

Official Servicer of Federal Student Aid. What this means to you

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION



Aidvantage Is a Servicer to Federal Student Aid

You have a network of support to help you succeed with your federal student loan repayment. Find out [how Federal Student Aid partners with loan servicers](#) to be here when you need help.



Support You Can Trust

You can visit Studentaid.gov to see a [list of our trusted federal student loan servicers](#), or [submit a complaint](#) directly to the FSA Ombudsman

PAYMENT ALLOCATION

Allocation is how a payment is distributed across multiple loans. When you make a payment online, you can specify which loans you would like your payment allocated toward, including any Overpayment you might make.

You can also instruct us to allocate payments differently for mailed payments. Clearly write your instructions on a separate piece of paper included with your check. We cannot process instructions written on the check or remittance slip.

PAYMENT APPLICATION

Once we allocate a payment or a portion of a payment to a specific loan or loans, that amount is applied based on the terms of each loan's promissory note. Typically, it is applied first to Unpaid Fees, then to Unpaid Interest, and then to Unpaid Principal.

IMPORTANT REMINDER

If the payment doesn't satisfy the total payment due, including past due amounts, , and the amount of interest paid over the life of a loan will increase. Past due amounts may be reported to the consumer reporting agencies.

PAYMENT POSTING

Your payment will be credited effective as of the scheduled electronic payment date or the date the mailed payment was received.

- Online payments made by 11:59 PM ET will be credited effective as of the current date – including weekends and banking holidays.
- If you're enrolled in Auto Pay, your payment will be effective on your due date.
- Please allow time for mailing and keep in mind that mailed payments are only processed on business days.
- Please allow at least 2 business days for processing, from the scheduled date for electronic payments or the date delivered for mailed payments.

[Log in](#) and go to your Account History to view your complete payment history.

Want to make a payment? You can pay online, by phone, or by mail. [Contact Us](#) to learn more.

LOANS OWNED BY THE U.S. DEPARTMENT OF EDUCATION

Payments for Direct and FFELP Loans owned by the U.S. Department of Education

Learn how payments are allocated and applied to loans owned by the U.S. Department of Education.

Single Loan – Account is Current

First, the payment is applied to Unpaid Interest. Keep in mind that interest accrues daily.

Second, the payment is applied to the Unpaid Principal.

We will advance your payment due date by the number of full Monthly Payments that are covered by any Overpayment – **unless you provide special payment instructions.***

Single Loan – Account is Past Due

First, the payment is applied to Unpaid Interest. Keep in mind that interest accrues daily. If your payment is past due, you should anticipate that your loan will accrue more interest than when payments are made on time.

Second, the payment is applied to the Unpaid Principal.

We will advance your payment due date by the number of full Monthly Payments that are covered by any Overpayment – **unless you provide special payment instructions.***

Multiple Loans – Account is Current

When you have multiple payments for similar loan types, we may group them together in a "Billing Group" so you will receive one consolidated statement for the loans in the Billing Group and can make one payment to cover them all.

You may request that your loans be ungrouped so that you receive separate statements by calling us at 800-722-1300.

If you have multiple loans, we first allocate the payment among your loans and then apply the payment to your Unpaid Interest and Unpaid Principal as described below.

Payment allocation:

Unless you provide special payment instructions,* once the Total Amount Due has been satisfied for all loans being paid, any Overpayment will be allocated to your loan with the highest interest rate. If

you have more than one loan in the Billing Group with the same highest interest rate, then the Overpayment will be allocated to any unsubsidized loan(s) being paid, prorated according to the Monthly Payment Amount. If loans with the highest interest rate are all subsidized, then the payment will be allocated to those loans prorated by the Monthly Payment Amount. If none of your loans have a Monthly Payment Amount, we'll prorate by Current Balance.

Payment application order:

Once a portion of the payment is allocated to each loan, we apply it in the following manner:

- First, the payment is applied to Unpaid Interest. Keep in mind that interest accrues daily.
- Second, the payment is applied to the Unpaid Principal.
- We will advance your payment due date by the number of full Monthly Payments that are covered by any Overpayment – **unless you provide special payment instructions.***

Unless you provide special payment instructions,* we'll apply Overpayments to advance your due date by the number of payments you cover. Even when loans are paid ahead, your Auto Pay amount will always be equal to the Monthly Payment Amount or a greater amount that you may specify for each of your loans in Auto Pay.

