

Housing Counseling: Student Loan Debt: How it Affects Qualifying for a Mortgage
August 24, 2022

>> HI EVERYONE.

JUST GIVING PEOPLE A FEW MORE MINUTES TO GATHER.

THEN WE WILL GET STARTED.

>> HELLO TERRY, I HAD SOME SPEAKER ISSUES.

I AM GOING TO START FROM THE BEGINNING, IF I MAY.

>> SURE.

>> WELCOME EVERYONE.

I'M STEVE AND I WILL BE SHARING SOME PLATFORM ANSWERS WITH YOU.

TO TAKE FULL ADVANTAGE.

WE RECOMMEND VIEWING THE PRESENTATION THROUGH THE CHROME BROWSER.

YOU CAN VIEW THE TECHNOLOGY F.A.Q. OPTIONS.

A POP UP WILL APPEAR AND YOU CAN SEE TECHNOLOGY F.A.Q.

DOWNLOAD THE DOCUMENT AND REVIEW THE GUIDANCE.

IF THAT DOESN'T RESOLVE THE ISSUE, YOU CAN SUBMIT AN ELECTRONIC REQUEST FOR ASSISTANCE BY CLICKING ON THE TECH SUPPORT TAB AND A TECH SUPPORT REPRESENTATIVE WILL RESPOND.

NEXT SLIDE PLEASE.

THIS WEBINAR IS BEING RECORDED FOR FUTURE VIEWING ON H.U.D. EXCHANGE AND ALL ATTENDEES ARE IN LISTEN ONLY MODE.

IF YOU WOULD LIKE A COPY OF TODAY'S POWERPOINT DECK, YOU CAN FIND IT ON H.U.D. EXCHANGE OR CLICKING ON THE LANDING PAGE AND THE DOCUMENTS AND MATERIALS TAB TO DOWNLOAD THE DOCUMENT.

AT THE END OF THE PRESENTATION, YOU WILL BE DIRECTED TO THE LANDING PAGE WHERE THE MATERIALS ARE AVAILABLE FOR DOWN LOADS.

NEXT SLIDE PLEASE.

WE WILL HAVE A QUESTION AND ANSWER SESSION IMMEDIATELY FOLLOWING THE PRESENTATION.

THE PRESENTATION TEAM WILL RESPOND TO QUESTIONS TYPED INTO THE Q&A TAB DURING THE PRESENTATION AND WILL ANSWER QUESTIONS AS TIME PERMITS.

IF YOU HAVE UNANSWERED QUESTIONS ABOUT THE CONTENT OF TODAY'S PRESENTATION, PLEASE SEND AN E MAIL TO HOUSING.COUNSELING@HUD.GOV.

AGAIN, THAT'S HOUSING.COUNSELING@HUD.GOV.

NEXT SLIDE PLEASE.

THAT CONCLUDES THE HOUSEKEEPING OVERVIEW.

WE WILL NOW START THE PRESENTATION.

ON BEHALF OF H.U.D.'S OFFICE OF HOUSING COUNSELING, I WOULD LIKE TO STUDENT LOAN DEBT: HOW IT AFFECTS QUALIFYING FOR A MORTGAGE.

TARRY CARR WILL START THINGS OFF.

TERRY WILL MODERATE THE PANEL OF SUBJECT MATTER EXPERTS, INCLUDING F.H.A.'S KEVIN STEVENS, ANGELA BURNS, RISK MANAGEMENT LEAD ASSOCIATE AT FANNIE MAE, AND JIM PERONTO, TRAINING MANAGER, CLIENT EDUCATION SERVICES WITH FREDDIE MAC.

TERRY, PLEASE BEGIN WHEN YOU'RE READY.

>> THANKS STEVE.

HI EVERYONE.

AS YOU MAY KNOW, TODAY IS THE FINAL WEBINAR OF OUR SERIES ON STUDENT LOAN DEBT.

OVER THE COURSE OF THIS SERIES WE HAVE DONE THREE WEBINARS.

WE DISCUSSED HOW HOUSING COUNSELORS CAN BETTER SERVE CLIENTS WITH STUDENT LOANS.

OUR FOCUS TODAY IS DISCUSSING HOW STUDENT LOANS AFFECT QUALIFYING FOR MORTGAGE.

YOU WILL LEARN HOW STUDENT LOAN PAYMENTS, OUTSTANDING BALANCES, AND HOW IT IMPACTS UNDERWRITING.

ODDLY ENOUGH, THIS IS A TIMELY DISCUSSION AS PRESIDENT BIDEN WILL BE ANNOUNCING THE DETAILS ABOUT THE STUDENT DEBT PLAN AT 2:15, SO HE COULD BE SPEAKING JUST AS WE'RE SPEAKING TODAY.

WE ALREADY KNOW THAT THE PAYMENT PAUSE HAS BEEN EXTENDED ONE MORE TIME.

NEARLY ONE THIRD OF ALL AMERICANS TAKE OUT STUDENT LOANS TO PAY FOR COLLEGE WITH AN AVERAGE BALANCE OF \$37,000.

THIS IS ACCORDING TO FEDERAL DATA.

IN ADDITION, H.U.D. APPROVED COUNSELING AGENCIES PROVIDE SERVICES TO 800,000 CONSUMERS ON AVERAGE EACH YEAR.

WE THINK IT'S UP TO US TO FIND CREATIVE WAYS TO INCREASE ACCESS SO THAT WE CAN SERVE EVEN MORE CONSUMERS, ESPECIALLY THOSE WITH STUDENT LOANS.

NOW I'LL TURN IT OVER TO ASHLEY HARRINGTON TO MAKE SOME OPENING REMARKS.

ASHLEY.

>> THANK YOU SO MUCH TERRY.

CAN YOU SEE ME?

I CAN'T TELL.

>> YES, WE CAN SEE YOU.

>> I WAS SO GLAD TO PARTNER WITH H.U.D. ON THIS SERIES.

FOR ME, THIS IS PERSONALLY, THIS IS SUCH A BIG PART OF IT.

IT CONNECTS THESE TWO DOTS AND MAKING SURE THAT EVERYONE KNOW HOW THESE PROGRAMS WORK TOGETHER AND HOW THE SYSTEM WORKS.

IT'S BEEN IMPORTANT TO ME AND LUCKILY IT'S IMPORTANT TO TERRY AND HER TEAM AND WE WERE ABLE TO BUILD OUT THIS GREAT PROGRAM.

WE HAVE SOME GREAT ANNOUNCEMENTS TODAY AND THERE WILL BE MORE COMES IN THE DAYS TO COME.

WE ANNOUNCED DEBT RELIEF FOR BORROWERS THAT MAKE UP TO \$125,000, OR \$250,000 IF THEY'RE MARRIED OR HEAD OF HOUSEHOLD.

THAT'S \$10,000, AN ADDITIONAL \$10,000 FOR FOLKS WHO RECEIVE PELL GRANTS.

WE'RE EXCITED.

IT'S GOING TO HELP MILLIONS OF BORROWERS GET CLOSE TO FORGIVENESS.

IT IS EXTENDED UNTIL THE END OF DECEMBER TO HELP BORROWERS THAT ARE STILL STRUGGLING TO NAVIGATE THE CURRENT PANDEMIC AND ECONOMIC DOWNTURNS.

SO SO MUCH IS HAPPENING RIGHT NOW AND IT'S VERY EXCITING.

