How do payments impact my balance and the interest charges I pay on my Simple Interest Contract?

How does my Simple Interest Contract work?

Interest is calculated based on the unpaid principal balance of the contract. As each payment is made, the payment is applied toward the interest charges that have accrued since the previous payment was received. The remaining portion of the payment is applied in accordance with the terms of your contract.

Important: Interest charges are calculated on your declining unpaid principal balance and your daily interest charge declines as your unpaid principal balance declines. A greater percentage of your monthly payment is distributed to interest charges early in the contract because of the larger unpaid principal balance, and a greater percentage is distributed to the principal toward the end because of the smaller unpaid principal balance. The unpaid principal balance decreases slowly early in the contract and more quickly closer to the end of the contract.

How are my interest charges calculated?

Interest charges accrue daily based on the unpaid principal balance.
Example: If your contract Annual Percentage Rate (APR) is 11.50%, the unpaid principal balance on your account is $21,951.00 and your scheduled monthly payment is $482.76 then:

Your daily interest charge is calculated as follows:
Unpaid principal balance x APR / # of days in a year = Daily interest charge

$21,951.00 x .1150 / 365 = $6.9160

If your payment is received 27 days from the date we received your previous payment, your interest charge for that period would be $186.73 ($6.9160 x 27).

Your $482.76 payment is applied as follows:
Interest charges are paid first, and the remainder of the payment is applied in accordance with the terms of your contract. If there are no other fees due, then:

Interest Charges:	$186.73
Principal:	$296.03
Total:	$482.76

Your new unpaid principal balance is $21,654.97 ($21,951.00-$296.03) and your new daily interest charge is calculated as follows:

$21,654.97 x .1150 / 365 = $6.8227

If your next payment is received 31 days from the date we received your previous payment, your interest charge for that period would be $211.50 ($6.8227 x 31).

Your $482.76 payment is applied as follows:

Interest Charges:	$211.50
Principal:	$271.26
Total:	$482.76

How does timing affect my payment?

The timing of when your payments are received will vary the interest charges you owe. Since interest charges accrue daily for simple interest contracts, the actual amount of interest charge and the actual amount of your final payment will depend on your payment history record. If you make every payment on the original contractual due date, you will pay off the contract in the time frame and amount described in your contract. If you make your payments before the due date, you will pay less in interest charges. The later you make your payments after they are due, you will pay more in interest charges.

Example: Continuing with our example above, receiving your payment 31 days from the date we received your previous payment would be applied as follows:

Your $482.76 payment is applied as follows:

Interest Charges:	$211.50
Principal:	$271.26
Total:	$482.76

However, if we receive your payment **45 days** from the date we received your previous payment, your interest charges for that period would be $307.02 ($6.8227 x 45)

Interest Charges:	$307.02
Principal:	$175.74
Total:	$482.76

This example demonstrates the impact late payments have on your unpaid principal balance and the interest charges you will pay.

How other fees may impact my payment?

Depending on your contract, you may be subject to a late fee if the payment is not received within a specified number of days after your due date. You may be subject to a non-sufficient funds (NSF) fee for payments made with insufficient funds. If permitted by the contract and state law, part of your payment may be applied to fees prior to principal.

How payment extension(s) or a due date change impact my payment?

Extensions may be offered to qualified customers, who meet certain criteria. An extension defers one or more monthly payment(s) to the end of the finance contract term. It is important to understand that deferred payments will result in a longer repayment period than originally scheduled. A payment extension(s) will result in more interest charges accruing on your account and a higher principal balance than if payments were made as originally scheduled in your contract. Interest charges will continue to accrue during the extension period and your payment following the extension period will be disproportionately allocated to the unpaid interest. Similarly, a due date change will result in a longer repayment period than originally scheduled and may result in more interest charges.

How will I know the payoff or final payment amount?

The amount of your final payment will depend on your payment history record during your contract. If you consistently pay early or make additional principal payments, your last payment should be lower. If you pay late or request payment extension(s) or due date changes, your last payment will be higher. You may contact us at 1-855-602-2001 for the final payment or payoff amount.

Is there an early pay off penalty?

There is no prepayment penalty if you pay off the simple interest contract prior to the original maturity date. An early payoff requires that the current unpaid principal balance be paid plus the interest charges due from the date of the last payment until the payoff date, plus all other amounts due and owing under your contract.

Will I receive a refund of interest charges if I pay off the simple interest contract early?

No, on a simple interest contract, you pay interest charges on the principal balance for each day the account is open. If the contract is paid off early and the account is closed, no future interest charges are required. You will receive a refund if the amount we receive as a payoff exceeds the total amount owing on your contract at the time of payoff.