

## Student Loan Repayment Rules: FHA, VA, USDA & Conventional Comparison Chart

	If payment already established	If payment to begin within 12 months	If payment to be deferred	If payment has been reduced	Notes
<p><b>FHA – The Rule: 4000.1 Handbook (II.A.4.b.iv.(H) (TOTAL) and II.A.5.a.iv.(G) (Manual) (effective date determined by case number assignment)</b></p> <p>Regardless of the payment status, the Mortgagee must use either:</p> <ul style="list-style-type: none"> <li>• the greater of:                             <ul style="list-style-type: none"> <li>○ 1 percent of the outstanding balance on the loan; or</li> <li>○ the monthly payment reported on the Borrower's credit report;</li> <li>○ or the actual documented payment, provided the payment will fully amortize the loan over its term.</li> </ul> </li> </ul>	<p>Use either:</p> <ul style="list-style-type: none"> <li>• the greater of:                             <ul style="list-style-type: none"> <li>- 1 percent of the outstanding balance on the loan; or the monthly payment reported on the Borrower's credit report;</li> </ul> </li> </ul> <p style="text-align: center;"><u>or</u></p> <ul style="list-style-type: none"> <li>• the actual payment, if the payment will fully amortize the loan over its term.</li> </ul>	<p>Use either:</p> <ul style="list-style-type: none"> <li>• the greater of:                             <ul style="list-style-type: none"> <li>- 1 percent of the outstanding balance on the loan; or the monthly payment reported on the Borrower's credit report;</li> </ul> </li> </ul> <p style="text-align: center;"><u>or</u></p> <ul style="list-style-type: none"> <li>• the actual payment, if the payment will fully amortize the loan over its term.</li> </ul>	<p>Use either:</p> <ul style="list-style-type: none"> <li>• the greater of:                             <ul style="list-style-type: none"> <li>- 1 percent of the outstanding balance on the loan; or the monthly payment reported on the Borrower's credit report;</li> </ul> </li> </ul> <p style="text-align: center;"><u>or</u></p> <ul style="list-style-type: none"> <li>• the actual payment, if the payment will fully amortize the loan over its term.</li> </ul>	<p>Use either:</p> <ul style="list-style-type: none"> <li>• the greater of:                             <ul style="list-style-type: none"> <li>- 1 percent of the outstanding balance on the loan; or the monthly payment reported on the Borrower's credit report;</li> </ul> </li> </ul> <p style="text-align: center;"><u>or</u></p> <ul style="list-style-type: none"> <li>• the actual payment, if the payment will fully amortize the loan over its term.</li> </ul>	<p>Example:</p> <p>If 1% of outstanding balance is \$500.00 and payment on credit report is \$300.00, you use \$500.00</p> <p style="text-align: center;"><u>or</u></p> <p>actual payment if <u>fully amortized</u>.</p> <p>*To confirm payment is fully amortized you need to have original balance, start date, loan term and interest rate in order to calculate. A repayment calculator can be found at <a href="http://www.bankrate.com">bankrate.com</a></p> <p><a href="http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx">http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx</a></p>
<p><b>VA - The Rule:</b> If student loan repayment is scheduled to begin within 12 months of the date of VA closing, lenders should consider the anticipated monthly obligation in the loan analysis. If the borrower is able to provide evidence that the debt may be deferred for a period of time outside that timeframe, the debt need not be considered in the analysis.</p>	<p>Determine the 'threshold' payment of 5% of outstanding loan balance ÷ 12. If payment on credit report is higher than threshold payment then use the payment shown on the credit report. If the actual payment is lower than threshold payment lender may use it IF the veteran provides a statement from the loan servicer documenting the terms and loan payment. (Servicer website may be used)</p>	<p>Do not count the payment if deferred for more than 12 months from loan closing.</p>	<p>Same guidance as "If payment already established."</p>	<p>If threshold payment (5% of the \$25,000 outstanding balance divided by 12 months) is \$104.16 and payment on the credit report is \$250.00, then use payment on credit report.</p> <p>If payment on credit report is less than threshold payment of \$104.16, you may use the lesser credit report payment <u>as long as veteran provides statement from servicer documenting term and loan payment.</u></p>	

