

* If MOHELA still services your loans click [here](#).

Payment Allocation

HOW ARE PAYMENTS ALLOCATED?

As you make payments towards your loans, it's important to understand how those payments are allocated across them, especially if you make payments that are more or less than your current amount due. Payments made are first applied to any fees or charges (if applicable), followed by outstanding interest, then to your principal balance in that order. If you'd like to request one-time or recurring special payment instructions, please [contact us](#).

If you pay more than your current amount due:

- Extra payment amounts (any amount higher than the current amount due) will be applied to your loan(s) with the highest interest rate.
- Once the loan with the highest interest rate is paid in full, any extra payment amount will be applied to the next-highest interest rate loan.
- If two or more loans have the same highest interest rate, extra payments will be applied to the loan with the lowest outstanding principal balance.

Example of payment allocation when you pay more than your current amount due:

- Current amount due: \$200
- Payment amount received: \$1,000
- $\$1,000 - \$200 = \$800$ extra payment amount

Loan	Interest Rates	Outstanding Principal Balance
1	6.5%	\$4,500
2	5%	\$3,000
3	8.25%	\$300
4	6.5%	\$2,475

1. As shown in the table above, loan 3 has the highest interest rate, so \$300 out of the extra payment amount will be applied to loan 3, which will pay it in full.
2. Loans 1 and 4 have the next highest interest rate: 6.5%. The remaining extra payment amount of \$500 will be applied to loan 4 because it has the lowest outstanding principal balance of the two loans.





If you pay less than your current

Up-to-Date Account

- If your account is up to date, partial payments (any amount lower than the current amount due) will be applied to your loan with the lowest current amount due.
- If two or more loans have the same current amount due, any remaining partial payment will be applied to the loan with the highest interest rate.

Example of payment allocation when you pay less than your current amount due if your account is up to date:

- Current amount due: \$325
- Partial payment amount received: \$100

Loan	Interest Rates	Current Amount Due
1	5	\$115
2	6.5%	\$85
3	8.25%	\$40
4	5%	\$85

1. The table above shows that loan 3 has the lowest current amount due, so \$40 out of the \$100 partial payment will be applied to loan 3.
2. Loans 2 and 4 both have the next highest current amount due: \$85. The remaining partial payment amount of \$60 will be applied to loan 2 because it has the highest interest rate of the two loans.

A payment amount of \$225 remains due following this partial payment.

Delinquent Account

- If your account is delinquent, partial payments will be applied first to the most delinquent loan to bring it toward the same level of delinquency as your other loan(s).
 - Any remaining partial payment will be applied to the loan with the lowest regular monthly payment amount.
 - If two or more loans have the same regular monthly payment amount, any remaining partial payment will be applied to the loan with the highest interest rate.

Example of payment allocation when you pay less than your current amount due if your account is delinquent:

- Current amount due: \$410
- Partial payment amount received: \$225

Loan	Interest Rates	Regular Monthly Payment Amount	Days Past Due
1	5%	\$100	60
2	6.5%	\$85	30
3	8.25%	\$40	30
4	5%	\$85	30



1. As shown in the table above, loan 1 is the most delinquent loan at 60 days past due, so we will apply \$100 of the partial payment amount to loan 1 to bring it to the same level of delinquency as the other loans.
2. Next, loan 3 has the lowest regular monthly payment amount, so \$40 of the remaining partial payment amount will be applied to loan 3.
3. Lastly, since loans 2 and 4 both have the next lowest regular monthly payment amount, the remaining partial payment amount of \$85 will be applied to loan 2 because it has the highest interest rate of the two loans.

A payment amount of \$185 remains due following this partial payment.

Submitting a Special Payment Request

*If you provide special payment instructions with your payment, we will follow your instructions when possible. Please note that special payment instructions can only be applied as allowed by your loan agreement terms and conditions.

- **Phone:** For special payment requests please contact our customer service team at (855) 456-SOFI (7634)