

## 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	Proration Calculation	Overpayment Amount
Loan 1	\$10,000.00	8.25%	\$69.00	$(\$9,931 / \$30,825) \times \$125$	\$40.27
Loan 2	\$8,700.00	8.00%	\$25.00	$(\$8,675 / \$30,825) \times \$125$	\$35.18
Loan 3	\$5,500.00	8.00%	\$37.00	$(\$5,463 / \$30,825) \times \$125$	\$22.15
Loan 4	\$6,800.00	7.75%	\$44.00	$(\$6,756 / \$30,825) \times \$125$	\$27.40
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.

To determine how much of the \$125 overpayment will be allocated to each loan, first divide the remaining Current Balance for each loan by the remaining Current Balance for the loan group, and then multiply by the total overpayment amount.

Application continued on following page

## Payment application

Loan ID	Unpaid Fees	Unpaid Interest	Current Principal
<b>Loan 1</b>	<b>\$0.00</b>	\$69.00	\$10,000.00
Amounts applied	\$0.00	\$(69.00)	\$(40.27)
Total	\$0.00	\$0.00	\$9,959.73
<b>Loan 2</b>	\$0.00	\$200.00	\$8,500.00
Amounts applied	\$0.00	\$(60.18)	\$(0.00)
Total	\$0.00	\$139.82	\$8,500.00
<b>Loan 3</b>	<b>\$0.00</b>	\$37.00	\$5,500.00
Amounts applied	\$0.00	\$(37.00)	\$(22.15)
Total	\$0.00	\$0.00	\$5,477.85
<b>Loan 4</b>	<b>\$0.00</b>	\$44.00	\$6,800.00
Amounts applied	\$0.00	\$(44.00)	\$(27.40)
Total	\$0.00	\$0.00	\$6,772.60
Total	\$0.00	\$139.82	\$30,710.18

### Payment application:

\$109.27 of the \$300 payment was allocated to **Loan 1**. Since there were no Unpaid Fees, \$69.00 was first applied to Unpaid Interest and \$40.27 was applied to Current Principal.

\$60.18 of the \$300 payment was allocated to **Loan 2**. Since there were no Unpaid Fees, \$60.18 was applied to Unpaid Interest.

\$59.15 of the \$300 payment was allocated to **Loan 3**. Since there were no Unpaid Fees, \$37.00 was first applied to Unpaid Interest and \$22.15 was applied to Current Principal.

\$71.40 of the \$300 payment was allocated to **Loan 4**. Since there were no Unpaid Fees, \$44.00 was first applied to Unpaid Interest and \$27.40 was applied to Current Principal.