



NOTE - Any student loan that has gone to collections should be calculated following the applicable agency's guidance for collection accounts. Do NOT follow the guidance below to calculate a student loan currently in collections.

Agency Guidelines

Loan Type	The RULE
<p>FHA - TOTAL and Manual As of 12/30/2016</p>	<p>Regardless of the payment status, use either:</p> <ul style="list-style-type: none"> • the greater of: <ul style="list-style-type: none"> a) 1 percent of the outstanding balance on the loan; or b) the monthly payment reported on the Borrower's credit report; • OR the actual documented payment, provided the payment will fully amortize the loan over its term.
<p>VA As of 01/23/2017</p>	<p>Student loans will fall into one of the following categories. Follow the appropriate guidance below:</p> <ul style="list-style-type: none"> • A. If the Veteran or other borrower provides written evidence that the student loan debt will be <u>deferred</u> at least 12 months beyond the date of closing, a monthly payment does NOT need to be considered. • B. If a student loan is <u>in repayment</u> or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established in paragraph (B.1) or (B.2) below. Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months (example: \$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). <ul style="list-style-type: none"> • (B.1) The Lender must 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. • (B.2) 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 may be an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer. It is the lender's discretion as to whether the credit report should be supplemented with this information.
<p>USDA As of 10/5/2016</p>	<p>The payment must be included as follows:</p> <ul style="list-style-type: none"> • Fixed Payment Loans: A permanent amortized, fixed payment may be used in the debt ratio when MiMutual obtains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed. • Non-Fixed Payment Loans: Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation. 1% of the loan balance reflected on the credit report must be used as the monthly payment. No additional documentation is required.



Agency Guidelines	
Loan Type	The RULE
Conventional Fannie Mae <i>As of 06/15/2017</i>	<p>For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender 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> <ul style="list-style-type: none"> • 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), OR • a fully amortizing payment using the documented loan repayment terms.
Conventional Freddie Mac <i>As of 12/23/2017</i>	<p>Student Loans in Repayment:</p> <ul style="list-style-type: none"> • Use the greater of: <ul style="list-style-type: none"> • The monthly payment amount reported on the credit report, or • 0.5% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater <p>Student Loans in Deferment or Forbearance:</p> <ul style="list-style-type: none"> • Use the greater of: <ul style="list-style-type: none"> • The monthly payment amount reported on the credit report, or • 1% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater <p>Student loan forgiveness, cancellation, discharge and employment-contingent repayment programs:</p> <p>The student loan payment may be excluded from the monthly DTI ratio provided the Mortgage file contains documentation that indicates the following:</p> <ul style="list-style-type: none"> • The student loan has ten or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, or • 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 <p>AND</p> <ul style="list-style-type: none"> • The Borrower currently meets the requirements for the student loan forgiveness, cancellation, discharge or employment-contingent repayment program, as applicable, and the Seller is not aware of any circumstances that will make the Borrower ineligible in the future