



Student Loans

FHA

- A.** Lenders must include all Student Loans in the Borrower's liabilities, regardless of the payment type or status of payments.
- The payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or
 - 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.

Note: FHA does not allow the borrower to qualify with an income-based repayment plan if the payment is -0- you must utilize the .5% percent to calculate the payment.

VA

- A.** If the borrower(s) provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered.
- B.** If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established by calculating each loan at a rate of five percent of the outstanding balance divided by 12 months.
- C.** If the payment(s) reported on the credit report for each student loan(s) is greater than the threshold payment calculation above, the lender must use the payment recorded on the credit report

- D. If the payment(s) reported on the credit report is less than the threshold payment calculation above, in order to count the lower payment, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s).
- The statement(s) must be dated within 60 days of VA loan closing and may be an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer.

USDA

A. Lenders must include the required payment as applicable:

- Fixed payment loans: A payment amortized, fixed payment must 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 is fixed. The fixed payment will fully amortize/pay in full the debt at the end of the term.
- Non-Fixed payment loans: Payments for deferred loans, Income Based Repayment (IBR), Income Contingent (IC), Graduated, Adjustable, and other types of repayment agreements which are not fixed must use:
 - The current documented payment under the approved repayment plan with the creditor, when the payment amount is above zero or
 - One half (.50) percent of the outstanding loan balance documented on the credit report or creditor verification, when the payment amount is zero.
- Student loans in the applicant's name alone but paid by another party remain the legal responsibility of the applicant. The applicable payment must be included in the monthly debts
- Student loans in a "forgiveness" plan/program remain the legal responsibility of the applicant until they are released from liability from the creditor. The applicable payment must be included in the monthly debts.

CONV-FNMA

- A.** If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.
- B.** If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below.
- If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is \$0. The lender may then qualify the borrower with a \$0 payment.
 - For deferred loans or loans in forbearance, the lender may calculate
 - a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or
 - a fully amortizing payment using the documented loan repayment terms.

CONV-FHLMC

A. Student loans in repayment, deferment, or forbearance

For student loans in repayment, deferment, or forbearance:

- If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, or
- If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding loan balance, as reported on the credit report

B. Student loan forgiveness, cancelation, discharge, and employment-contingent repayment programs

The student loan payment may be excluded from the monthly debt payment-to-income ratio provided the Mortgage file contains documentation that indicates the following:

- The student loan has 10 or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, or
- The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, at the end of the deferment or forbearance period

AND

- The Borrower is eligible or approved, as applicable, for the student loan forgiveness, cancelation, discharge or employment-contingent repayment program, and the Seller is not aware of any circumstances that will make the Borrower ineligible in the future. Evidence of eligibility or approval must come from the student loan program or the employer, as applicable.

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