

Date: July 7, 2021

Announcement Number: 20210701-CL

FHA ML 2021-13 AND INFO #21-43: STUDENT LOAN DEBT POLICY UPDATES

In June FHA published [ML 2021-13](#) and [Info #21-43](#) announcing policy changes related to student loan debt including updates to documentation requirements and monthly payment calculations.

The table below provides a summary of FHA’s announcement:

Summary of Agency Changes	Simply Mortgage Requirements (Overlays are underlined)
<p>Student Loan Policy – Required Documentation</p> <p>The <i>SF Handbook</i> will be updated to add the following guidance:</p> <ul style="list-style-type: none"> Mortgagees may exclude the student loan payment from the Borrower's debt-to-income calculation, with written documentation obtained from the student loan program, creditor, or servicer that indicates the loan balance has been forgiven, canceled, discharged, or otherwise paid in full. <p>Effective for all case numbers assigned on or after 8/16/2021; however, Mortgagees may implement immediately.</p> <p><i>II.A.4.b.iv(H) Student Loans (TOTAL), II.A.5.a.iv(G) Student Loans (Manual)</i></p>	<p>Impacts: Simply Mortgage accepts these changes in the timeline provided by FHA.</p> <p>Resources: The following Program Guides are updated with this change:</p> <ul style="list-style-type: none"> <i>FHA Standard Program</i> <i>FHA Streamline Refinance</i>
<p>Student Loan Policy – Calculation of Monthly Obligation</p> <p>The <i>SF Handbook</i> will be updated to revise the monthly mortgage payment calculation with outstanding student loan debts, regardless of payment status as follows:</p> <ul style="list-style-type: none"> The Mortgagee must use: <ul style="list-style-type: none"> the payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower’s credit report is zero. <p>Previously, FHA required the use of either:</p> <ul style="list-style-type: none"> The greater of 1% of the outstanding balance or the credit report payment, or The actual documented payment, if it will amortize over the life of the loan. <p>Effective for all case numbers assigned on or after 8/16/2021; however, Mortgagees may implement immediately.</p> <p><i>II.A.4.b.iv(H) Student Loans (TOTAL), II.A.5.a.iv(G) Student Loans (Manual)</i></p>	<p>Impacts: Simply Mortgage accepts these changes in the timeline provided by FHA.</p> <p>Resources: The following Program Guides are updated with this change:</p> <ul style="list-style-type: none"> <i>FHA Standard Program</i> <i>FHA Streamline Refinance</i>

For Questions: Please contact your Simply Mortgage sales representative or email www.simplymtg.com with any questions about the topics in this announcement.