



WHOLESALE BULLETIN

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17W-009

Attention: Business Development Managers & Mortgage Brokers

January 24, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: VA – Clarification and New Policy for Student Loan Debts and Obligations

Effective immediately, VA has confirmed clarification and new guides for Student Loan Debts and Obligations.

The clarification will apply to deferred student loans and the new policy will provide guidance for student loans in repayment or, to begin repayment within 12 months of a VA loan closing. This policy will apply to all student loan repayment types.

How to Calculate a Student Loan Monthly Payment

1. If the veteran or other borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered.
2. If a student loan is in repayment 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 (a) or (b) 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% = \$1,250.00 divided by 12 months = \$104.17 per month is the monthly payment for debt ratios purposes).
 - a) 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.

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 maybe an electronic copy from the student loan servicer's website or a printed statement provided by the

student loan servicer. It is at the lender's discretion whether the credit report should be supplemented with this information.

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