



**Announcement 16-34**

**Date: September 21, 2016**

**Topic: Reminder FNMA SEL 2016-04 Student Loan Payment Calculation for Fannie Mae Transactions**

PennyMac continues to see transactions where student loan payments are not calculated correctly.

As a reminder, on conforming DU approved transactions, PennyMac aligns with Fannie Mae's guidelines regarding student loan payments as announced in FNMA SEL 2016-04. Per Fannie Mae Seller Guide B3-6-05:

For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must include a monthly payment in the borrower's recurring monthly debt obligation when qualifying the borrower. The lender must use one of the options below to determine the repayment amount:

- 1% of the outstanding balance;
- the actual payment that will **fully amortize** the loan(s) as documented in the credit report, by the student loan lender, or in documentation supplied by the borrower;
- a calculated payment that will **fully amortize** the loan(s) based on the documented loan repayment terms; or
- if the repayment terms are unknown, a calculated payment that will **fully amortize** the loan(s) based on the current prevailing student loan interest rate and the allowable repayment period shown in the table.

If the actual credit report payment does not meet one of the above options, the payment may not be used for qualifying. The payment used to qualify must **fully amortize** the loan, unless 1% of the balance is used.

Please contact your Sales Representative with any questions.