Multiple Loans – Account is Past Due

If you have multiple loans, we first allocate the payment among your loans and then apply the payment to your Unpaid Interest and Unpaid Principal as described below.

Payment allocation:

Unless you provide special payment instructions,* the payment will be allocated first to loans with the oldest delinquency, prorated by the Past Due Amount for each loan by billing cycle. When all loans are at the same delinquency level, the payment will go to each loan in the Billing Group, prorated according to its Current Amount Due.

For residents of California, Colorado, Maine, New Jersey, New York, Rhode Island, and Virginia, your Underpayment will be allocated to satisfy as many individual loan payments as possible, first to loans with the oldest delinquency, in order from lowest to greatest Past Due Amount by billing cycle. Any remaining amount will be prorated across loans that share the same age of delinquency that have not yet been paid.

Unless you provide special payment instructions,* with the exception of payments made by Auto Pay, once the Total Amount Due has been satisfied for all loans being paid, any Overpayment will be allocated to your loan with the highest interest rate. If you have more than one loan in the Billing Group with the same highest interest rate, then the Overpayment will be allocated to any unsubsidized loan(s) being paid, prorated according to the Monthly Payment Amount. If loans with the highest interest rate are all subsidized, then the payment will be allocated to those loans prorated by the Monthly Payment Amount.

Payment application order:

Once a portion of the payment is allocated to each loan, we apply it in the following manner:

- First, the payment is applied to Unpaid Interest. Keep in mind that interest accrues daily. If your payment is past due, you should anticipate that your loan will accrue more interest than when payments are made on time.
- Second, the payment is applied to the Unpaid Principal.

Unless you provide special payment instructions, * we'll apply Overpayments to advance your due date by the number of payments you cover. Even when loans are paid ahead, your Auto Pay amount will always be equal to the Monthly Payment Amount or a greater amount that you may specify for each of your loans in Auto Pay.

*Providing Special Payment Instructions

If you'd like to provide special allocation or billing instructions, you may do so one-time for each payment being made or update your profile to save payment directions for any qualifying payments you make in the future. You can change your saved directions at any time.

Ways you can provide one-time allocation directions:

- Use the "Specify for Each Loan" option when making a payment online to tell us how much you'd like to pay towards each loan.
- Use the "Auto Allocate" option when making a payment online to tell us which method you'd like us to use to allocate your payment across your loans.
- Send one-time instructions on a separate piece of paper when mailing your payment.
- Tell our agents which loans you'd like to pay when making a payment by phone.

Ways you can provide saved allocation directions:

- Update your profile and select the payment directions that work best for your goals.
- Send instructions on a separate piece of paper when making your payment, telling us which of our available allocation options you'd like for us to save for future payments.
- Tell our agents to save your preferred allocation option when making a payment by phone.

Ways you can provide one-time billing directions:

- Select the billing direction of your choice when making a qualifying Overpayment online.
- Send one-time instructions on a separate piece of paper when mailing your payment, telling us you want to be billed for your next, full monthly payment. For example, "do not advance my due date greater than one month with this payment".
- Tell our agents whether you want to be billed for your next, full monthly payment when making an Overpayment by phone.

Ways you can provide saved billing directions:

- Update your profile and select the payment directions that work best for your goals.
- Send instructions on a separate piece of paper when making your payment, telling us if you want to be billed for your next, full monthly payment amount for any Overpayments you may make in the future. For example, "save my directions to never advance my due date greater than one month with any Overpayments".
- Tell our agents to save your preferred billing direction when making a payment by phone.

Options to select from for saved Overpayment allocation directions:

- Highest Interest Rate – The Overpayment amount will be paid to your loan with the highest interest rate.
- Highest Current Balance – The Overpayment amount will be paid to your loan with the highest Current Balance.
- Lowest Current Balance – The Overpayment amount will be paid to your loan with the lowest Current Balance.
- Prorate by Monthly Payment Amount – Prorate means that we will divide the Overpayment across all the loans you selected. The calculation is based on the Monthly Payment Amount.
- **Unsubsidized**– Unlike Subsidized federal loans – when you are not responsible for interest accruing on the loan during certain periods, such as in-school, grace, and deferment – Unsubsidized loans accrue interest at all times and you are responsible for paying it. If you select this option, the Overpayment will be prorated by Monthly Payment Amount across your Unsubsidized and Private loans.

