

# How to Document and Calculate Student Loan Debt

## 04/13/16

Status	Fannie Mae 5% Down Conventional	Freddie Mac 5% Down Conventional	FHA 3% Down
Not in Deferment or Forbearance	For all student loans, whether deferred, in forbearance, or in repayment, the lender must use the <u>greater of</u> the following to determine the monthly payment to be used as the borrower's recurring monthly debt obligation: 1% of the outstanding balance or Actual documented payment (documented in the credit report, in documentation obtained from the student loan lender, or in documentation supplied by the borrower).	Lender may use actual documented payment based on documentation obtained from the student loan lender	Lender may use actual documented payment based on documentation obtained from the student loan lender
If in Deferment or Forbearance	1% of the outstanding balance must be used	1% of the outstanding balance must be utilized for qualifying purposes	1% of the outstanding balance must be utilized for qualifying purposes.
Income Based Repayment  Exception:	Income Based Repayment (IBR) plans, graduated plans, adjustable rates, interest only and deferred plans are examples of repayment plans that are subject to change and <b>do not qualify</b> for the exception. Monthly payment amounts listed on the credit report, which are less than 1% of the outstanding balance may be used when evidence from the loan servicer is obtained indicating the applicant is on a fixed repayment plan not subject to change under the terms of the current agreement.	Current payment may be utilized regardless of the number of months remaining	Current payment may be utilized regardless of the number of months remaining  <i>If the payment used for the monthly obligation is:</i> <ul style="list-style-type: none"> <li>• less than 1 percent of the outstanding balance reported on the Borrower's credit report, and</li> <li>• less than the monthly payment reported on the Borrower's credit report; the Mortgagee must obtain written documentation of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor</li> </ul>
Additional Information	Fixed payments have a monthly amount that is not subject to change through the fixed repayment time frame.		<i>Regardless of the payment status, the Mortgagee must use either:</i> <ul style="list-style-type: none"> <li>• the greater of: <ul style="list-style-type: none"> <li>o 1 percent of the outstanding balance on the loan; or</li> <li>o the monthly payment reported on the Borrower's credit report; or</li> </ul> </li> <li>• The actual documented payment, provided the payment will fully amortize the loan over its term.</li> </ul>

### Chart Provided by Hartz Construction Company's Preferred Lender, Guaranteed Rate.

Please contact Rebecca Mott, VP of Mortgage Lending/New Construction Specialist with Guaranteed Rate with any questions



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