

# Payment example | Lowest Current Balance

How overpayments are allocated and applied



## 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	\$0.00	\$0.00	\$25.00
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	\$0.00	\$0.00	\$175.00

If the Borrower makes a payment of \$300, it will be allocated and applied as follows:

### Payment allocation

Loan ID	Current Balance	Interest Rate	Current Amount Due	Overpayment Amount
Loan 1	\$10,000.00	8.25%	\$69.00	\$0.00
Loan 2	\$8,700.00	8.00%	\$25.00	\$0.00
Loan 3	<b>\$5,500.00</b>	<b>8.00%</b>	<b>\$37.00</b>	<b>\$125.00</b>
Loan 4	\$6,800.00	7.75%	\$44.00	\$0.00
Total	\$31,000.00		\$175.00	\$125.00

#### Payment allocation:

The payment of \$300 was first allocated across **all loans** to cover the Current Amount Due of \$175.

Then the overpayment of \$125 was allocated to **Loan 3** because it has the lowest Current Balance out of all loans.

### Payment application

Loan ID	Unpaid Fees	Unpaid Interest	Current Principal
<b>Loan 1</b>	\$0.00	\$69.00	\$10,000.00
Amounts applied	\$0.00	\$(69.00)	\$0.00
Total	\$0.00	\$0.00	\$10,000.00
<b>Loan 2</b>	\$0.00	\$200.00	\$8,500.00
Amounts applied	\$0.00	\$(25.00)	\$(0.00)
Total	\$0.00	\$175.00	\$8,500.00
<b>Loan 3</b>	\$0.00	\$37.00	\$5,500.00
Amounts applied	\$0.00	\$(37.00)	\$(125.00)
Total	\$0.00	\$0.00	\$5,375.00
<b>Loan 4</b>	\$0.00	\$44.00	\$6,800.00
Amounts applied	\$0.00	\$(44.00)	\$(0.00)
Total	\$0.00	\$0.00	\$6,800.00
<b>Total</b>	<b>\$0.00</b>	<b>\$175.00</b>	<b>\$30,675.00</b>

#### Payment application:

\$69.00 of the \$300 payment was allocated to **Loan 1**. Since there were no Unpaid Fees, the \$69.00 was applied to the Unpaid Interest.

\$25.00 of the \$300 payment was allocated to **Loan 2**. Since there were no Unpaid Fees, the \$25.00 was applied to Unpaid Interest resulting in \$175.00 remaining unpaid.

\$162.00 of the \$300 payment was allocated to **Loan 3**. Since there were no Unpaid Fees, \$37.00 was applied to the Unpaid Interest and the remaining \$125.00 was applied to the Current Principal.

\$44.00 of the \$300 payment was allocated to **Loan 4**. Since there were no Unpaid Fees, the \$44.00 was applied to the Unpaid Interest.