

Payment Processing Examples

Underpayment on Current Account

If the Total Due on the loans is \$180 and you make a payment of \$60, the payment will not be sufficient to satisfy the Total Due. Without providing payment instructions, this is how the payment will be allocated and applied.

The following example assumes all loans have the same bill due date and credit reporting threshold:

	Principal Balance	Accrued Interest	Interest Rate	Total Due	Credit Reporting
Loan 1 Unsub/Private	\$2,100.00	\$6.25	3.40%	\$75.00	30 Days
Loan 2 Subsidized	\$3,000.00	\$8.94	3.40%	\$105.00	30 Days
Total	\$5,100.00	\$15.19	-	\$180.00	-

Loan 1	Accrued Interest	Principal Balance
Beginning Balance	\$6.25	\$2,100.00
Amount Allocated	-\$6.25	-\$53.75
Ending Balance	-	\$2,046.25

Loan 2	Accrued Interest	Principal Balance
Beginning Balance	\$8.94	\$3,000.00
Amount Allocated	-\$0	-\$0
Ending Balance	\$8.94	\$3,000.00

Allocation Summary

In the above example, the \$60 payment will not satisfy the Total Due of \$180. Since both loans have the same due date and credit reporting threshold, the \$60 payment will be allocated to Loan 1, which has the lowest amount due.

Partial Payment on Past Due Account

If your loans are past due because you did not fully satisfy your previous Total Due, and you now make a payment of \$60, the payment will be allocated and applied as follows.

The following example assumes all loans are at the same level of delinquency and have the same bill due date and credit reporting threshold, but one loan may be assessed a late fee:

	Principal Balance	Accrued Interest	Interest Rate	Past Due Amount	Current Amount Due	Total Due	Late Fee	Credit Reporting
Loan 1 Unsub/Private	\$2,100.00	\$12.12	3.40%	\$75.00	\$75.00	\$150.00	No	30 Days
Loan 2 Subsidized	\$3,000.00	\$17.32	3.40%	\$105.00	\$105.00	\$210.00	No	30 Days
Loan Subsidized	\$4,000.00	\$23.10	3.40%	\$115.00	\$115.00	\$230.00	Yes	30 Days
Total	\$9,100.00	\$52.54	-	\$295.00	\$295.00	\$590.00	-	-

If late fees are satisfied first, based on loan owner/repayment plan requirements:

Loan 1	Late Fee	Accrued Interest	Principal Balance
Beginning Balance	\$0.00	\$12.12	\$2,100.00
Amount Allocated	-\$0	-\$0	-\$0
Ending Balance	-	\$12.12	\$2,100.00

Loan 2	Late Fee	Accrued Interest	Principal Balance
Beginning Balance	\$0.00	\$17.32	\$3,000.00
Amount Allocated	-\$0	-\$0	-\$0
Ending Balance	-	\$17.32	\$3,000.00

Loan 3	Late Fee	Accrued Interest	Principal Balance
Beginning Balance	\$3.00	\$23.10	\$4,000.00
Amount Allocated	-\$3.00	-\$23.10	-\$33.90
Ending Balance	-	-	\$3,966.10

If interest is satisfied first based, on loan owner/repayment plan requirements:

Loan 1	Accrued Interest	Late Fee	Principal Balance
Beginning Balance	\$12.12	\$0.00	\$2,100.00
Amount Allocated	-\$0	-\$0	-\$0
Ending Balance	\$12.12	-	\$2,100.00

Loan 2	Accrued Interest	Late Fee	Principal Balance
Beginning Balance	\$17.32	\$0.00	\$3,000.00
Amount Allocated	-\$0	-\$0	-\$0
Ending Balance	\$17.32	-	\$3,000.00

Loan 3	Accrued Interest	Late Fee	Principal Balance
Beginning Balance	\$23.10	\$3.00	\$4,000.00
Amount Allocated	-\$23.10	-\$3.00	-\$33.90
Ending Balance	-	-	\$3,966.10

Allocation Summary

In the above example, the \$60 payment will be allocated to Loan 3. Although all loans have the same due date and credit reporting threshold, Loan 3 may be assessed a late fee. Therefore, the entire \$60 payment will be allocated to Loan 3. The loan owner/repayment plan requirements stipulate whether interest or late fees are satisfied first, and any remaining amount will then reduce the Total Due on Loan 3.

