

Private Student Loan Payments Template

You're saying: "I am submitting more money than what I owe; here is how I want the payment processed."

Use the sample letter on the next page to tell your loan servicing company how you want the overpayment processed.

How to use this template:

1. Read the background below.
2. Fill in your information on the template letter and edit it as needed to fit your situation. Delete any information that doesn't apply to you, or isn't information you're looking for.
3. Print or email and send the letter to your loan company. Keep a copy for your records.

Background

If you have several loans associated with the same loan servicer (the company that sends you a bill each month) and you don't provide instructions, your servicer will generally decide how to allocate your payments in excess of the amount due. Leaving this decision up to them isn't always the best choice.

Your student loan servicer should listen to your instructions about which loan your additional payment goes toward when you submit your payment.

Here's why providing instructions to your servicer can be a good idea:

- If you direct any extra money to your highest interest rate loan first, you may save hundreds of dollars or more in extra interest payments and you may be able to get out of debt faster.

- If you don't tell them what to do, your servicer will apply extra payments as they see fit, in most cases spreading your money out across all of the loans on your account.
- This means that you'll pay down your debt slowly, and you'll pay more money in interest over the life of your loan. To help you explain to your servicer what it should do with your money, we've put together some sample instructions you can send to your servicer to ask them that they direct any extra payments toward your highest-rate loan. Helpful servicers will generally accommodate your request. You'll want to be sure your servicer responds to your request so you know if you need to send additional instructions. You'll want to save this letter for your records. For most borrowers, it makes sense to direct any extra payment toward your loan with the highest interest rate – this is the fastest way to save the most money over the long term. For other

Borrowers, saving the most money might not be their main goal. You may be interested in paying extra each month on certain loans in order to improve your credit profile, qualify for a mortgage, or eliminate a monthly bill. You should weigh all of your options.

To submit a complaint, visit consumerfinance.gov/complaint.

If you have questions about repaying student loans, check out our repayment tool [Repay Student Debt](#) to find out how you can tackle your student loan debt.

For more information on private student loans and other consumer financial products or services, visit "Ask CFPB" at consumerfinance.gov/askcfpb/.

Sample letter begins on the next page

[Your name] [Your return address] [Date]

[Loan Company name] [Payment Address on Your Bill] Re: [Account number for the loan, if you have it]

Dear [Loan Company Name]:

I am writing to provide you instructions on how to apply payments when I send an amount greater than the minimum amount due or if additional payments outside of my regular monthly payments are sent. Please apply payments as follows:

1. After applying the minimum amount due for each loan, any additional amount should be applied to the loan that is accruing the highest interest rate.
2. If there are multiple loans with the same interest rate, please apply the additional amount to the loan with the lowest outstanding principal balance.
3. If any additional amount above the minimum amount due ends up paying off an individual loan, please then apply any remaining part of my payment to the loan with the next highest interest rate.

It is possible that I may find an option to refinance my loans to a lower rate with another lender. If this lender or any third party makes payments to my account on my behalf, you should use the instructions outlined above.

Any additional payments made before or after my due date should also be applied with the instructions listed above.

Retain these instructions. Please apply these instructions to all future overpayments. Please confirm that these payments will be processed as specified or please provide an explanation as to why you are unable to follow these instructions.

Thank you for your cooperation.

Sincerely, [**Your name**] [Your contact info]