

WHOLESALE BULLETIN

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19W-080

Attention: AEs, Business Development Managers & Mortgage Brokers September 25, 2019

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

Included in this Bulletin: Modification of Student Loan Payments on USDA loans.

USDA has announced a change for transactions containing **Non Fixed** student loan repayment plans. Effective September 23, 2019, payments must be calculated and included as follows:

Fixed Payment Loans:

A permanent amortized, fixed payment may be used in the debt to income ratio when documentation is obtained 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 to income ratio calculation. The **higher** of one-half percent (.50%) of the loan balance **OR** the actual payment reflected on the credit report must be used as the monthly payment in the debt to income ratio. No additional documentation is required.

Chapter 11 of HB-1-3555 will be permanently updated in the near future.