Interest Collected: Received date Payment to Received date Payment

- Interest is calculated based on the actual days between when payments are received (or applied).
- This uses the real elapsed time (e.g. actual/365 or actual/360 day count) from one payment to the next.
- More common in simple interest loan, private/hard money loans, installment notes, or daily simple interest products.

Example:

If a borrower has a $200,000 Loan @ 6% interest
Daily interest $200,000 x 6% (.06) = $12,000
$12,000 ÷ 365 = $32.88 per day

Payment Timeline:

Last payment : April 1st
Next payment Received: April 20th
Days between payments: 19
Interest Calculated: 32.88 x 19 = $624.26

So when the April 20th payment is applied:

$624.26 goes to interest (19 days of interest)
The remainder goes to principal.