

## FHA INFO #16-24

April 13, 2016



**TO: All FHA-Approved Mortgagees**

### NEWS AND UPDATES

#### Mortgagee Letter Published Today Revises Student Loan Payment Calculation Guidance

Today, the Federal Housing Administration published [Mortgagee Letter 2016-08, Student Loans](#), which provides revised guidance for mortgagees when calculating student loan obligations for use in a borrower's debt-to-income ratio calculation. FHA believes that its approach provides the appropriate balance between expanding access to credit and ensuring that the borrower is able to maintain successful, long-term homeownership.

Consistent with industry practice, the revised guidance allows the same calculation criteria to be applied regardless of the student loan payment plan type (such as income-based payment plans) or deferral status, and also includes:

- A 50 percent reduction in the percentage used to calculate monthly student loan obligations, or the use of the actual documented payment when the payment fully amortizes the loan over its term. This may result in increased purchasing ability for some borrowers, while ensuring borrowers have the long-term ability to meet debt obligations.
- The separation of student loan policies from other deferred obligations and installment loans, including future incorporation into the *Single Family Housing Policy Handbook* 4000.1. This separation provides greater clarity for mortgagees on the unique treatment of student loan payment calculations versus the calculations required for other deferred obligations.

The revised guidance in Mortgagee Letter 2016-08 applies to all Title II forward mortgage programs with the exception of non-credit qualifying Streamline Refinance mortgages. Mortgagees may begin using the guidance in Mortgagee Letter 2016-08 immediately, but must use the guidance for all case numbers assigned on or after June 30, 2016.

#### Quick Links

- View Mortgagee Letter 2016-08 on HUD's Client Information Policy Systems web pages at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/letters/mortgagee](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee)

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#### Resources

- Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: [www.hud.gov/answers](http://www.hud.gov/answers).
- E-mail the FHA Resource Center at [answers@hud.gov](mailto: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.

## RESOURCE INFORMATION

<b>FHA INFO Archives:</b>	Visit the <a href="#">FHA INFO Archives</a> to access FHA INFO messages issued from 2012 to the present.		
<b>Subscribe/Unsubscribe Instructions:</b>	<p>To subscribe to the Single Family FHA INFO mailing list you can use this link: <a href="#">FHA INFO</a> or send a request by email to: <a href="mailto:answers@hud.gov">answers@hud.gov</a></p> <p>Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: <a href="mailto:answers@hud.gov">answers@hud.gov</a></p> <p><a href="mailto:aaa@xyz.com">aaa@xyz.com</a>  <a href="mailto:bbb@xyz.com">bbb@xyz.com</a>  <a href="mailto:ccc@xyz.com">ccc@xyz.com</a></p> <p><a href="#">To Unsubscribe</a> follow the unsubscribe instructions on that page.</p>		
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