<p><b>Fannie - The Rule:</b> For all student loans, regardless of whether the loan(s) are in deferment, in forbearance, or in active repayment (not deferred). The lender must include a monthly payment when qualifying borrower. In all cases, the lender <b>MUST</b> use one of the options that are listed to the right.</p>	<p>Use one of the following:</p> <p>Payment listed on credit report.</p> <p>If credit report does not identify a payment (or reflects 0), you can use the following:</p> <p>1% of outstanding balance; OR</p> <p>A calculated payment that will fully amortize loans based on documented loan repayment terms.</p>	<p>Use one of the following:</p> <p>Payment listed on credit report.</p> <p>If credit report does not identify a payment (or reflects 0), you can use the following:</p> <p>1% of outstanding balance; OR</p> <p>A calculated payment that will fully amortize loans based on documented loan repayment terms.</p>	<p>Use one of the following:</p> <p>Payment listed on credit report.</p> <p>If credit report does not identify a payment (or reflects 0), you can use the following:</p> <p>1% of outstanding balance; OR</p> <p>A calculated payment that will fully amortize loans based on documented loan repayment terms; or</p>	<p>Use one of the following:</p> <p>Payment listed on credit report.</p> <p>If credit report does not identify a payment (or reflects 0), you can use the following:</p> <p>1% of outstanding balance; OR</p> <p>A calculated payment that will fully amortize loans based on documented loan repayment terms.</p>	<p>Example:</p> <p>If payment on credit report is \$250.00 You can use as listed on credit report.</p> <p>If credit report does not have a payment or reflects 0 then use 1% of outstanding balance \$5,000 which is \$500.00 or the actual fully amortized payment of \$400.00, provided you can document that it's fully amortized.</p> <p>*To confirm payment is fully amortized you need to have original balance, start date, loan term and interest rate in order to calculate.</p> <p>A repayment calculator can be found at <a href="http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx">bankrate.com</a></p> <p><a href="http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx">http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx</a></p>
<p><b>USDA - The Rule:</b> Handbook 3555, Chapter 11, Page 11-4: Student loans are long-term debt obligations and must be included in the debt ratio, regardless of whether deferred or in forbearance.</p>	<p><b>If payment already established</b></p> <p><b>Fixed payment loans:</b> A fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed. There must be no future adjustments to the terms of the student loan payments.</p> <p><b>Non-Fixed payment loans:</b> Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements that are not fixed cannot be used in the total debt ratio calculation, as is. One percent (1%) of the loan balance reflected on the credit report must be used as the monthly payment. No additional documentation is required.</p>	<p><b>If payment to begin within 12 months</b></p> <p>Must include the greater of 1% of the outstanding balance or the verified <i>fixed payment</i> as reflected on the credit report.</p> <p><b>Exception:</b> monthly payment amounts listed on the credit report that are less than 1% may be used when evidence from loan servicer is obtained to show: 1) applicant is on a fixed payment plan not subject to change under the terms of the agreement and 2) the monthly amount due.</p>	<p><b>If payment to be deferred</b></p> <p>Must include the greater of 1% of the outstanding balance or the verified <i>fixed payment</i> as reflected on the credit report.</p> <p><b>Exception:</b> monthly payment amounts listed on the credit report that are less than 1% may be used when evidence from loan servicer is obtained to show: 1) applicant is on a fixed payment plan not subject to change under the terms of the agreement, and 2) the monthly amount due.</p>	<p><b>If payment has been reduced</b></p> <p>Must include the greater of 1% of the outstanding balance or the verified <i>fixed payment</i> as reflected on the credit report.</p> <p><b>Exception:</b> monthly payment amounts listed on the credit report that are less than 1% may be used when evidence from loan servicer is obtained to show: 1) applicant is on a fixed payment plan not subject to change under the terms of the agreement, and 2) the monthly amount due.</p>	<p>Example:</p> <p>If 1% of the outstanding \$5,000 balance is \$500.00 and the verified fixed payment on the credit report is \$400.00, you use the greater of the two. Therefore, you would use \$500.00 (1% of outstanding balance.)</p>

<p><b>Freddie - The Rule:</b> Requires lenders to use a monthly payment and must provide supporting documentation on how lender arrived at the payment amount.</p>	<p>Count monthly payment as shown on credit report or document obtained from Student Loan agency.</p>	<p>Count monthly payment as shown on credit report or document obtained from Student Loan agency.</p>	<p>Verify payment, or must count 1% of outstanding balance</p>	<p>Provide proof of reduced payment. Student loan must be considered part of borrower's recurring debt if more than 10 months are remaining.</p>	<p>Unless payment is deferred, you may use payment listed on credit report. If deferred, you must use 1% of outstanding balance. If deferred and outstanding balance is \$5,000, then \$500.00 must be used.</p>
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To confirm fully amortized payment, you can use a Student Loan Repayment Calculator. You can access one provided by Bankrate at <http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx>

### STUDENT LOAN CALCULATOR

How long will it take to pay off your student loan? Use the student loan calculator below to estimate what your monthly payments will be. You can also see how making extra payments will affect your pay off date. Simply enter the fields below and click on calculate.

Loan amount: \$

Loan term:  years or  months

Interest rate:  % per year

Loan start date:

**Monthly Payments:** \$

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**Extra payments**

Calculate the impact of extra payments using any combination of the inputs below.

Adding: \$  to your monthly payment

Adding: \$  as an extra yearly payment every

Adding: \$  as a one-time payment in

**Changes paid off date to:**