

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.

Borrower's current loans

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

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

Payment allocation

Loan ID	Current Balance	Interest Rate	Past Due Amount	Current Amount Due	Payment Amount Applied	Underpayment Amount
Loan 1	\$10,000.00	8.25%	\$0.00	\$69.00	\$44.00	\$25.00
Loan 2	\$8,700.00	8.00%	\$25.00	\$25.00	\$50.00	\$0.00
Loan 3	\$5,500.00	8.00%	\$0.00	\$37.00	\$37.00	\$0.00
Loan 4	\$6,800.00	7.75%	\$0.00	\$44.00	\$44.00	\$0.00
Total	\$31,000.00		\$25.00	\$175.00	\$175.00	\$25.00

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

Loan ID	Unpaid Fees	Unpaid Interest	Current Principal
Loan 1	\$0.00	\$69.00	\$10,000.00
Amounts applied	\$0.00	\$(44.00)	\$(0.00)
Total	\$0.00	\$25.00	10,000.00
Loan 2	\$1.25	\$200.00	\$8,500.00
Amounts applied	\$(1.25)	\$(48.75)	\$(0.00)
Total	\$0.00	\$151.25	\$8,500.00
Loan 3	\$0.00	\$37.00	\$5,500.00
Amounts applied	\$0.00	\$(37.00)	\$(0.00)
Total	\$0.00	\$0.00	\$5,500.00
Loan 4	\$0.00	\$44.00	\$6,800.00
Amounts applied	\$0.00	\$(44.00)	\$(0.00)
Total	\$0.00	\$0.00	\$6,800.00
Total	\$0.00	\$176.25	\$30,800.00

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.