



Announcement 17-04

Date: February 2, 2016

Topic: VA Circular 26-17-2: Student Loan Payment Calculation

Effective immediately, PennyMac is aligning with VA's student loan payment calculation requirement, and Lenders may begin using VA's updated guidelines. PennyMac understands that VA provides lenders broad authority in approving loans, and will accept loans that were qualified prior to the publication of the circular.

For all student loans in repayment or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established in (1) or (2) below. Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months (example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes).

- 1) If the credit report payment is greater than the threshold payment, use the credit report payment.
- 2) If the credit report payment is less than the threshold payment, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan.
 - a. The statement must be dated within 60 days of the VA loan closing.
 - b. The statement may be an electronic copy from the student loan servicer's website or printed statement provided by the student loan servicer.
 - c. Qualify the veteran with the payment reflected on the statement.

Please contact your Sales Representative with any questions.