



A division of Homebridge Financial Services, Inc.

Bulletin 21-33

FHA Student Loan Payment Calculation

FHA [Mortgagee Letter 2021-13](#) dated June 17, 2021 announced updated and improved guidance for calculating student loan payments.

Outstanding Student Loan Payment Calculations

FHA requires student loan payments be included in the borrower's DTI calculation regardless of payment type or status of payments

- When the payment amount reported on the credit report is **above zero**, the payment amount on the credit report **or** the actual documented payment is used (previously was the "greater of" the two and the payment had to be "fully amortized")
- When the payment amount reported on the credit report **is zero**, 0.5% of the outstanding loan balance is used to calculate the payment (previously 1% was used)

Required Documentation

FHA clarified that the student loan payment may be excluded from the DTI calculation when written documentation from the student loan program, creditor, or student loan servicer indicates the loan balance has been forgiven, cancelled, discharged, or otherwise paid in full

The Homebridge FHA guidelines have been updated to align with the new FHA policy and posted on the Homebridge website at www.HomebridgeWholesale.com

The payment calculation improvement may be applied to new submissions and loans currently in the pipeline; it is **required** for case numbers assigned on or after August 16, 2021.

If you have any questions, please contact your Account Executive