WE HAVE THIS PUBLIC SERVICE LOAN FORGIVENESS THAT IS HAPPENING FROM NOW UNTIL THE END OF OCTOBER, WHICH WILL HELP MORE BORROWERS GET FULL FORGIVENESS ON THEIR LOANS OR CLOSER TO FORGIVENESS.

IT'S REALLY GREAT.

IT'S GREAT TO SEE THIS LEVEL OF SUPPORT FOR STUDENT LOAN BORROWERS BECAUSE WE KNOW THEY NEED IT AND MANY BORROWERS ARE STRUGGLING.

WE ANNOUNCED NEW DETAILS ABOUT OUR FRESH START PROGRAM, WHERE WE ARE BRINGING EVERY BORROWER WHO WAS IN DEFAULT INTO A FRESH START, WHERE THEY WILL COME OUT OF THE PAYMENT PAUSE WITH THEIR LOANS IN GOOD STANDING.

THEY CAN GET F.H.A. OR S.B.A. LOANS.

THAT'S VERY EXCITING.

THERE IS A LOT TO KEEP UP WITH.

WE WILL PROBABLY DO ANOTHER WEBINAR BECAUSE WE NEED TO FILL IN SOME BLANKS THERE AS WELL.

IF YOU WANT MORE INFORMATION ABOUT THE LOAN FORGIVENESS PROGRAM, THE GENERAL ONE THAT IS ANNOUNCED TODAY, CHECK OUT [STUDENTAID.GOV/DEBTRELIEF](https://studentaid.gov/debtrelief), SO BASICALLY [STUDENTAID.GOV](https://studentaid.gov) AND YOU WILL GET MORE INFORMATION.

I'LL TURN IT BACK TO YOU TERRY.

THANK YOU SO MUCH FOR HOSTING THIS AND I'M EXCITED TO HEAR THE CONTENT.

>> THANK YOU ASHLEY.

NOW IT'S TIME FOR OUR PANEL.

NEXT SLIDE PLEASE.

FIRST WE HAVE KEVIN STEVENS, ACTING DIRECTOR OF THE SINGLE FAMILY PROGRAM DEVELOPMENT FROM THE FEDERAL HOUSING ADMINISTRATION.

KEVIN WILL TALK TO US ABOUT HOW F.H.A. USES STUDENT DEBT WHEN THEY ARE LOOKING FOR QUALIFYING FOR A HOME.

KEVIN.

>> GREAT.

THANK YOU TERRY.

AGAIN, KEVIN STEVENS WITH SINGLE FAMILY.

NEXT SLIDE.

OF COURSE BEFORE WE GET STARTED, WE HAVE TO GO TO OUR DISCLAIMER IN CASE SOMEONE FINDS THIS ON THE INTERNET 20 YEARS AGO AND WANTS TO UNDER WRITE STUDENT LOAN DEBT, LET THEM KNOW IT'S PART OF THE HANDBOOK WE HAVE OUT THERE.

THIS PARTICULARLY POLICY WAS FIRST ISSUED IN JUNE OF 2021.

THAT'S JUST OVER A YEAR AGO AND AMENDED IN THE HANDBOOK UPDATE IN JULY.

THAT WENT TO ADDRESS THE PAYMENT PAUSE IN PARTICULAR SO THAT WE COULD GET THE POLICY OUT THERE.

AS ALWAYS, IF YOU FIND A DISCREPANCY BETWEEN THE PRESENTATION AND WHAT'S IN THE HANDBOOK, THE HANDBOOK SHOULD COME FIRST.

SO WHAT IS F.H.A. STUDENT LOAN DEBT CALCULATION.

WE THINK IT'S SIMPLE, BUT WE'LL GO THROUGH THE DETAILS.

BOTTOM LINE, REGARDLESS OF THE PAYMENT STATUS, IF IT'S IN REPAYMENT OR NOT IN REPAYMENT, WE CALCULATED A PAYMENT.

YOU USE THE PAYMENT REPORTED ON THE CREDIT REPORT OR THE ACTUAL DOCUMENTED PAYMENT, PROVIDED THAT AMOUNT IS ABOVE ZERO OR A HALF PERCENT OF THE OUTSTANDING LOAN BALANCE WHEN THE MONTHLY PAYMENT REPORTED IS ZERO.

WE DID MAKE AN EXPLICIT EXCEPTION FOR PAYMENTS THAT HAVE BEEN SUSPENDED IN ACCORDANCE WITH THE PAUSE THAT IS ONGOING THAT WE'RE HEARING TODAY THAT IT'S BEING EXTENDED AGAIN. IT WAS SET TO EXPIRE, BUT IT IS NOW EXTENDED THROUGH DECEMBER.

NOW THOSE ARE THE SITUATIONS WHERE WE USED THE PAYMENT AMOUNT REPORTED ON THE CREDIT REPORT OR DOCUMENTED PAYMENT OF WHAT THE PAYMENT WAS PRIOR TO THE SUSPENSION.

AGAIN, IT'S PROVIDED THAT THE PAYMENT IS ABOVE 0.

SO NEXT SLIDE.

SO, THE QUESTIONS ARE FOR YOUR FOLKS, WHAT AM I GOING TO NEED TO BRING TO SHOW TO MY LENDER ABOUT MY STUDENT LOANS?

THE VAST MAJORITY, THEY WON'T NEED ANY DOCUMENTATION.

SO TO THE EXTENT TO WHAT THEY'RE USING ON THE CREDIT REPORT, THEY PROBABLY WON'T NEED ANY EXTRA DOCUMENTATION.

HOWEVER, IF THEY'RE TRYING TO USE A PAYMENT LESS THAN REPORTED ON THE CREDIT REPORT, THERE WILL BE FURTHER DOCUMENTATION.

THIS IS WHERE THE LENDERS GOING TO NEED THE DOCUMENTATION OF THE MONTHLY PAYMENT, PAYMENT STATUS, AND THE OUTSTANDING BALANCE TERMS.

NOW, WE ALSO HAVE IN CASES WHERE THE STUDENT LOAN HAS BEEN FORGIVEN, OR IT'S TALKED ABOUT STUDENT LOAN FORGIVENESS, AND IT'S NOT JUST WITH THE FEDERAL PROGRAMS, BUT THERE ARE MULTIPLE PROGRAMS OUT THERE LOOKING AT STUDENT LOAN FORGIVENESS.

THAT TOO IS WHERE WE WILL ALLOW THE DEBT TO BE COMPLETELY EXCLUDED, WHERE IT CAN BE DOCUMENTED THAT THE CREDITOR OR THE SERVICER, THAT THE BALANCE HAS BEEN FORGIVEN, CANCELED, DISCHARGED, OR PAID IN FULL.

THAT IS A CASE WHERE NO DEBT WOULD BE CALCULATED.

LET'S GO TO THE NEXT SLIDE.

WE CAN DIG INTO SOME REAL LIFE SITUATIONS.

SO FIRST UP, IF YOU HAVE A BORROWER.

YOU HAVE A CREDIT REPORT SHOWING A BALANCE OF \$60,000 OUTSTANDING OF STUDENT LOANS, AND THE PAYMENT IS \$275 A MONTH.

AS I SAID, NO OTHER DOCUMENTATION.

NOW AS A BASELINE, THE HALF PERCENT CALCULATION OF \$60,000 IS \$300.

SO BASED UPON JUST THIS INFORMATION, WHAT PAYMENT WOULD WE USE?

THE ANSWER HERE IS THE \$275.

FROM THAT FIRST BULLET POINT IF WE REMEMBER, THE PAYMENT ON THE CREDIT REPORT, PROVIDED IT'S ABOVE 0, YOU GET TO USE THAT PAYMENT AND YOU DON'T GO TO THE 0.5% CALCULATION.

