

USDA and FHA Student Loans and Holiday Closure

Purpose

This announcement includes the following topic:

- ✓ Student Loans
 - USDA - *revised*
 - FHA - *reminder*
 - ✓ Columbus Day
-

USDA Student Loans - *revised*

Effective with Procedure Notice (PN) 554 dated September 22, 2021, USDA has revised the Student Loan debt calculation for “Non-Fixed Payment Loans” to the following:

Payments for deferred loans, Income Based Repayment (IBR), Income Contingent (IC), Graduated, Adjustable and other types of repayment agreements which are not fixed:

- *The current documented payment under the approved repayment plan with the creditor when the payment amount is above zero, or*
- *One-half percent (.50%) of the outstanding loan balance documented on the credit report or creditor verification when the payment amount is zero.*

Note: Must be documented with written documentation from the student loan servicer.

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USDA and FHA Student Loans and Holiday Closure, Continued

**FHA Student
Loans -
reminder**

Reminder as discussed in previous Announcement [GA 2021-020](#) dated July 8, 2021, FHA updated their student loan debt calculation to the below:

- ✓ All student loans must be included in the borrower's DTI, regardless of the status of the loan or payment type.
 1. Loans in deferment or forbearance may not be excluded
 2. Loans that have been forgiven, canceled, discharged, or otherwise paid in full may be excluded when written documentation from the student loan servicer has been obtained.

- ✓ One of the following options must be used to determine the qualifying payment:
 1. The payment reflected on the credit report when the payment is above zero
 - If a payment less than the amount reflected on the credit report is used, written documentation from the student loan servicer is required
 2. 0.5% of the outstanding loan balance may be used if the payment reflected on the credit report is zero.

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Issue Date 09/23/21

Effective Date As Noted

GA 2021-030

USDA and FHA Student Loans and Holiday Closure, Continued

Holiday Closure FSM will be closed in observance of Columbus Day
✓ Monday, October 11, 2021

Effective Date As Noted

Questions Retail – Please contact your manager
Mod Corr – Please contact Brent Wilder, National Account Executive, at
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