



FHA INFO #21-43

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FHA Announces Updates to Student Loan Debt Policies Allowing Greater Access to Mortgage Credit

Today, the Federal Housing Administration (FHA) announced the publication of [Mortgagee Letter \(ML\) 2021-13, *Student Loan Payment Calculation of Monthly Obligation*](#). This ML updates the monthly mortgage payment calculation for borrowers with student loan debt who apply for FHA-insured mortgages. This updated guidance will provide greater access to mortgage credit for those — including people of color as well as those in the 25 to 49 years old age group — who are traditionally burdened with student loan debt. Read today's [Press Release](#).

This updated policy amplifies FHA's commitment to enhancing its programs by breaking down longstanding barriers to affordable homeownership opportunities, including student loan debt, and will:

- Further HUD's mission of providing access to mortgage credit while ensuring borrowers maintain a long-term ability to repay their debt.
- Remove potential roadblocks for borrowers making student loan payments that are struggling to qualify for an FHA-insured mortgage due to their debt-to-income (DTI) ratios being based on an implied repayment, rather than on an actual monthly repayment amount(s).
- Revise the way in which FHA calculates monthly student loan liabilities for borrowers making payments and those without payments currently due when determining DTI ratios for qualifying potential borrowers for FHA-insured financing.
- Align FHA standards to current industry standards and better reflect the myriad of student loan repayment alternatives offered through the U.S. Department of Education.

The guidance in the ML applies to all FHA-insured Title II forward mortgage programs except non-credit qualifying streamline refinances, which do not require evaluation of the borrower's debts.

Mortgagees may begin implementing this policy guidance immediately; however, it must be implemented for all mortgages with case numbers assigned on or after August 16, 2021.

At the core of FHA's mission is the belief that that every person deserves the chance to live with security, dignity, and hope in a place they can call their own. Removing student loan

debt barriers is only one part of HUD's commitment to do everything it can to help advance affordable homeownership opportunities in the U.S., particularly in communities of color and other underserved communities.

Quick Links

- Mortgagee Letters: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee
- Press Release: <https://www.hud.gov/press>

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

About FHA INFO

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