

FHA STUDENT LOAN CHEAT SHEET



FHA STUDENT LOAN DEBT POLICIES CHEAT SHEET:



FHA has eased and simplified their student loan underwriting policy by providing two options for calculating the student debt monthly obligation for underwriting purposes:

- The payment amount reported on the credit report or the actual documented payment, when the payment is above zero, or
- 0.5% of the outstanding loan balance, when the monthly payment on the credit report is zero

The changes from the previous policy are:

- the "greater of" requirement has been eliminated
- the calculated 1% of the outstanding balance has been reduced to .5%,
- the actual documented payment no longer has to fully amortize the loan

FHA also clarified when the student loan debt may be excluded from the monthly debt calculation:

"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."