NEXT SLIDE.

ALL RIGHT, HERE'S A SIMILAR SITUATION.

YOU HAVE A BALANCE OF \$60,000.

THIS TIME THE CREDIT REPORT IS SHOWING A PAYMENT OF 357 A MONTH FOR THAT.

WE HAVE WRITTEN DOCUMENTATION THAT THE PAYMENT IS \$225 A MONTH WITH THAT BALANCE.

AGAIN, THE BASELINE \$300.

WHAT PAYMENT DID WE USE?

SO HERE THE ANSWER IS THE \$225.

WHILE THE CREDIT REPORT IS SHOWING \$357, FROM OUR REQUIREMENTS, YOU CAN DOCUMENT A PAYMENT, THE ACTUAL PAYMENT AND THAT PAYMENT IS NOT ZERO, BUT IT IS AN AMOUNT YOU CAN USE THE DOCUMENTED PAYMENT UP TO \$225.

SO NEXT SLIDE.

SO WE STILL HAVE THE BALANCE OF \$60,000, BUT THE CREDIT REPORT IS SHOWING A PAYMENT OF 0 AND IT'S SUSPENDED.

WE GOTTEN OUR DOCUMENTATION FROM THE STUDENT LOAN LENDER, THAT PRIOR TO THE SUSPENSION, THE PAYMENT WAS \$175 A MONTH.

OUR BASELINE OF \$60,000, WHAT PAYMENT DO WE USE HERE?

THIS IS WHERE THE EXCEPTION COMES INTO PLAY.

SO ALTHOUGH THE CREDIT REPORT IS SHOWING ZERO, AND NORMALLY WHEN IT'S ZERO, WE WOULD USE THE 0.5%, DURING THE SUSPENSION, WE HAVE THE DOCUMENTATION THAT THE PAYMENT WAS \$175 BEFORE SUSPENSION, THAT'S THE PAYMENT THAT CAN BE USED TO QUALIFY.

NEXT SLIDE.

SO LAST, BUT NOT LEAST, WE HAVE OUR CREDIT REPORT SHOWING THAT \$60,000, AS THE PAYMENT OF 0, WE DON'T HAVE ANY OTHER DOCUMENTATION.

THIS IS WHERE THE 0.5% COMES INTO PLAY.

THAT BALANCE OF \$60,000, WE USE THAT 0.5% CALCULATION, SO \$300 A MONTH WOULD BE INCLUDED IN THIS SCENARIO.

THAT BASICALLY COVERS THE FOUR, SHALL WE SAY, MOST COMMON SCENARIOS THAT ARE GOING TO BE INVOLVED WITH THE STUDENT LOAN DEBT, INCLUDING THE CURRENT PAYMENT POLICY.

NEXT SLIDE.

SO AS I MENTIONED, THIS IS ALL POLICY THAT IS PART OF OUR LARGER POLICY ON UNDERWRITING AND YOU CAN FIND THE INFORMATION ON THE S.F. HANDBOOK.

IT'S HERE IN THIS LINK.

THE OTHER TRAININGS AND EVENTS AND OTHER PROGRAMS CAN BE FOUND AT THE TRAINING EVENTS LINK.

IF YOU WANT TO SIGN UP FOR INFORMATION THAT COMES OUT ON F.H.A., EVERY TIME WE HAVE A POLICY ANNOUNCEMENT OR ANYTHING ELSE GOING ON IN THE F.H.A. WORLD, YOU CAN SUBSCRIBE TO F.H.A. HERE.

NEXT PAGE.

ALSO, IF YOU HAVE ANY QUESTIONS ON F.H.A. PROGRAMS, THERE ARE THREE WAYS YOU CAN GET THEM ANSWERED.

THERE IS SELF SERVICE KNOWLEDGE BASE, WHICH IS THE HUD.GOV/ANSWERS, ANSWERS@HUD.GOV, OR 1 800 CALL FH A.

WE WILL GET YOUR ANSWERS.

NOW I'LL TURN IT OVER TO ANGELA FROM FANNIE MAE.

>> HI, I'M ANGELA FROM FANNIE MAE.

I WORK IN THE RISK MANAGEMENT AS A LEAD ASSOCIATE.

I WANT TO SAY THANK YOU ON BEHALF OF FANNIE MAE AND TERRY AND THE WHOLE TEAM AT H.U.D. FOR BRINGING US TOGETHER.

I'M GLAD TO BE HERE AND I HOPE THE FOLLOWING INFORMATION WILL HELP ASSIST FUTURE HOMEOWNERS.

ALL RIGHT, NEXT SLIDE PLEASE.

SO WE HAVE A BIT OF THE SAME HOUSEKEEPING.

THIS IS OUR DISCLAIMER.

SO REALLY AT THE END OF THE DAY, IF THERE IS ANY NOTED DISCREPANCIES BETWEEN THE INFORMATION PROVIDED IN THIS PRESENTATION, FANNIE MAE'S STATEMENT SUPERSEDE, WHICH ARE THE FANNIE MAE SELLING GUIDE, SERVICING GUIDE, AND THEIR UPDATES, AND ANY GUIDE ANNOUNCEMENTS AND RELEASE NOTES.

LET'S DIVE RIGHT IN.

NEXT SLIDE.

ALL RIGHT, AS WE ARE AWARE, STUDENT LOAN DEBT CAN HAVE VARYING REPAYMENT STATUSES, WHICH IS ULTIMATELY DEPENDENT ON A BORROWER'S CIRCUMSTANCES.

THAT IS NO SURPRISE TO THIS FORUM.

FANNIE MAE ADDRESSES PARTICULARLY FOUR DIFFERENT TYPES OF REPAYMENT PLANS, IF YOU WILL.

THIS IS FOUND IN THE SELLING GUIDE SECTION B3 6 05, MONTHLY DEBT OBLIGATIONS.

IN THIS SECTION, WE DETERMINE HOW TO DETERMINE THE APPROPRIATE QUALIFYING PAYMENT.

SO AS YOU SEE, WE SPEAK TO STANDARD REPAYMENT.

ESSENTIALLY THAT IS WHEN THERE IS A REPORTED PAYMENT ON THE CREDIT REPORT AND AT THE END OF THE DAY, THE LENDER CAN USE THAT PAYMENT AND MOVE ON AND NOT HAVE TO OBTAIN ANY DOCUMENTATION.

THAT MEANS IT'S A PAYMENT ABOVE ZERO.

NEXT, WE SPECIFICALLY CALL OUT INCOME DRIVEN REPAYMENT PLANS.

NOW, IN THIS CASE, THE LENDER MAY NEED TO OBTAIN STUDENT LOAN DOCUMENTATION AND THAT IS TO VERIFY THE CURRENT REQUIRED MONTHLY PAYMENT APPROVED FOR THAT INCOME BASED REPAYMENT PLAN.

NOW FOR SOME REASON WE CAN'T GET THE DOCUMENTATION, THE LENDER DOES HAVE THE OPTION TO CALCULATE A MONTHLY PAYMENT EQUAL TO 1% OF THE OUTSTANDING STUDENT LOAN BALANCES, EVEN IF THAT AMOUNT IS LOWER THAN AN ACTUAL FULL AMORTIZING PAYMENT.

SO, NEXT UP THE GUIDE ADDRESSES DEFERRED LOANS OR STUDENT LOANS AND FORBEARANCE.

WE PUT THAT IN THE SAME CATEGORY WHEN IT COMES TO CALCULATION, IF YOU WILL.

