

Friday, July 09, 2021
Bulletin #2021-AC-028

NOTICE TO ALL CUSTOMERS

Student Loan Debt Payment Requirements for FHA Loans

FHA published changes to its student loan debt payment requirement via [Mortgage Letter 2021-13](#).

The updated guidance provides greater access to mortgage credit for consumers who are traditionally burdened with heavy student loan debt while at the same time, aligning FHA standards to current industry standards.

Student Loan Debt Payment Calculation

The lender must use the following monthly payment calculation for outstanding student loan debt, regardless of the student loan payment status (i.e. deferred, forbearance, repayment, IBR):

- The payment amount reported on the credit report or the actual documented payment when the payment amount is above zero; **or**
- 0.5% of the outstanding loan balance when the monthly payment reported on the Borrower's credit report is zero.

In addition, FHA added guidance for circumstances where lenders may exclude the student loan monthly payment from the Borrower's DTI:

- Lenders may exclude the student loan payment from the Borrower's DTI calculation when written documentation is obtained from the student loan program, creditor, or servicer indicating the loan balance has been forgiven, canceled, discharged, or otherwise paid in full.

Important: The above policy can be used for new FHA case numbers issued on or after this bulletin issue date. Any loan that had a case number assigned before is not eligible to apply the lower percentages.

To access our most recently updated Temporary Policies Related to COVID-19 (version 40) please [click here](#).