

# TOWNE MORTGAGE COMPANY

# BULLETIN

TO: Our Valued Clients

DATE: April 22, 2016

SUBJECT: Student Loan Payments

BULLETIN: 16-08

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## \*\*\*\*\* IMPORTANT NOTICE \*\*\*\*\*

FHA has published Mortgagee letter 2016-08 containing significant changes to calculation of student loan payments when qualifying borrowers.

The below changes are **effective for FHA case number assigned on or after June 30<sup>th</sup>, 2016**. Please make sure you are taking this date into consideration on any pre-approvals in process or in the future.

### CALCULATION OF STUDENT LOAN PAYMENTS

**Regardless of the payment status**, the Mortgagee must use either:

#### **The greater of:**

- 1 percent of the outstanding balance on the loan; or
  - the monthly payment reported on the Borrower's credit report;
- or
- the actual documented payment, **provided the payment will fully amortize the loan over its term**. You must provide the written documentation evidencing the payment terms.

Attached is the full Mortgagee Letter. Please contact your Account Executive with any questions.

Thank you,  
Operations Group  
**Towne Mortgage Company**