



FNMA amends Student Loan Payment calculations effective 10-24-16

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 below.

The “current prevailing student loan interest rate” can be found on a variety of websites. For example, see U.S. Department of Education Federal Student. <https://studentaid.ed.gov/sa/types/loans/interest-rates> .The following table specifies the repayment period to be used when calculating a fully amortizing payment.

Calculating a Student Loan Repayment	
Total outstanding balance of all student loans	Repayment Period
\$1 – \$7,499	10 years
\$7,500 – \$9,999	12 years
\$10,000 – \$19,999	15 years
\$20,000 – \$39,999	20 years
\$40,000 – \$59,999	25 years
\$60,000 +	30 years

Note: The lender is responsible for determining that the payment on the credit report or other documents provided by the student loan lender or borrower are fully amortizing payments.

Example: Calculating an Amortizing Payment
 Balance: \$17,500
 Repayment period: 15 years
 Interest rate: 4.29%
 Monthly Amortizing Payment: \$132.00