THESE INSTANCES, WE REFER BACK TO, YOU CAN USE 1% OF THE OUTSTANDING BALANCE THAT WE JUST DISCUSSED TO CALCULATE A QUALIFYING PAYMENT OR YOU CAN OBTAIN THE DOCUMENTED LOAN REPAYMENT TERMS AND CALCULATE A FULLY AMORTIZING PAYMENT.

ALL RIGHT, NEXT SLIDE PLEASE.

SO, HERE WE WILL JUST GO THROUGH SOME BASIC SCENARIOS IF YOU WILL.

SO IN THIS CASE, JOHN HAS A PAYMENT OF \$150 A MONTH, WITH A BALANCE OF \$5,000.

AT THIS POINT, WE CAN USE THE \$150 PAYMENT OFF THE CREDIT REPORT AND NOT OBTAIN ANY OTHER DOCUMENTATION.

NOW AS YOU CAN SEE, THERE IS A NOTE HERE.

IF FOR SOME REASON WE DETERMINE THAT THE REPORTED PAYMENT IS NOT ACCURATE, IN THIS CASE, THE LENDER CAN ACTUALLY OBTAIN THE STUDENT LOAN DOCUMENTATION, WHICH COULD EQUAL TO THE MOST RECENT STUDENT LOAN STATEMENT AND USE THAT PAYMENT TO QUALIFY IF BORROWER.

ALL RIGHT.

NEXT SLIDE PLEASE.

THEN OUR GUIDE, WE BREAK OUT SPECIFICALLY INCOME DRIVEN REPAYMENT PLANS.

IN THIS EXAMPLE, JANE HAS A STUDENT LOAN WITH A BALANCE OF \$4,000.

IN THIS CASE, THE REPORTED PAYMENT IS \$0.

NOW, WE CAN'T JUST SIMPLY USE THE PAYMENT OF ZERO AT THIS POINT, WE WOULD REQUIRE THE LENDER TO OBTAIN THE STUDENT LOAN DOCUMENT THAT IS EVIDENCE THAT THE BORROWER IS ON AN APPROVED REPAYMENT PLAN THAT CURRENTLY ALLOWS A PAYMENT OF \$0 PER MONTH.

AT THAT POINT, WE CAN QUALIFY THE BORROWER WITH THE PAYMENT OF \$0.

WE ALSO STILL HAVE THAT OPTION TO NOT GET DOCUMENTATION FROM THE BORROWER, BUT AT THAT POINT, YOU WOULD CALCULATE AN ESTIMATED PAYMENT BY USING THE 1% OF THE OUTSTANDING BALANCE.

SO, IN THIS EXAMPLE, IF WE DON'T WANT TO GET ANY DOCUMENTATION FROM THE BORROWER, THEY CAN QUALIFY WITH THE 1% PAYMENT AND THE PAYMENT WOULD BE \$40.

ALL RIGHT.

NEXT SLIDE PLEASE.

OKAY, AND FOR STUDENT LOANS DEFERRED OR ON FORBEARANCE, AS WE SPOKE ABOUT EARLIER, WE HAVE THE TWO OPTIONS CALCULATING THE ESTIMATED PAYMENT, USING 1% OF THE OUTSTANDING BALANCE, OR WE CAN CALCULATE THE AMORTIZED BALANCE USING THE DOCUMENTED LOAN REPAYMENT TERMS.

SO THERE IS A STUDENT LOAN WITH A BALANCE OF \$17,500.

THE LENDER CAN USE 1% OF THE OUTSTANDING BALANCE AND QUALIFY THE BORROWER WITH A PAYMENT OF \$175, IF THEY DO NOT WANT TO OBTAIN THE LOAN DOCUMENTATION FROM THE BORROWER.

THEY CAN QUALIFY JUST USING THE CALCULATED PAYMENT, USING THE BALANCE AND THE 1%.

OKAY.

NEXT SLIDE.

NOW I KNOW WE WENT THROUGH A LOT.

WE HAVE AN ALTERNATIVE METHOD FOR CALCULATION OF STUDENT LOAN PAYMENTS, WHICH IS GEARED TOWARDS INCOME DRIVEN REPAYMENT PLANS, LOANS AND FORBEARANCE, OR LOANS THAT ARE DEFERRED.

SOMETIMES THIS IS REFERRED TO AS CALCULATING A QUALIFYING PAYMENT BASED ON CURRENT PREVAILING STUDENT RATES.

SO, THIS ACTUALLY IS NOT EMBEDDED IN OUR SELLING GUIDE, BUT IT IS FOUND ON FANNIE MAE'S WEBSITE, TOP TRENDING F.A.Q.S, QUESTION NUMBER ONE, UNDER STUDENT LOAN PAYMENTS.

SO HOW THIS WORKS IS THE LENDER WILL CALCULATE A FULLY AMORTIZING PAYMENT BASED ON THE STUDENT LOAN INTEREST RATES.

AT THE END OF THE DAY, THE LENDER IS RESPONSIBLE FOR VALIDATING A CURRENT PREVAILING STUDENT LOAN RATE, WHICH YOU CAN USE A VARIETY OF WEBSITES.

WE DON'T DICTATE WHERE THE RATE HAS TO COME FROM.

AN EXAMPLE IS THE U.S. DEPARTMENT OF EDUCATION FEDERAL STUDENT AID.

IT'S REALLY UP TO THE LENDER TO DOCUMENT IN THE FILE WHERE THEY GOT THE RATE THAT THEY ARE USING FOR THIS CALCULATION.

NOW THERE IS ANOTHER STEP TO THIS CALCULATION FOUND ON THE NEXT SLIDE.

SO NEXT SLIDE PLEASE.

ALL RIGHT.

SO, IN THIS WE'LL GO THROUGH THE EXAMPLES.

SO IN THIS EXAMPLE, JACK HAS A LOAN THAT DOES NOT REFLECT A PAYMENT WITH A BALANCE OF \$17,500.

IT'S IN DEFERRAL AND THE PAYMENT TERMS ARE UNKNOWN.

SO, WE WILL LEVERAGE THE CHART YOU SEE HERE ON THE LEFT HAND SIDE TO DETERMINE THE APPROPRIATE REPAYMENT PERIOD.

I WOULD LIKE TO CALL OUT, AS YOU SEE, IF YOU HAVE MULTIPLE LOANS, YOU CAN COMBINE THE TOTAL OUTSTANDING BALANCES OF ALL THE STUDENT LOANS, USE THAT TOTAL AMOUNT TO DETERMINE THE REPAYMENT PERIOD TO USE FOR THE CALCULATION.

SO, IN MY EXAMPLE, THE OUTSTANDING BALANCE OF \$17,500 WOULD EQUATE TO A REPAYMENT PERIOD OF 15 YEARS.

THEN I, THE LENDER, DOCUMENT AT THIS TIME THE CURRENT PREVAILING INTEREST RATE IS 4.29%.

I CAN USE THE FULLY AMORTIZING PAYMENT OF \$132.

SO, AT THE END OF THE DAY, THESE ARE THE VARIETY OF CALCULATION METHODS, IF YOU WILL, THAT FANNIE MAE PRESCRIBES FOR STUDENT LOAN DEBT OF VARIOUS REPAYMENT STRUCTURES.

NOW, I KNOW I DIDN'T TOUCH ON THE PAYMENT PAUSE, BUT I WILL INTERJECT.

AT THE END OF THE DAY, WE HOLD THE STANDS OF YOU BASICALLY ARE GOING TO FOLLOW THE SAME METHODOLOGY HERE.

