

RLSS Repayment Calculation Order

Often we are asked “If multiple items are being withheld from a repayment, in what order are they deducted?”

The order of items deducted from the Activity Total is Late Fees are the first to be collected. The Late Fees are then followed by Service Fees. Next comes Escrow amounts, NSF Fees and anything entered as Other, followed by Current Interest.

If there is still money remaining after all of the above items have been collected, then the software will look to see if there is any unpaid Accrued Interest. If yes, it will collect as much of this Accrued Interest as money allows. (When Accrued Interest is collected, it will appear as a negative amount on your screen.) Finally, when all outstanding Accrued Interest has been collected, any remaining funds will then be applied towards Principal. If funds have been depleted before all of the Current Interest and possibly other fees have been collected, the uncollected amounts will appear under Accrued Interest as a positive amount. This is being set aside to be collected the next time money is available to do so. Should you see positive Accrued Interest then you should also see no dollars being applied to Principal.

You should never edit and remove any amounts you see in Accrued Interest as this is money that is due to you and the software is seeing to it that you will receive it, maybe not with the current repayment due to inadequate cash being received, but from a subsequent repayment.

In viewing a Loan Activity report (loan history), each transaction that appears is showing amounts ONLY for that transaction, not cumulative. To determine the total amount of Unpaid Accrued Interest you should look at the Loan Totals line of the Accrued Interest column.