

STUDENT LOAN PAYMENT CALCULATION AID

	LOANS DEFERRED OR IN FORBEARANCE	LOANS IN ACTIVE PAYMENT PLANS
FHLMC	.5% loan balance	If payment amount is greater than 0, use the payment amount on the CBR or othe file documentation
FNMA	<ul style="list-style-type: none"> • 1% loan balance or • fully amortizing loan repayment 	Payment that is on the most recent student loan statement and/or CBR
FHA	<ul style="list-style-type: none"> • Payment amount on the credit report or actual documented payment or • .5% loan balance when the monthly payment on the CBR is Zero. 	
VA	<ul style="list-style-type: none"> • 5% of loan balance divided by 12 months or • written evidence that debt will be deferred at least 12 months, payment can be \$0 	Greater of: <ul style="list-style-type: none"> • 5% of loan balance divided by 12 months or • Payment on CBR (if CBR payment)
USDA	.5% of the loan balance	<ul style="list-style-type: none"> • Documented payment under the approved repayment plan when the payment is above 0 or • .5% loan balance when the payment amount is 0
JUMBO, NON-DELEGATED	<i>See investor specific guidelines</i>	

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Freddie Mac

Use .5% of the outstanding loan balance as reported on the credit report

In repayment plan:

1. If the credit report payment is greater than \$0
 - Use the monthly payment amount reported on the credit report or other file documentation.
2. If the credit report payment is \$0 (regardless if loan is in an Income based repayment plan, forbearance or deferred)
 - Use .5% of the outstanding loan balance as reported on the credit report. OR
 - Customer needs to go into a documented payment plan with >\$0 monthly payment prior to loan closing
 - i. Document with new payment plan and credit supplement reflecting monthly payment
3. The student loan payment may only be excluded if the following are indicated:
 - The loan has 10 or less monthly payments remaining until the full balance of the loan is forgiven, canceled, or paid
 - 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
 - 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.

Note* Please be advised that an Income Based Repayment program is not the same as an Employment Contingent Repayment program. An Employment Contingent Repayment program is a specific offering based on employment type (i.e. Public Service) as a benefit of employment that either covers the cost of the student loan as part of the offer for employment and/or allows for forgiveness of the debt based on time/tenure with the employer. **IBR cannot be used to count \$0 monthly for a Freddie Mac loan.*

**Note 2* IBR documentation showing \$0 payment is NOT sufficient to utilize a \$0 payment. The payment must be greater than \$0 and an actual payment must be reflected on the credit supplement.*

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Fannie Mae

Deferred or in forbearance

- 1% of the outstanding balance (even if this is lower than the fully amortizing payment) or.
- A fully amortizing payment using the documented loan repayment terms.

In repayment plan:

1. *If the payment is provided on the credit report:*
 - Use payment on the credit report
2. *If the credit report does not reflect the correct monthly payment:*
 - Use the monthly payment that is on the student loan documentation.
 - Most recent student loan statement
 - If a lower payment than the credit report is to be used, a supplement showing the actual monthly payment with IBR notated is sufficient.
 - Must obtain documentation showing the borrower is on IBR.
3. *If the credit report does not provide a payment or the payment is \$0 and the borrower is on an income-driven payment plan:*
 - Obtain student loan documentation verifying the actual monthly payment is \$0.
 - \$0 payment may be used to qualify.

**Note* if the initial credit report shows a \$0 monthly payment due to forbearance or deferral and you want to utilize an IBR in lieu of the above 2 options for loans in forbearance/deferral the borrower must be in the payment plan at that time and a supplement is necessary to document the monthly payment with IBR notated PLUS student loan documentation showing the borrower is in an approved Income Based repayment plan.*

Note 2* If original credit report does not reflect ZERO monthly payments a supplement showing a \$0 monthly payment with IBR notated PLUS student loan documentation showing the borrower is in an approved Income Based repayment plan **IBR can be used to count \$0 monthly for a Fannie Mae loan.*

FHA

All Student Loans must be included in the Borrower's liabilities, regardless of the payment type or status of payments.

Calculation of Monthly Obligation

Regardless of the payment status (can be currently deferred, in forbearance or in a payment plan including an IBR, the Mortgagee must use:

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- The payment amount on the credit report or
- The actual documented payment when the payment amount is above zero; or
- .5% of the outstanding loan balance when the monthly payment reported on the borrower's credit report is zero.

If the payment used for the monthly obligation is 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 or student loan servicer. Once this is determined, request a Credit Supplement to match the actual payment.

**Note IBR documentation showing \$0 payment is NOT sufficient to utilize a \$0 payment. The payment must be greater than \$0 and an actual payment must be reflected on the credit supplement.*

The Mortgagee may exclude the payment from the Borrower's monthly debt calculation where written documentation from the student loan program, creditor, or student loan servicer indicates that the loan balance has been forgiven, canceled, discharged, or otherwise paid in full.

VA

1. 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.
2. If a student loan is in repayment, or scheduled to begin within 12 months from the date of VA loan closing, the payment must be calculated and included as follows:
 - Take 5% of the outstanding loan balance and divide by 12 months.
 - If the payment(s) reported on the credit report for each student loan(s) is greater than the threshold payment calculation above, the payment recorded on the credit report **MUST** be used.
 - 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).

USDA

1. Fixed payment loans:
 - A permanent amortized, fixed payment may be used in the debt ratio if documentation verifies the payment is fixed, the interest rate is fixed, the repayment

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term is fixed and the fixed payment will fully amortize/pay in full the debt at the end of the term.

2. *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:*

1. *The current documented payment under the approved repayment plan with the creditor, when the payment amount is above zero; or*
 2. *One half (.50) percent of the outstanding loan balance documented on the credit report or creditor verification, when the payment amount is zero.*
3. *Student loans in the applicants name alone, but paid by another party remain the legal responsibility of the applicant. The applicable payment must be included in the monthly debts.*
4. *Student loans in a "forgiveness" plan/program remain the legal responsibility of the applicant until they are released of liability from the creditor. The applicable payment must be included in the monthly debts.*