WE'RE NOT GOING TO JUST USE ZERO BECAUSE IT'S NOT IN A REPAYMENT STATUS AT THE END OF THE DAY.

WHAT YOU CAN DO, YOU CAN PROVIDE THEIR PRIOR, MOST CURRENT INCOME BASED REPAYMENT THAT THEY WERE APPROVED FOR AND USE THAT PAYMENT OR YOU CAN USE THE CALCULATION METHODOLOGY DESCRIBED IN THIS PRESENTATION.

ALL RIGHT.

NEXT SLIDE PLEASE.

SO, AGAIN, I KNOW I WENT THROUGH A LOT OF INFORMATION.

I ENCOURAGE ALL OF YOU, IF YOU HAVE NOT ALREADY, TO REVIEW THE SELLING GUIDE SECTION PERTAINING TO MONTHLY DEBT OBLIGATION IN B3 6 05.

I WANTED TO POINT OUT THE TOP SELLING F.A.Q. FOUND ON FANNIEMAE.COM, THEY HAVE GREAT INFORMATION ON A VARIETY OF TOPIC AND THEY HAVE A SECTION DEDICATED TO STUDENT LOAN DEBT.

ALL RIGHT, THANK YOU FOR YOUR TIME.

NOW I AM GOING TO PASS THE TORCH TO FREDDIE MAC'S JIM PERONTO.

>> WELL, THANK YOU SO MUCH ASHLEY FOR THAT.

MY NAME IS JIM PERONTO WITH FREDDIE MAC'S CLIENT EDUCATION SERVICES.

ON THE NEXT PAGE, WE'RE GOING TO LOOK AT OUR INTRODUCTION.

I'M GOING TO PIGGYBACK ON WHAT MY COLLEAGUES WERE TALKING ABOUT AND I'M GOING TO TALK ABOUT STUDENT LOAN PAYMENTS.

BEFORE I GET TO THE MAIN PART OF THE PRESENTATION, I WANT TO DIRECT YOU TO THE BOTTOM RIGHT HAND OF THE SCREEN.

I HAVE A LINK THAT WILL GO TO OUR GUIDE SECTION 5401.2A.

THAT'S WHERE THE INFORMATION WILL BE COMING FROM.

I ENCOURAGE YOU TO BOOKMARK THAT BECAUSE IF ANYTHING CHANGES, THAT WILL BE YOUR MOST UPDATED RESOURCE.

WITH THAT SAID, LET'S CONTINUE ON THE NEXT PAGE.

THE FIRST THING I'M GOING TO GO OVER IS STUDENT LOAN IN REPAYMENT, DEFERMENT, OR FORBEARANCE.

SO WE MADE THIS SIMPLE FOR YOU GUYS.

IT'S EASY FOR YOU TO UNDERSTAND.

ALL YOU HAVE TO DO IS LOOK AND IF THERE IS A MONTHLY PAYMENT GREATER THAN 0, WHETHER THAT'S THE CREDIT REPORT OR ANY DOCUMENTATION YOU GET, GO AHEAD AND USE THAT PAYMENT. SO IT'S PRETTY STRAIGHTFORWARD AS FAR AS WHAT YOU CAN USE.

IF THERE IS A PAYMENT THERE, GO AHEAD.

WE'RE NOT GOING TO LOOK FOR ANYTHING ELSE.

NOW I KNOW YOU GUYS HAVE THE QUESTION, THERE IS NOT ALWAYS A PAYMENT THERE.

WHAT DO I DO WHEN I GO TO THE CREDIT REPORT AND THERE IS NO PAYMENT SHOWING?

ON THE NEXT PAGE, I'LL SHOW YOU WHAT I WANT YOU TO DO.

LET'S SAY WE'RE LOOKING AT A CREDIT REPORT TODAY.

THERE IS A STUDENT LOAN WITH AN OUTSTANDING BALANCE BUT NO CREDIT REPORTED.

WHAT DO I DO?

ALL YOU HAVE TO DO IS USE 0.5%, SO HALF A PERCENT OF THE OUTSTANDING LOAN BALANCE.

WE WANT YOU GUYS TO USE THAT OUTSTANDING LOAN BALANCE AS REPORTED ON THE CREDIT REPORT.

IT'S STRAIGHTFORWARD.

LET ME JUST STEP BACK AND TELL YOU HOW I WOULD APPROACH THIS.

IT'S SIMILAR TO WHAT WE HEARD SO FAR.

IF YOU HAVE THAT CREDIT REPORT AND IT HAS A MONTHLY PAYMENT SHOWING, AND THEY CAN QUALIFY, I'M ALL ABOUT THE PATH OF LEAST RESISTANCE.

I WOULD USE THAT MONTHLY PAYMENT.

IF THERE IS NOT A PAYMENT SHOWING, IT'S UP TO YOU GUYS WHAT STEP YOU WANT TO TAKE NEXT.

I WOULD LOOK TO THIS CALCULATION.

THE REASON I SAY THAT IS FOR, YOU KNOW, FOR TIME'S SAKE AND MAKING YOUR LIFE EASIER, IT'S EASIER TO PULL OUT A CALCULATION AND DO THIS 0.5% OF THE OUTSTANDING BALANCE CALCULATION THAN OTHER DOCUMENTATION.

IF THIS DOESN'T WORK, THEN I WOULD LOOK AT WHAT OTHER OUTSTANDING DOCUMENTATION I CAN GET FROM THE STUDENT LOAN PROGRAM OR WHOEVER IS OFFERING THAT PROGRAM SPECIFICALLY.

SO, THAT'S KIND OF THE BASICS OF HOW I WOULD GO THROUGH THIS AND MY STEPS OF HOW I WOULD APPROACH THIS.

ON THE NEXT PAGE, LET'S TAKE A LOOK AT WHAT HAPPENS TO A STUDENT LOAN THAT IS IN FORGIVENESS, CANCELAN, DISCHARGE, AND EMPLOYMENT, OR CONTINGENT REPAYMENT PROGRAM.

THAT STUDENT LOAN CAN BE EXECUTED FROM THE MONTHLY DEBT PAYMENT TO INCOME RATIO IF IT MEETS THE FOLLOWING REQUIREMENTS.

WHAT I'M GOING TO GIVE YOU GUYS HERE ARE TWO DIFFERENT OPTIONS AND THE DOCUMENTATION YOU NEED FOR BOTH OF THOSE OPTIONS.

SO ON THIS PAGE, OPTION NUMBER ONE.

IF IT'S A STUDENT LOAN THAT HAS 10 OR LESS MONTHLY PAYMENTS, THEN THE FULL BALANCE IS FORGIVEN, CANCELED, OR DISCHARGE OR THE CONTINGENT REPAYMENT PROGRAM, YOU'RE DONE.

THAT'S ALL YOU NEED.

I'LL SHOW YOU THE DOCUMENTATION YOU WILL NEED COMING UP SHORTLY.

LET'S MOVE TO THE NEXT PAGE.

I'LL SHOW YOU THE SECOND OPTION.

THIS IS OPTION NUMBER TWO.

IF YOU'RE LOOKING AT THE MONTHLY PAYMENT AND IT'S DEFERRED OR IN FORBEARANCE, THE FULL BALANCE WILL BE FORGIVEN, CANCELED, OR DISCHARGED, OR IN THE EVENT OF A CONTINGENT PLAN, PAID AT THE END OF THE FORBEARANCE, THAT IS ACCEPTABLE AS WELL.

