

SUBJECT: Temporary Modification of Section 11.2 of HB-1-3555 pertaining to Student Loans

BULLETIN 19SEP26

September 26, 2019

**** IMPORTANT NOTICE ****

Effective today the below updated guidance, regarding the required student loan payment requirement, is implemented. This change pertains to the required payment to be utilized for Non-Fixed student loan repayment plans.

Product	Current Guidelines	New Guidelines
RD	<p>Regardless of the payment status, use the greater of either:</p> <ul style="list-style-type: none"> 1% of the outstanding balance on the loan; or The monthly payment reported on the Borrower's credit report; or The actual documented fully amortize payment can be used as the qualifying payment which is typically documented by obtaining the statement. You will need to know the loan amount interest rate and the term in order to determine if the payment is fully amortized. Using a student loan calculator which can be found on the internet can be helpful to determine the payment once you have the information. 	<p>Lenders must include the payment as follows:</p> <ul style="list-style-type: none"> Fixed payment loans: A permanent amortized, fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed. Non-Fixed payment loans: Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation. The higher of one half percent (.50%) of the loan balance or the actual payment reflected on the credit report must be used as the monthly payment in the underwriter decision. No additional documentation is required.

This modification will be permanently incorporated into Chapter 11 of HB-1-3555 in the near future.

Thank you,
 Operations Group
Towne Family of Companies



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