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Issue Date: **4.7.2016**

Effective Date: **3.31.2016**

No: **4.1.2016**

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### USDA Student Loan Clarification

**Summary:** USDA sent out a clarification to the Student Loan policy they had updated with their most recent changes. Their intention had been to simplify the guidance and now need to further clarify how to treat student loan payments to be included in the DTI. This clarification is effective immediately:

**Fixed payment loans:** A fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed and the repayment term is fixed. There must be no future adjustments to the terms of the student loan payments.

**Non-Fixed payment loans:** Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation. One percent of the loan balance reflected on the credit report must be used as the monthly payment. No additional documentation is required.

The announcement can be found here: <https://content.govdelivery.com/accounts/USDARD/bulletins/1405f42>

**Questions:** Please address all questions to: [LoanHelpDesk@ResMac.com](mailto:LoanHelpDesk@ResMac.com)