

## **Interest Paid in Advance — Same-Day Schedule Adjustment**

Interest is paid in advance, meaning the borrower pays the predicted interest for the upcoming month based on the capital outstanding at the start of that month.

Interest accrues on a daily basis. If a capital disbursement or repayment occurs partway through the month, the interest already paid is corrected immediately by creating a new interest schedule entry dated the same day as the capital change. The original advance interest entry remains unchanged.

### **Example Summary**

- No capital change → No adjustment
- Capital repayment → Same-day credit schedule entry
- Capital drawdown → Same-day debit schedule entry

### **Key Principle**

Any mid-period change in capital results in a new interest schedule entry dated the same day as the capital change, ensuring interest accuracy without deferring adjustments.