, electronic IRS 1098 and 1099 filing, custom report module, PDF generation, electronic credit bureau reporting, and optional simultaneous multi-user networking. A 300 page printed reference manual comes with the CD, unheard of in these modern, cost cutting days.

### **Concerns**

At first, it seemed strange that you cannot insert a payment into the middle of a history if, for instance, you forgot to log one three months ago. This is simple enough in check writing software, which either adds or subtracts the entry from the balance, but the company states that NoteSmith performs up to 44 individual calculations on each payment. Entering them in order is vitally important. The program lets you move the last correct payment or payments into the NoteSmith clipboard, enter the forgotten one, and paste the saved payments back.

NoteSmith is Windows only, so you need a PC or at least a Mac that can run Windows. Program activation is required, which takes two minutes one time at the company web site. Although a nuisance, activation is typical of niche software. One small oddity is that the company does not offer telephone support either as part of a package price or as an option. They say that most of their questions concern application of payments which requires that a technician view the payment history. The company offers both email and toll free fax. You can send a PDF of the history or just go the old fashioned route and print/fax. They promise a "next business day" reply but acknowledge that almost all correspondence is answered the same business day.

### **Conclusion**

Those concerns have a silver lining. The pricing is unbelievably reasonable. While typical bank software can sell for \$10,000 and up, the single user NoteSmith program, designed for someone with a limited portfolio of notes, is just \$299. The Pro model at \$499 is powerful enough to run a servicing company and is licensed for two computers. The Net, just \$699, has a 5 workstation license plus one data file server. Technical support for future calendar years, while not required, is about \$200 annually and provides a new CD with updated features, current tax forms, and certain other date related items.

For more information, including a brochure, sample reports, and a PDF demo, go to [www.NoteSmith.com](http://www.NoteSmith.com). Be sure to read through the Testimonial page for some interesting insights into this software, now entering its third decade.

## **Fine Print**

The word “NoteSmith” is a registered trademark of Princeton Investments, Inc. and the program code is copyrighted 1988-2008.

## **Epilogue**

Since the review above was published, additional annual revisions of NoteSmith were released. NoteSmith 2011 was redesigned for Windows XP, Vista and specifically Windows 7. Features built into the 2012 program include email, PDF generation, Canadian interest, and support of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

For NoteSmith sales and ordering information, call 800-526-5588, email [Sales@NoteSmith.com](mailto:Sales@NoteSmith.com), or visit [www.NoteSmith.com](http://www.NoteSmith.com). NoteSmith is published by:

Princeton Investments, Inc.  
1001 E Harmony Road  
Suite A-110  
Fort Collins, CO 80525