

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 \$100, it will be allocated and applied as follows:

Payment allocation

Loan ID	Current Balance	Interest Rate	Current Amount Due	Past Due Amount	Proration Calculation	Payment Amount Applied	Unpaid Amount
Loan 1	\$10,000.00	8.25%	\$69.00	\$0.00	$(\$69 / \$175) \times \$75$	\$29.57	\$39.43
Loan 2	\$8,700.00	8.00%	\$25.00	\$25.00	$(\$25 / \$175) \times \$75$	\$10.71	\$14.29
Loan 3	\$5,500.00	8.00%	\$37.00	\$0.00	$(\$37 / \$175) \times \$75$	\$15.86	\$21.14
Loan 4	\$6,800.00	7.75%	\$44.00	\$0.00	$(\$44 / \$175) \times \$75$	\$18.86	\$25.14
Total	\$31,000.00		\$175.00	\$25.00		\$75.00	\$100.00

Payment allocation:

To determine how much of the \$100 payment will be allocated to each loan, first pay the Past Due Amount for each loan.

Once the Past Due Amount is paid, to determine how much of the remaining payment will be allocated to each loan, first divide the Current Amount Due for each loan by the Current Amount Due for the loan group, and then multiply by the payment amount minus any paid Past Due Amount.

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	\$(29.57)	\$0.00
Total	\$0.00	\$39.43	\$10,000.00
Loan 2	\$1.25	\$200.00	\$8,500.00
Amounts applied	\$(1.25)	\$(34.46)	\$0.00
Total	\$0.00	\$165.54	\$8,500.00
Loan 3	\$0.00	\$37.00	\$5,500.00
Amounts applied	\$0.00	\$(15.86)	\$0.00
Total	\$0.00	\$21.14	\$5,500.00
Loan 4	\$0.00	\$44.00	\$6,800.00
Amounts applied	\$0.00	\$(18.86)	\$0.00
Total	\$0.00	\$25.14	\$6,800.00
Total	\$0.00	\$251.25	\$30,800.00

Payment application:

\$29.57 of the \$100 payment was allocated to **Loan 1**. Since there were no Unpaid Fees, \$29.57 was applied to Unpaid Interest.

\$35.71 of the \$100 payment was allocated to **Loan 2**. \$1.25 was first applied to Unpaid Fees and the remaining \$34.46 was applied to Unpaid Interest.

\$15.86 of the \$100 payment was allocated to **Loan 3**. Since there were no Unpaid Fees, \$15.86 was applied to Unpaid Interest.

\$18.86 of the \$100 payment was allocated to **Loan 4**. Since there were no Unpaid Fees, \$18.86 was applied to Unpaid Interest.