

To: All Customers **From:** Credit Risk
Date: 06/24/2021 **Memo#:** 21084
Subject: **FHA – Student Loan Calculation Requirements**

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The guidance in the [ML 2021-13](#) will be implemented immediately; however, it must be implemented for mortgages with case numbers on or after August 16, 2021.

The Required Documentation and Calculation of Monthly Obligation sections of HUD's current student loan policies are being revised to allow for an alternative payment.

- The Mortgagee must include all Student Loans in the Borrower's liabilities, regardless of the payment type or status of payments.
- If the payment used for the monthly obligation is less than the monthly payment reported on the Borrower's credit report, the Mortgagee must obtain written documentation of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor or student loan servicer.
- **Calculation of Monthly Obligation** - For outstanding Student Loans, regardless of payment status, the Mortgagee must use:
 - 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.

RESOURCES:

- [Mortgagee Letter 2021-13](#)
- [Single Family Housing Policy Handbook 4000.1](#)