THAT IS OPTION ONE AND OPTION TWO.

SO LET'S MOVE ON TO THE NEXT PAGE.

SO KEEP IN MIND THOSE TWO OPTIONS THAT WE WENT THROUGH.

YOU HAVE TO MEET THE REQUIREMENTS FOR OPTION ONE OR OPTION TWO.

IN ADDITION TO THAT, WE'RE ALSO GOING TO ASK THAT YOU MAKE SURE THE BORROWER IS ELIGIBLE OR APPROVED FOR THAT FORGIVENESS, CANCELATION, DISCHARGE, OR THE EMPLOYMENT CONTINGENT REPAYMENT PROGRAM, THAT IT WILL BE PAID OFF.

SO, WE ALSO WANT TO MAKE SURE THAT THE SELLER IS NOT AWARE OF ANY CIRCUMSTANCES THAT WILL MAKE THE BORROWER INELIGIBLE FOR THIS IN THE FUTURE.

NOW I PUT A NOTE ON THE BOTTOM OF THE PAGE FOR YOU GUYS SPECIFICALLY.

I'M SAYING IT HAS TO BE APPROVED.

THAT APPROVAL HAS TO COME FROM THE STUDENT LOAN PROGRAM OR IN THE CASE OF THAT EMPLOYMENT CONTINGENT REPAYMENT PROGRAM, THE EMPLOYER.

THAT'S WHERE WE'RE LOOKING FOR THE APPROVAL.

THAT WAS A QUESTION THAT CAME IN THE CHAT ROOM EARLIER.

THAT'S THE SOURCE FOR WHERE WE ARE LOOKING FOR THAT DOCUMENTATION.

ALL RIGHT, LET'S MOVE TO THE NEXT SLIDE HERE.

BASED ON WHAT WE'RE GONE THROUGH SO FAR, I JUST WANT TO GO THROUGH TWO BASIC SCENARIOS THAT YOU GUYS CAN RUN INTO.

FIRST ONE IS FRED MACIE HAS A STUDENT LOAN REPORTING ON HIS CREDIT REPORT WITH AN OUTSTANDING BALANCE OF \$25,000 AND A \$120 MONTHLY PAYMENT.

I WOULD USE \$120 MONTHLY PAYMENT.

SO SECOND SCENARIO.

MAC HAS A STUDENT LOAN REFLECTED ON HIS CREDIT REPORT WITH AN OUTSTANDING BALANCE OF \$25,000.

NOW THERE IS NO MONTHLY PAYMENT.

WHAT WOULD WE DO?

WELL, I WOULD PULL OUT THAT CALCULATOR AND DO 0.5% OF THE MONTHLY PAYMENT AND THAT WOULD BE \$125, AND WE WOULD USE THAT IN THE MONTHLY DEBT TO PAYMENT INCOME RATIO.

THIS IS STRAIGHTFORWARD.

IF THE SECOND ONE DIDN'T WORK, I WOULD LOOK TO GET ADDITIONAL DOCUMENTATION.

ALL RIGHT, ON THE NEXT PAGE, I WANT TO SHOW YOU GUYS SOMETHING THAT I PULLED.

AT FREDDIE MAC, WE HAVE OUR CUSTOMER SERVICE CONTACT SERVICE CENTER.

WE RECEIVE HUNDREDS OF THOUSANDS OF QUESTIONS FROM YOU GUYS ABOUT OUR OFFERINGS.

ONE OF THE POPULAR QUESTIONS I PULLED BASED ON STUDENT LOANS FROM WHAT CUSTOMERS HAVE BEEN ASKING IS WILL FREDDIE MAC ACCEPT AN INCOME BASED I.B.R. PLAN FOR STUDENT LOANS?

THIS IS A COMMON QUESTION WE GET.

IF YOU LOOK AT ANIMATION HERE, YOU SEE THE ANSWER IS, DRUM ROLL, THE ANSWER IS YES.
SO I WANTED TO BRING THIS TO YOU GUYS.
THIS IS ONE OF THE MORE COMMON QUESTIONS WE GET HERE AT FREDDIE MAC.
THE QUESTION YOU ARE ASKING, HOW DO YOU WANT US TO APPROACH THAT?
IT'S GOING TO BE SIMILAR TO WHAT WE WENT OVER PREVIOUSLY, IF THERE IS A PAYMENT ON THAT CREDIT REPORT, USE THAT PAYMENT.
IF THE PAYMENT ON THE CREDIT REPORT IS 0, THAT'S WHEN YOU CAN OBTAIN THAT I.B.R. PLAN, VERIFYING A PAYMENT GREATER THAN 0 OR 0.5% OF THE OUTSTANDING BALANCE.
SO THE PAYMENT OF 0 MUST NOT BE USED FOR QUALIFICATION.
KEEP THAT IN MIND.
THAT'S ONE OF THE CONCEPTS I WANT YOU TO KEEP IN MIND.
IF IT'S A PAYMENT OF 0, THAT'S NOT ACCEPTABLE.
THAT'S WHEN YOU NEED TO LOOK TO DO THAT CALCULATION.
ALL RIGHT.
ON THE NEXT PAGE, I HAVE A FEW DIFFERENT LINKS FOR YOU.
I THINK SOMEONE IS GOING TO DROP A LINK FOR ME IN THE CHAT ROOM.
THAT LINK THAT IS DROPPED IN THERE IS FOR OUR COVID 19 SELLING F.A.Q., AND IT'S ALSO GOING TO BE IN THE MATERIAL HERE.
THE REASON I HAVE THIS FOR YOU GUYS IS BECAUSE WE HAVE BEEN TALKING ABOUT THE PAYMENT PAUSE GOING ON CURRENTLY.
THERE IS A LOT CHANGING WITH THIS.
THIS IS A TEMPORARY GUIDELINE.
AS YOU HEARD FROM ASHLEY, THINGS ARE CHANGING VERY FREQUENTLY WITH THIS.
SO WHAT I HAVE FOR YOU GUYS IS OUR F.A.Q. PAGE, WHICH WILL HAVE THE MOST UP TO DATE INFORMATION ON THIS.
WHEN YOU CLICK ON THAT LINK, I WANT YOU TO BOOKMARK IT AND I WANT YOU TO LOOK AT QUESTION NUMBER 4 AND QUESTION NUMBER 5.
THAT'S REALLY WHAT WILL HELP YOU UNDERSTAND HOW WE LOOK AT THE PAYMENT PAUSE.
SO WHEN YOU BOOKMARK THAT QUESTION NUMBER 4, CURRENTLY AS OF THIS MORNING, IT BASICALLY SAYS IF THERE IS A PAYMENT THAT QUALIFIES FOR THAT PAUSE, WE WANT YOU TO FIND OUT WHAT THAT PAYMENT WAS PRIOR TO THE PAUSE OR YOU CAN USE 0.5% OF THE OUTSTANDING BALANCE OF WHAT IT IS.
NOW IF YOU HAVE A STUDENT LOAN THAT IS A CONTINGENT DEBT, THAT WAS CONTINGENT PRIOR TO THE COVID 19 PAYMENT PAUSE, I WANT TO REFER YOU TO QUESTION NUMBER 5.
IT GETS MORE COMPLICATED ABOUT THINGS YOU NEED TO LOOK AT.
WE DO HAVE THE OPTION PUBLICLY THERE FOR YOU.
ADDITIONALLY GUYS, AND I SAW A QUESTION COME IN THE CHAT, WHERE CAN LENDERS FIND THIS INFORMATION?
WE GOT A RESOURCE ON THE BOTTOM RIGHT HAND SIDE HERE.
THERE IS A LINK TO THAT.
THAT IS OUR FREDDIE MAC CATALOG.
SO IF YOUR LENDER IS ASKING ABOUT THIS STUFF, WE HAVE A LOT OF FREE RESOURCES AVAILABLE FOR YOU GUYS, JOB AIDS, TUTORIALS, LEARNING CLIPS, LIVE WEBINARS.

