

WHOLESALE ANNOUNCEMENT 16-15

March 8, 2016

STUDENT LOAN REQUIREMENT CLARIFICATION FOR ALL LOAN PROGRAMS

PROGRAM	GUIDELINE
FNMA	<p>For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must use the greater of the following to determine the monthly payment to be used as the borrower's recurring monthly debt obligation:</p> <ul style="list-style-type: none"> • 1% of the outstanding balance; or • The actual documented payment (documented in the credit report, in documentation obtained from the student loan lender, or in documentation supplied by the borrower). <p>If the payment currently being made cannot be documented or verified, 1% of the outstanding balance must be used.</p> <p>Exception: If the actual documented payment is less than 1% of the outstanding balance and it will fully amortize the loan with no payment adjustments, the lender may use the lower, fully-amortizing monthly payment to qualify the borrower.</p>
FHLMC	<p>Use the following:</p> <ul style="list-style-type: none"> • The payment on the credit report • 1% of the outstanding balance or • The actual documented fully amortizing payment.
FHA	<p>If the actual monthly payment is 0 or is not available use 2% of the outstanding balance to establish the monthly payment.</p>
VA	<p>May be excluded from the borrower's total monthly obligations with evidence of a minimum of 12 months deferment from date of closing.</p> <p>If there is no monthly payment reflected on the credit report, a copy of the borrower's payment letter or promissory note should be used to determine what payment amount to use.</p>
USDA	<p>Use the greater of one percent (1%) of the outstanding loan balance or the verified fixed payment as reflected on the credit report.</p> <p>Income Based Repayment (IBR) plans, graduated plans, adjustable rates, interest only and deferred plans are examples of repayment plans that are subject to change. These types of repayment plans are unacceptable to represent a long term fixed payment plan.</p>

If you have any questions, please contact your Account Manager.