

The debt-to-income ratio (DTI)* is an important number used to calculate the potential home-buying power a borrower has. Below is a look at the calculations that will be used to determine the DTI for borrowers who have outstanding student loan debt and are applying for the following home loans.

Fannie Mae	Monthly student loan payment as listed on credit report or student loan statement; if deferred or in forbearance or have zero payment amount, either 1% of balance or one monthly payment.
Freddie Mac	Monthly student loan payment as listed on credit report or student loan statement; if deferred or in forbearance, 0.5% of balance.
FHA	Monthly student loan payment as listed on credit report or student loan statement; if deferred or in forbearance or have zero payment amount, 0.5% of balance.
VA	Monthly student loan payment as listed on credit report or student loan statement or 5% of balance divided by 12 months, whichever is higher; if deferred, not included in underwriting.
USDA	Monthly student loan payment as listed on credit report or student loan statement; if deferred, in forbearance, have zero payment amount or on IDR plan, 0.5% of balance.

These student loan debt payment calculations aim to help more borrowers obtain homeownership despite student loan debt that may have previously held them back.

To learn more about these student loan calculations, contact me today!



Leslie Wish Senior Mortgage Advisor, NMLS #659535 Cell: 703-338-0125

leslie.wish@fairwaymc.com www.lesliewishmortgage.com 10304 Eaton Place, Suite 100, Fairfax, VA 20304

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