

Late Payment Charges

Interbill provides our attorney customers with a way to charge a late payment charge on an unpaid statement balance. We provide two methods: A fixed amount like \$30 a month regardless of the amount overdue or an annual percent like 10%.

Late payment charges are computed on the amount overdue when the current statement is created, not on the Payment Due date (if used).

99% of our attorney customers use the annual percent late payment charge method.

How the Late Charge Percent Is Computed:

The late payment charge is computed on the unpaid previous statement balance minus previous late payment charges, which are part of that balance, divided by 365 days in a year (to get the daily rate) times the number of days after the last statement date until and including the current statement date.

Example: The amount overdue is \$1000. The late payment charge annual percent is 12%. The last statement was July 31, 2025, the current statement is August 31, 2025. Number of days used to compute the late payment charge is 31. \$1000 times 12% is \$120, divided by 365 days in a year is \$.3287 per day, times 31 days is the late payment charge of \$10.1917 rounded to \$10.19.

The Amount on which the Late Payment Charge Is Computed:

In most states, attorneys cannot charge interest computed on interest or what is known as compound interest. Additionally, even in the very few states where compound interest is allowed, the federal regulations Z governing finance charges allows only financial institutions and other companies which file regulation Z exceptions to charge compound interest. If adjudicated the federal regulation would certainly be the controlling law. Interbill has no provision for charging late payment charges on late payment charges or compound interest.

On each client statement, Interbill publishes the amount on which the late payment charge is computed. This amount represents the Previous Statement Balance, minus current payments, minus the amount of the balance that is billed late payment charges.

Example: the previous balance is \$5000. The current payment is \$2000. The amount of the previous balance that is billed late payment charge is \$200. The amount on which late payment charges will be computed is \$2800. (\$5000 minus \$2000, minus \$200 = \$2800).

End