Options to select from for saved Underpayment allocation directions:

- By most delinquent, then lowest Monthly Payment. Your Underpayment will be allocated to satisfy as many individual loan payments as possible, first to loans with the oldest delinquency, in order from lowest to greatest Past Due Amount by billing cycle. Any remaining amount will be prorated across loans that share the same age of delinquency that have not yet been paid.
- Align delinquencies. Your Underpayment will be allocated first to the loans with the oldest delinquency prorated by the Past Due Amount for each loan by billing cycle.
- Prorate based on total past due amounts. Your Underpayment will be allocated first to any delinquent loans being paid, prorated by the total Past Due Amount for each loan.

Options to select from for saved Overpayment billing directions:

- Advance my due date by the number of payments I cover. Even if you have zero amount due on your billing statement, continuing to make payments will reduce your total cost of borrowing.
- Bill me for my full Monthly Payment Amount. You will be required to continue making full Monthly Payments with your upcoming billing statements.

PAYMENT GLOSSARY

[VIEW ALL GLOSSARY TERMS](#)

Account Number

The primary identifier for an account at the customer level. It is a reference for all the loans associated with that customer.

Accrued Interest

Interest that has accrued during the prior Billing Cycle.

Approved Loan Amount

The original amount of funds that were approved for the customer.

Approximate Daily Interest

To find out how much interest accrues daily, use this formula: $(\text{Unpaid Principal balance} \times \text{Interest Rate}) \div \text{Number of Days in the Year} = \text{Approximate Daily Interest}$.

Approximate Interest Due

$\text{Approximate Daily Interest} \times \text{number of days in your billing period} = \text{Approximate Interest Due}$.

Balance

The amount of debt still owed on an account.

Billing Cycle

The period of time between the generation of billing statements. The Billing Cycle's start and end dates may or may not be the same as the Billing Period's start and end dates.

Billing Group

One or more loans that are combined in a grouping to allow customers to receive a single billing device and make a single payment for the respective loan(s).

Billing Period

The interval of time during which bills are prepared. The Billing Period start and end dates may not be the same as the Billing Cycle start and end dates.

Capitalized Interest

Accrued interest that has been added to the Unpaid Principal balance. Since the interest that is capitalized gets added to the principal, the customer will accrue interest on a higher balance.

Current Amount Due

The Monthly Payment Amount or the remainder of the Monthly Payment Amount if an overpayment was received in a previous Billing Cycle.

Current Balance

Unpaid Principal + Unpaid Interest + Unpaid Fees, if applicable.

Disbursement Date

The date when the Approved Loan Amount was paid to the borrower or school.

Disbursed Principal

Original Principal less fees charged at time of loan origination.

Fees Assessed

The sum of the charges assigned in the prior Billing Cycle.

Last Payment Effective Date

The date the most recent payment was credited to the account within the last billing period.

Loan Group

One or more loans that are combined in a grouping to allow customers to receive a single billing device and make a single payment for the respective loan(s).

Loan Group Number

The numeric identifier utilized to distinguish a Loan/Billing Group.

Loan ID

The numeric identifier utilized to distinguish an individual loan.

Loan's Outstanding Balance

Current Balance less the amount of an overpayment that has already satisfied the Past Due Amount and Current Amount Due (if applicable).

Monthly Payment Amount

The amount required each month to repay the loan according to the repayment schedule.

Monthly Payment

The amount required each month to repay the loan according to the repayment schedule.

Original Principal

The original approved loan amount.

Overpayment

The portion of a payment received in excess of the Past Due Amount + Current Amount Due + Unpaid Fees.

Past Due Amount

The remainder of monthly payment amounts from previous Billing Cycles that have not been satisfied by the customer (this does not include fees).

Previous Statement Balance

The prior month's billing statement's "Current Balance".

Principal Reduction

The amount of funds that have reduced the Unpaid Principal in the prior Billing Cycles.

Total Payment Due

Past Due Amount + Current Amount Due. This is the amount the customer needs to pay in order to complete their repayment schedule by the projected date (

Underpayment

A payment received that is insufficient to cover the Past Due Amount + Current Amount Due.

Unpaid Interest

Overall interest that has accrued that has not yet been satisfied by the customer.

Unpaid Principal

The Original Principal (the original loan amount borrowed by the customer), less any prior reductions to the Original Principal, plus any interest that has been capitalized.