WE HAVE A LEARNING CLIP THAT TALKS ABOUT THAT FREDDIE MAC STUDENT LOAN REQUIREMENT AND I WOULD REFER THEM TO THAT COVID 19 SELLING F.A.Q.S.

SO NOW I'M GOING TO TURN IT BACK TO TERRY.

I THINK SHE WILL COME ON AND DO A Q&A.

YOU WANT TO TAKE IT FROM HERE?

>> I WILL.

THANK YOU JIM.

I WANT TO SAY THANK YOU TO OUR PRESENTERS.

THANK YOU ANGELA AND THANK YOU KEVIN.

NOW WE'RE GOING TO DO A FEW QUESTIONS.

I'M GOING TO ASK ONE QUESTION AND THEN I'M GOING TO TURN IT OVER TO LA MARLA.

THE QUESTION I WILL ASK IS A BROAD ONE FOR EACH OF YOU.

YOU KNOW, WE'RE HERE PROVIDING THIS INFORMATION TO OUR COUNSELORS WHO WILL USE IT FOR THEIR CLIENTS.

I WANT TO ASK, WHAT DO YOU THINK IS THE MOST IMPORTANT THING FOR COUNCILLORS AND THEIR CLIENTS TO THINK ABOUT OR FACTOR IN WHEN THEY GET READY TO START THE HOME PURCHASE PROCESS WITH REGARDS TO THEIR STUDENT LOAN DEBT?

LET ME START WITH KEVIN.

>> SURE.

I'LL START US OFF.

THE STUDENT LOAN DEBT, YOU NEED TO LOOK AT ALL OF THEIR DEBT AND REALLY TO WORK WITH THEM ON THEIR BUDGETS THAT I KNOW COUNSELORS DO.

YOU KNOW, WHAT IS USED TO QUALIFY FOR A MORTGAGE?

THAT'S OUR GUIDANCE THAT IS PUT THERE TO GET THE AGGREGATE OF PEOPLE DONE.

WORKING ONE ON ONE WITH A BORROWER TO UNDERSTAND ALL THE THINGS THAT MAY NOT BE PART OF THE UNDERWRITING PROCESS, SO THEY CAN REALLY SET THEIR OWN BUDGET AND UNDERSTAND WHAT THEY CAN AFFORD FOR A MORTGAGE, MORE THAN WHAT WILL THE LENDER APPROVE.

>> ALL RIGHT KEVIN, I SEE YOU PUTTING QUESTIONS IN THE Q&A, PLEASE CONTINUE TO DO THAT. NOW I'M GOING TO TURN TO ANGELA.

>> THANK YOU.

JUST TO PIGGYBACK ON TO KEVIN A LITTLE BIT, I AGREE WITH EVERYTHING THAT HE SAID AS WELL.

I THINK FOR ME, FROM A HOUSING COUNSELOR PERSPECTIVE, JUST TO REALLY ENGAGE YOUR PERSPECTIVE OF FUTURE HOMEBUYER, HEY, WHAT IS THE DOCUMENTATION?

WHAT IS THE STATUS?

LET'S GATHER THE CURRENT DOCUMENTATION YOU HAVE AND HAVE IT READILY AVAILABLE IN CASE THE LENDER NEEDS THAT INFORMATION, RIGHT?

TO CALCULATE A PAYMENT OR TO SEE WHAT YOUR INCOME BASED REPAYMENT PLAN IS.

SO, THAT REALLY AGREE WITH KEVIN AND I KNOW I'M GOING TO AGREE WITH JIM.

THAT IS KEY.

GET THOSE DOCUMENTS TOGETHER AND MAKE SURE THEY'RE CURRENT AND GO FROM THERE.

>> ALL RIGHT JIM, YOUR THOUGHTS?

>> YEAH, MY ANSWER IS VERY SIMILAR.

AGAIN, IT REALLY STARTS WITH UNDERSTANDING THE STUDENT LOANS, THE WATER FALL PROCESS THAT ALL THREE OF US SPOKE ABOUT, HOW I WOULD APPROACH TO LOOK AT THE STUDENT LOANS.

ONCE YOU GUYS ARE FAMILIAR WITH THAT, IT GOES TO THE UNDERWRITING RISK ITSELF AND JUST LOOKING AT IT AND THE ENTIRE PICTURE.

IT'S JUST ONE LITTLE PIECE AND IT'S ONE PIECE YOU NEED TO BE AWARE OF AND YOU NEED TO BE AWARE OF EVERYTHING.

THAT WOULD BE MY APPROACH.

>> THANK YOU JIM.

NOW I'M GOING TO TURN TO LA MARLA SO SHE CAN FIELD SOME QUESTIONS FROM THE CHAT.

LA MARLA.

>> YEAH, THANKS TERRY.

JIM, I KNOW YOU ALREADY MENTIONED THE LEARNING AID, BUT I WANTED TO ASK KEVIN AND ANGELA THIS QUESTION.

WILL LENDERS HAVE A PORTAL TO PULL THIS INFO FROM THE BORROWERS CANNOT PROVIDE INFO? WHAT DO YOU SUGGEST FOR THAT?

>> I'M NOT SURE I UNDERSTAND THE QUESTION.

>> I'M NOT SURE WHAT PORTAL THEY'RE SPEAKING OF.

>> IS THERE A WAY IF THE BORROWER DOESN'T HAVE THE INFORMATION, IS THERE A WAY LENDERS CAN PULL INFORMATION?

>> OH, CAN A LENDER PULL A BORROWER'S STUDENT LOAN INFORMATION?

>> YES.

>> NO, NOT THAT I'M AWARE OF THAT IS.

IT'S CONFIDENTIAL INFORMATION.

>> LA MARLA, THAT SOUNDS LIKE A QUESTION THAT MIGHT BE BETTER THAT ASHLEY MAY HAVE AN OPINION ON.

I'M GUESSING THE ANSWER IS NO ALL AROUND.

WE CAN CHECK.

>> THE NEXT ONE, IF SOMEONE IS ON AN INCOME DRIVEN REPAYMENT PLAN AND HAS A 0 PAYMENT, AND IT CANNOT BE USED FOR UNDERWRITING, EVEN IF VERIFICATION IS PROVIDED BY THE STUDENT LOAN SERVICER.

JIM, DO YOU MIND TAKING THAT QUESTION?

>> YEAH, I APPRECIATE IT.

SO A 0 PAYMENT FOR QUALIFICATION IS NOT GOING TO BE ACCEPTABLE.

SO IN THAT CASE, WE WOULD GO BACK TO THAT 0.5% OUTSTANDING BALANCE CALCULATION, OR IF THEY CAN GET SOME KIND OF FILE DOCUMENTATION SHOWING WHAT THAT MONTHLY PAYMENT IS GOING TO BE, THAT'S WHAT WE WOULD BE LOOKING FOR SPECIFICALLY.

>> OKAY, THANKS JIM.

>> THIS IS KEVIN.

BASICALLY OUR POLICY IS EXACTLY THE SAME AS WHAT JIM MENTIONED.

WE'RE GOING TO BE IN THE SAME SITUATION.

