

Payment Processing Examples

Overpayment Above Total Due on Current Account

If the Total Due on the loans is \$180 and you make a payment of \$325, without providing instructions, this is how the payment will be allocated and applied.

Example 1 assumes one loan has a higher interest rate:

	Principal Balance	Accrued Interest	Interest Rate	Total Due	Late Fee	Credit Reporting
Loan 1 Unsub/Private	\$2,100.00	\$6.51	3.54%	\$75.00	No	60 Days
Loan 2 Subsidized	\$3,000.00	\$10.02	3.81%	\$105.00	No	60 Days
Total	\$5,100.00	\$16.53	-	\$180.00	-	-

Loan 1	Accrued Interest	Principal Balance
Beginning Balance	\$6.51	\$2,100.00
Amount Allocated	-\$6.51	-\$68.49
Ending Balance	-	\$2,031.51

Loan 2	Accrued Interest	Principal Balance
Beginning Balance	\$10.02	\$3,000.00
Amount Allocated	-\$10.02	-\$239.98
Ending Balance	-	\$2,760.02

Allocation Summary

In the above example, the \$325 payment will satisfy the Total Due of \$180. The excess amount of \$145 will be allocated to Loan 2, the loan with the highest interest rate.

Example 2 assumes all loans have the same interest rate:

	Principal Balance	Accrued Interest	Interest Rate	Total Due	Late Fee	Credit Reporting
Loan 1 Unsub/Private	\$2,100.00	\$6.25	3.40%	\$75.00	No	60 Days
Loan 2 Subsidized	\$3,000.00	\$8.94	3.40%	\$105.00	No	60 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	-\$213.75
Ending Balance	-	\$1,886.25

Loan 2	Accrued Interest	Principal Balance
Beginning Balance	\$8.94	\$3,000.00
Amount Allocated	-\$8.94	-\$96.06
Ending Balance	-	\$2,903.94

Allocation Summary

In the above example, the \$325 payment will satisfy the Total Due of \$180. The excess amount of \$145 will be allocated to Loan 1, the unsubsidized or private loan, since both loans have the same interest rate.

Overpayment Above Total Due 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 \$395, the payment will be allocated and applied as follows.

Example 1 assumes all loans are at the same level of delinquency, have the same interest rate and loan type, and may be assessed late fees:

	Principal Balance	Accrued Interest	Interest Rate	Late Fee Incurred	Past Due Amount	Current Amount Due	Total Due	Credit Reporting
Loan 1 Unsub/Private	\$2,100.00	\$12.12	3.40%	\$4.00	\$75.00	\$75.00	\$150.00	30 Days
Loan 2 Unsub/Private	\$3,000.00	\$17.32	3.40%	\$6.00	\$105.00	\$105.00	\$210.00	30 Days
Total	\$5,100.00	\$29.44	-	\$10.00	\$180.00	\$180.00	\$360.00	-

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

Loan 1	Accrued Interest	Late Fee	Principal Balance
Beginning Balance	\$12.12	\$4.00	\$2,100.00
Amount Allocated	-\$12.12	-\$4.00	-\$148.29
Ending Balance	-	-	\$1,951.71

Loan 2	Accrued Interest	Late Fee	Principal Balance
Beginning Balance	\$17.32	\$6.00	\$3,000.00
Amount Allocated	-\$17.32	-\$6.00	-\$207.27
Ending Balance	-	-	\$2,792.73

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

Loan 1	Late Fee	Accrued Interest	Principal Balance
Beginning Balance	\$4.00	\$12.12	\$2,100.00
Amount Allocated	-\$4.00	-\$12.12	-\$148.29
Ending Balance	-	-	\$1,951.71

Loan 2	Late Fee	Accrued Interest	Principal Balance
Beginning Balance	\$6.00	\$17.32	\$3,000.00
Amount Allocated	-\$6.00	-\$17.32	-\$207.27
Ending Balance	-	-	\$2,792.73

Allocation Summary

In the above example, the \$395 payment will satisfy the Total Due of \$360. Since all loans have the same due date and credit reporting threshold, and all loans incurred a late fee, the excess amount of \$35 will be prorated to Loans 1 and 2, based on the total balance. The loan owner/repayment plan requirements stipulate whether interest or late fees are satisfied first, and any remaining amount will then be prorated to both loans (since they have the same interest rate and loan type) to reduce your balance.

Example 2 assumes all loans are at the same level of delinquency, have the same interest rate and loan type, and are not assessed late fees:

	Principal Balance	Accrued Interest	Interest Rate	Past Due Date	Current Amount Due	Total Due	Credit Reporting
Loan 1 Unsub/Private	\$2,100.00	\$12.12	3.40%	\$75.00	\$75.00	\$150.00	30 Days
Loan 2 Unsub/Private	\$3,000.00	\$17.32	3.40%	\$105.00	\$105.00	\$210.00	30 Days
Total	\$5,100.00	\$29.44	-	\$180.00	\$180.00	\$360.00	-

Loan 1	Accrued Interest	Principal Balance
Beginning Balance	\$12.12	\$2,100.00
Amount Allocated	-\$12.12	-\$152.29
Ending Balance	-	\$1,947.71

Loan 2	Accrued Interest	Principal Balance
Beginning Balance	\$17.32	\$3,000.00
Amount Allocated	-\$17.32	-\$213.27
Ending Balance	-	\$2,786.73

Allocation Summary

In the above example, the \$395 payment will satisfy the Total Due of \$360. Since all loans have the same due date and credit reporting threshold, the excess amount of \$35 will be prorated to Loans 1 and 2, based on the total balance. The excess amount paid will be prorated to both loans (since they have the same interest rate and loan type) to reduce your balance.

