Payment allocation examples

The examples below are representative of a student in school. Loans 1, 3, and 4 represent an interest-only repayment option. Loan 2 represents a fixed $25 repayment option.

<table>
<thead>
<tr>
<th>Loan ID</th>
<th>Current Balance</th>
<th>Current Principal</th>
<th>Interest Rate</th>
<th>Unpaid Interest</th>
<th>Current Amount Due</th>
<th>Past Due Amount</th>
<th>Unpaid Fees</th>
<th>Total Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan 1</td>
<td>$10,000.00</td>
<td>$10,000.00</td>
<td>8.25%</td>
<td>$69.00</td>
<td>$69.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$69.00</td>
</tr>
<tr>
<td>Loan 2</td>
<td>$8,700.00</td>
<td>$8,500.00</td>
<td>8.00%</td>
<td>$200.00</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$1.25</td>
<td>$51.25</td>
</tr>
<tr>
<td>Loan 3</td>
<td>$5,500.00</td>
<td>$5,500.00</td>
<td>8.00%</td>
<td>$37.00</td>
<td>$37.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$37.00</td>
</tr>
<tr>
<td>Loan 4</td>
<td>$6,800.00</td>
<td>$6,800.00</td>
<td>7.75%</td>
<td>$44.00</td>
<td>$44.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$44.00</td>
</tr>
<tr>
<td>Total</td>
<td>$31,000.00</td>
<td>$30,800.00</td>
<td></td>
<td>$175.00</td>
<td>$25.00</td>
<td>$1.25</td>
<td>$201.25</td>
<td></td>
</tr>
</tbody>
</table>

If the Borrower makes a payment of $175, it will be allocated and applied as follows:

Payment allocation

<table>
<thead>
<tr>
<th>Loan ID</th>
<th>Current Balance</th>
<th>Interest Rate</th>
<th>Past Due Amount</th>
<th>Current Amount Due</th>
<th>Payment Amount Applied</th>
<th>Unpaid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan 1</td>
<td>$10,000.00</td>
<td>8.25%</td>
<td>$0.00</td>
<td>$69.00</td>
<td>$44.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>Loan 2</td>
<td>$8,700.00</td>
<td>8.00%</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$50.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Loan 3</td>
<td>$5,500.00</td>
<td>8.00%</td>
<td>$0.00</td>
<td>$37.00</td>
<td>$37.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Loan 4</td>
<td>$6,800.00</td>
<td>7.75%</td>
<td>$0.00</td>
<td>$44.00</td>
<td>$44.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>$31,000.00</td>
<td></td>
<td>$25.00</td>
<td>$175.00</td>
<td>$175.00</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

Payment allocation:

The underpayment of $175 was first allocated to Loan 2 to cover the Past Due Amount of $25.00.

Next, we allocated from lowest to highest Current Amount Due:

- $25.00 to Loan 2
- $37.00 to Loan 3
- $44.00 to Loan 4

Last, we allocated the remaining $44.00 to Loan 1, resulting in an underpayment.

Application continued on following page
### Payment application

<table>
<thead>
<tr>
<th>Loan ID</th>
<th>Unpaid Fees</th>
<th>Unpaid Interest</th>
<th>Current Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan 1</td>
<td>$0.00</td>
<td>$69.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Amounts applied</td>
<td>$0.00</td>
<td>$(44.00)</td>
<td>$(0.00)</td>
</tr>
<tr>
<td>Total</td>
<td>$0.00</td>
<td>$25.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Loan 2</td>
<td>$1.25</td>
<td>$200.00</td>
<td>$8,500.00</td>
</tr>
<tr>
<td>Amounts applied</td>
<td>$(1.25)</td>
<td>$(48.75)</td>
<td>$(0.00)</td>
</tr>
<tr>
<td>Total</td>
<td>$0.00</td>
<td>$151.25</td>
<td>$8,500.00</td>
</tr>
<tr>
<td>Loan 3</td>
<td>$0.00</td>
<td>$37.00</td>
<td>$5,500.00</td>
</tr>
<tr>
<td>Amounts applied</td>
<td>$0.00</td>
<td>$(37.00)</td>
<td>$(0.00)</td>
</tr>
<tr>
<td>Total</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$5,500.00</td>
</tr>
<tr>
<td>Loan 4</td>
<td>$0.00</td>
<td>$44.00</td>
<td>$6,800.00</td>
</tr>
<tr>
<td>Amounts applied</td>
<td>$0.00</td>
<td>$(44.00)</td>
<td>$(0.00)</td>
</tr>
<tr>
<td>Total</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$6,800.00</td>
</tr>
</tbody>
</table>

#### Payment application:

- $44.00 of the $175 payment was allocated to **Loan 1**. Since there were no Unpaid Fees, the $44.00 was applied to Unpaid Interest, resulting in $25.00 remaining unpaid.
- $50.00 of the $175 payment was allocated to **Loan 2**. $1.25 was first applied to Unpaid Fees and the remaining $48.75 was applied to Unpaid Interest, resulting in $151.25 remaining unpaid.
- $37.00 of the $175 payment was allocated to **Loan 3**. Since there were no Unpaid Fees, the $37.00 was applied to the Unpaid Interest.
- $44.00 of the $175 payment was allocated to **Loan 4**. Since there were no Unpaid Fees, the $44.00 was applied to the Unpaid Interest.

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**Payment example | Lowest to highest due amount**

How underpayments are allocated and applied