

Quick Reference Table for Student Loan Requirements

****This document is a reference tool only and is not to be used as a replacement to the guidelines. Where this document conflicts with published guidelines, the published guidelines will prevail****

Fannie Mae	Freddie Mac	FHA	VA
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> ○ 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. 	<p>For student loans in repayment, deferment or forbearance:</p> <ul style="list-style-type: none"> • 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. <p>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 file contains documentation that indicates the following:</p> <ul style="list-style-type: none"> • 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 Lender 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. 	<p>(TOTAL and Manual) – The lender must include all student loans in the borrower’s liabilities, regardless of the payment type or status of payments.</p> <p>If the payment used for the monthly obligation is:</p> <ul style="list-style-type: none"> • Less than 1% of the outstanding balance reported on the borrower’s credit report; and • Less than the monthly payment reported on the borrower’s credit report; the lender must obtain written documentation of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor. <p>Regardless of the payment status, the lender must use either:</p> <ul style="list-style-type: none"> • The greater of: <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 payment, provided the payment will fully amortize the loan over its term. 	<p>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.</p> <p>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 5% of the outstanding balance divided by 12 months.</p> <p><i>Example:</i> A borrower has a \$25,000 student loan balance and you multiple it by 5%, which equals \$1,250. This amount (\$1,250) is divided by 12 months to equal a monthly payment of \$104.17.</p> <p>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.</p> <p>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).</p> <p>The statement(s) must be dated within 60 days of VA loan closing, and may be an electronic copy from the student loans servicer’s website or a printed statement provided by the student loan servicer.</p> <p>It is the lender’s discretion as to whether the credit report should be supplemented with this information.</p>