



## Understanding Simple Interest

A Simple-Interest loan is one in which the interest due on the next payment is calculated at a daily per diem rate. This is in contrast with a standard loan, where the interest is calculated on a monthly rate. The amount of interest that will be collected from each monthly payment of a simple-interest loan will depend on the number of days since the last payment was received.

The per diem daily rate is calculated using the principle balance of the loan multiplied by the interest rate and divided by 360.

### Example:

Principle balance =	10,000
Multiplied by Interest Rate=	15.99%
Divided by 360 =	\$4.44 = (daily rate)

All payments made to MaryMae Financial are posted on the same day they are received and are applied to each account in this order:

- 1.) Late Fees incurred (if any)
- 2.) Interest due ( accrued daily from the date of the last payment)
- 3.) Principle reduction

### \* Tip

To take advantage of reducing your principle balance sooner, practice making at least your minimum payment before the due date.