

FHA Student Loan and Mod Corr MERS fee

Purpose

This announcement includes the following topic:

- ✓ FHA Student Loan – updated calculation of debt
- ✓ Mod Corr MERS Fee

FHA Student Loan

Per [Mortgagee Letter 2021-13 dated June 17, 2021](#), effective immediately and with Case Numbers pulled on or after that date, FSM is updating the student loan debt calculation requirements:

New Requirements
<ul style="list-style-type: none">✓ All student loans must be included in the borrower’s DTI, regardless of the status of the loan or payment type.<ol style="list-style-type: none">1. Loans in deferment or forbearance may not be excluded2. Loans that have been forgiven, canceled, discharged, or otherwise paid in full may be excluded when written documentation <u>from the student loan servicer</u> has been obtained.✓ One of the following options must be used to determine the qualifying payment:<ol style="list-style-type: none">1. The payment reflected on the credit report when the payment is above zero.<ul style="list-style-type: none">▪ If a payment less than the amount reflected on the credit report is used, <u>written documentation from the student loan servicer is required.</u>2. 0.5% of the outstanding loan balance may be used if the payment reflected on the credit report is zero.

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FHA Student Loan and Mod Corr MERS fee, Continued

**FHA Student
Loan, continued**

Previous Requirements
<ul style="list-style-type: none"> ✓ All student loans must be included in the borrower’s DTI, regardless of the status of the loan or payment type. <ol style="list-style-type: none"> 1. Loans in deferment or forbearance may not be excluded ✓ One of the following two options are required for determining the qualifying payment: <ol style="list-style-type: none"> 1. Use the greater of: <ul style="list-style-type: none"> ▪ 1% of the outstanding loan balance, OR ▪ The monthly payment reflected on the credit report. 2. The actual payment only if it is fixed and fully amortized. <ul style="list-style-type: none"> ▪ Written documentation from the student loan provider is required.

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FHA Student Loan and Mod Corr MERS fee, Continued

Mod Corr MERS Effective immediately, FSM will be aligning our MERS fee with the MERSCORP Holdings new pricing schedule that was announced on June 15, 2021. The new Mod Corr MERS fee is \$163.00.

Effective Date As Noted

Questions Retail – Please contact your manager with any questions
Mod Corr – Please contact Brent Wilder, National Account Executive, at bwilder@fsmloans.biz
