



# WHOLESALE BULLETIN

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## 21W-042

**Attention: AEs, Business Development Managers & Mortgage Brokers**

**June 21, 2021**

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

### **Included in this Bulletin: FHA UPDATED Student Loan Payment Calculation**

We are pleased to report that FHA has eased and simplified their student loan policy by providing these two options for calculating the student debt monthly obligation for underwriting purposes:

- the payment amount reported on the credit report or the actual documented payment, when the payment is above zero, or
- .5% of the outstanding loan balance, when the monthly payment on the credit report is zero.

This replaces the current policy:

- the "greater of" requirement has been eliminated,
- the calculated 1% of the outstanding balance has been reduced to .5%, and
- the actual documented payment is no longer required to fully amortize the loan.

FHA also clarified when the student loan debt may be excluded from the monthly debt calculation:

- "The Mortgagee may exclude the payment from the Borrower's monthly debt calculation where written documentation from the student loan program, creditor, or student loan servicer indicates that the loan balance has been forgiven, canceled, discharged, or otherwise paid in full."

We may begin using these updated policies right away. **They must be used for all case numbers assigned on or after August 16th.**

For more information, see the mortgagee

letter: <https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-13hsgml.pdf>

If you have any questions, contact your local Account Executive, Production Coordinator, Regional Vice President, or Brian Daily, SVP Wholesale: [Brian.Daily@mwfinc.com](mailto:Brian.Daily@mwfinc.com), 909-255-8332.

Author: Underwriting/mq