

Agency	Guidelines
FNMA (DU)	<p>If a monthly student loan payment is provided on the credit report, LHFS may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, LHFS 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, LHFS must determine the qualifying monthly payment using one of the options below.</p> <ul style="list-style-type: none"> <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. LHFS may then qualify the borrower with a \$0 payment.</li> <li>• For deferred loans or loans in forbearance, LHFS may calculate               <ul style="list-style-type: none"> <li>○ a payment equal to 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> </li> </ul> <p><b>Did you know your borrower can pay off their student debt with an LHFS Rate/Term Refinance?</b> The following requirements must be met:</p> <ul style="list-style-type: none"> <li>• The loan must be underwritten in DU.</li> <li>• The standard cash-out refinance LTV/CLTV ratios apply per the <a href="#">LHFS Conforming Matrix</a>.</li> <li>• At least one student loan must be paid off with proceeds from the subject transaction with the following criteria:               <ul style="list-style-type: none"> <li>○ proceeds must be paid directly to the student loan servicer at closing;</li> <li>○ at least one borrower must be obligated on the student loan(s) being paid off, and</li> <li>○ the student loan must be paid in full - partial payments are not permitted.</li> </ul> </li> </ul>
FHLMC (LPA)	<p>Payments on all installment debts with more than 10 months of payments remaining, including debts that are in a period of either deferment or forbearance:</p> <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>
FHA	<p>If the payment used for the monthly obligation is less than the monthly payment reported on the Borrower's credit report, TPO 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. TPO 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.</p> <p>Calculation of Monthly Obligation</p> <ul style="list-style-type: none"> <li>• For outstanding Student Loans, regardless of payment status, TPO must use:               <ul style="list-style-type: none"> <li>○ the payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or</li> <li>○ 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.</li> </ul> </li> </ul>
VA	<p>If the Veteran or other borrower 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>Student loans scheduled to begin or come due within 12 months of the mortgage loan closing must be included in the borrower's monthly obligations.</p> <p>If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, LHFS will consider the anticipated monthly obligation in the loan analysis and utilize the payment established in paragraph (1) or (2) below.</p> <p>Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>• \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes.</li> </ul> <p>LHFS will use the payment(s) reported on the credit report for each student loan(s) if the reported payment is greater than the threshold payment calculation above.</p> <ul style="list-style-type: none"> <li>○ If the payment reported on the credit report is less than the threshold payment calculation above, 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 maybe an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer. It is at the discretion of LHFS as to whether the credit report should be supplemented with this information.</li> </ul>
USDA	<p>If the interest rate on a deferred loan is unknown, LHFS will estimate the monthly payments using an interest rate that is reasonable and customary for the type of loan.</p> <p><b>Student Loans</b></p> <p>LHFS will include the greater of one percent of the outstanding loan balance or the payment as reflected on the credit report. Income Based Repayment (IBR) plans: graduated plans, adjustable rates, interest only and deferred plans are examples of repayment plans that are subject to change and do not represent a fixed payment or payment plan. These types of repayment plans are unacceptable to represent a long term fixed payment repayment plan. No additional documentation is required if a credit report is obtained.</p>
Housing Agency (DPA)	<p>Follow the guidelines for the applicable first mortgage program (such as FHA or Fannie Mae)</p>