

# Plaza Home Mortgage®

## Student Loan Calculation Comparison



Program	Deferred Student Loans	Student Loans in Repayment
<b>Fannie Mae®</b>	<p>For all student loans, whether deferred, or in forbearance, the underwriter must include a monthly payment in the borrower’s recurring monthly debt obligation when qualifying the borrower.</p> <p>If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes.</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 (which may be the case for deferred loans or loans in forbearance), the lender must calculate a qualifying monthly payment using one of the options below:</p> <p>For deferred loans or loans in forbearance, the lender may calculate:</p> <ul style="list-style-type: none"> <li>• 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), OR</li> <li>• a fully amortizing payment using the documented loan repayment terms.</li> </ul>	<p>If a payment amount is provided on the credit report, that amount can be used for qualifying purposes. If the credit report does not identify a payment amount (or reflects \$0), the underwriter can use either:</p> <ul style="list-style-type: none"> <li>• 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), OR</li> <li>• a fully amortizing payment using the documented loan repayment terms.</li> <li>• 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.</li> </ul>
<b>Freddie Mac</b>	<ul style="list-style-type: none"> <li>• If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, OR</li> <li>• If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding balance, as reported on the credit report.</li> </ul>	<ul style="list-style-type: none"> <li>• If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, OR</li> <li>• If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding balance, as reported on the credit report.</li> <li>• For student loans in income-driven repayment plans, the monthly payment as described above may be used, unless documentation indicates the borrower must re-certify their income and their payment will increase prior to or on the first mortgage payment due date. When documentation in the mortgage file indicates the borrower must re-certify their income, and the borrower’s payment will increase, the greater of the following is used: .5% of the outstanding balance or the documented future payment if greater than the current, or the future payment that is less than the current payment provided the income has been re-certified and the lower payment has been approved. In any case, the payment must be greater than zero.</li> </ul>

Program	Deferred Student Loans	Student Loans in Repayment
FHA	<p>The mortgagee must include all student loans in the borrower's liabilities, regardless of the payment type or status of payments.</p> <p>The amount included in the liabilities must be:</p> <ul style="list-style-type: none"> <li>• The payment amount reported on the credit report or the actual documented payment, when the payment is above zero, or</li> <li>• 0.5% of the outstanding loan balance, when the monthly payment reported on the borrower's credit report is zero</li> </ul> <p>Student loan debt may be excluded from the 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.</p>	<p>The mortgagee must include all student loans in the borrower's liabilities, regardless of the payment type or status of payments.</p> <p>The amount included in the liabilities must be:</p> <ul style="list-style-type: none"> <li>• The payment amount reported on the credit report or the actual documented payment, when the payment is above zero, or</li> <li>• 0.5% of the outstanding loan balance, when the monthly payment reported on the borrower's credit report is zero</li> </ul> <p>Student loan debt may be excluded from the 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.</p>
VA	<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 the student loan is currently in repayment status or payments are scheduled to begin within 12 months of the VA loan closing date, underwriters must consider the anticipated monthly obligation in the loan analysis using the greater of the two payments listed below.</p> <ol style="list-style-type: none"> <li>1. Calculated payment using 5% of the outstanding balance: Take the outstanding balance x 5%, divided by 12 months (example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month. This is the monthly payment for debt ratio purposes).</li> <li>2. The payment(s) reported on the credit report.</li> </ol> <p><i>Note: If the payment reported on the credit report is less than option 1 above, and the payment per the credit report is to be used, 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.</i></p>
USDA	<p>For outstanding student loans, regardless of the payment status, one of the payments below must be used in the underwriting decision:</p> <p>The payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or</p> <p>One half (.50) percent of the outstanding loan balance documented on the credit report or creditor verification, when the payment amount is zero.</p>	<p>For outstanding student loans, regardless of the payment status, one of the payments below must be used in the underwriting decision:</p> <p>The payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or</p> <p>One half (.50) percent of the outstanding loan balance documented on the credit report or creditor verification, when the payment amount is zero.</p>

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