>> ANGELA, IS YOURS THE SAME?

>> OURS IS NOT THE SAME.

THE ONLY TIME YOU CAN USE A 0 FOR THE PAYMENT IS WHEN THE BORROWER PROVIDES EVIDENCE THAT THEY ARE ON AN INCOME BASED REPAYMENT PLAN AND THE CURRENTLY APPROVED INCOME BASED REPAYMENT PLAN CALLS FOR A 0 PAYMENT.

THAT IS THE ONLY TIME YOU CAN USE A ZERO PAYMENT.

>> SO THAT WOULD BE FACTORED INTO THE UNDERWRITING AND WITH THE TWO OTHER, YOU CAN GO TO SOME OTHER CALCULATION.

>> CORRECT, WITH FANNIE MAE, WE NEED TO HAVE EVIDENCE, IF YOU WILL.

>> OKAY.

>> THEN THIS WAS A QUESTION FOR EVERYONE.

DOES THIS UNDERWRITING CRITERIA DISCUSS APPLY TO HELOC LOANS, FOR EXAMPLE, SECOND MORTGAGES?

>> NO, IT DOES NOT.

THIS IS SPECIFIC TO STUDENT LOANS.

>> F.H.A. DOESN'T HAVE ANY HELOC PROGRAMS.

>> YEAH, I WAS GOING TO SAY I CONCUR.

>> OKAY.

>> SO THAT MEANS YOU GUYS DON'T GUARANTEE HELOC LOANS SO THE UNDERWRITING CRITERIA IS NOT RELEVANT, CORRECT?

>> YES.

>> YEAH.

>> AND ANGELA, THIS ONE CAME WHEN YOU WERE DISCUSSING YOURS.

WHO DETERMINES THE PAYMENT PERIOD?

>> SO IF WE'RE TALKING ABOUT LEVERAGING THE CURRENT PREVAILING STUDENT LOAN INTEREST RATE, THAT CHART IS FANNIE MAE HAS CREATED THAT.

THAT'S THE REPAYMENT PERIOD THAT THEY HAVE VETTED AND ARE COMFORTABLE WITH LEVERAGING.

YOU HAVE TO USE THAT CHART WHICH IS POSTED ON WWW.FANNIEMAE.COM.

>> KEVIN AND JIM, DID YOU WANT TO RESPOND TO THAT QUESTION AS WELL?

>> I THINK THAT ONE IS GOING TO BE SPECIFICALLY FOR ANGELA.

>> YEAH.

>> F.H.A. AND FREDDIE MAC, WE DON'T HAVE THAT SPECIFIC PROGRAM.

SO THAT'S GOING TO BE SPECIFIC FOR ANGELA.

>> OKAY.

>> YEAH.

>> ANGELA, ANOTHER ONE CAME DURING YOUR TIME.

CAN YOU ADDRESS IF PARENT PLUS LOANS ARE INCLUDED?

>> PARENT PLUS LOANS, I WILL BE HONEST.

I'M NOT FAMILIAR WITH THAT.

DO TELL MORE IF THERE IS POTENTIAL.

>> LA MARLA, I THINK THIS QUESTION MIGHT BE FOR ASHLEY.

>> OKAY.

>> SO FANNIE MAE DOES NOT SPEAK TO FORGIVENESS IN DETAIL AT ALL.

WE'RE SILENT.

AT THE END OF THE DAY, WE'RE GOING TO FOLLOW OUR SAME WATERFALL FOR PAYMENT CALCULATION, IF YOU WILL.

HOPEFULLY THAT HELPS, BUT IF I CAN GET MORE INFORMATION, I CAN GO FURTHER.

>> SO NO MATTER THE TYPE OF LINE YOU'RE GOING TO FOLLOW.

>> CORRECT.

>> YES.

OKAY.

>> YES, IT'S ALL BASED ON IF YOU WILL, THE REPAYMENT STATUS.

>> RIGHT.

>> I THINK WE MIGHT FORWARD THIS TO ASHLEY.

AS I RECALL FROM THE PUBLIC SERVICE LOAN PROGRAM, I THINK PARENT PLUS LOANS THAT ARE CONSOLIDATED MIGHT ACTUALLY BE SOME PORTION OF IT MAY BE ELIGIBLE FOR LOAN FORGIVENESS. SO THAT IS SOMETHING WE CAN FOLLOW UP WITH YOU ALL ON.

>> OKAY, A COUPLE OF THESE GOT ANSWERED DURING THE PRESENTATION.

I BELIEVE WE HAVE A COUPLE MORE COMING IN.

LET ME READ.

FOR A BORROWER WITH LARGE LOAN BALANCES, WOULD IT MAKE SENSE TO PUT A LOAN IN FORBEARANCE AND HAVE A ZERO LOAN PAYMENT SO THAT IT CAN BE CALCULATED AS 0.5% OF THE BALANCE VERSUS A FULL LOAN PAYMENT WHEN APPLYING FOR A MORTGAGE?

>> SO, I'LL TAKE THAT ONE.

IF WE'RE ADVISING A BORROWER IN PUTTING THAT LOAN IN FORBEARANCE, FROM MY VANTAGE POINT, I'M NOT GOING TO OPINE ON HOW TO COUNSEL A BORROWER IN THAT RESPECT, IF YOU WILL. THAT'S WHAT FANNIE MAE'S STANCE WOULD BE.

WE'RE NOT GOING TO GIVE GUIDANCE ON WHAT A BORROWER SHOULD DO AND WHAT THEY SHOULD DO WITH THEIR STUDENT DEBT STRUCTURES.

>> OKAY.

>> I CAN ECHO THAT RESPONSE FOR F.H.A.

I MEAN, THAT'S REALLY UP TO THE BORROWER TO DETERMINE WHAT IS BEST FOR THEM AND WE DON'T WANT TO TRY TO STEER THEM IN ANY ONE DIRECTION.

>> YEAH.

I AGREE WITH THAT AS WELL.

>> I'M SCROLLING THROUGH.

SOMEONE SAID THE PRESIDENT IS SPEAKING NOW.

>> WELL, THIS HAS TO BE MORE INTERESTING THAN THE PRESIDENT, RIGHT?

[LAUGHTER]

>> SO SOME OF THESE ARE FOR WE WILL HAVE TO FORWARD TO ASHLEY.

I MEAN, MAYBE WE CAN GIVE AN OPINION.

GIVEN THE NEWS ABOUT THE 10K TO BORROWERS, WHEN WOULD WE TAKE THAT INTO ACCOUNT IN TERMS OF CALCULATING A MONTHLY PAYMENT?

I DON'T KNOW IF YOU GUYS ARE THERE YET.

WILL ANYONE WANT TO TAKE THAT QUESTION?

>> SO, I KNOW THAT FANNIE MAE HAS A PULSE ON THE FORTHCOMING CHANGES THAT ARE NOW, I RESUME LIVE, IF YOU WILL.

I KNOW THAT AT THE END OF THE DAY, THE FOLKS AT FANNIE MAE WILL RELEASE A STATEMENT IF IT IMPACTS OUR CURRENT POLICY AS IT SITS TODAY.

AGAIN, WE NEED TO KEEP IN MIND THAT WE CALCULATE PAYMENT, IF WE CALCULATE A PAYMENT BASED ON THE CURRENT OUTSTANDING PRINCIPAL BALANCE THAT IS THERE.

AGAIN, THERE ARE PEOPLE AT FANNIE MAE THAT WILL RELEASE A STATEMENT ONCE THEY VET THIS OUT.

HOPEFULLY THAT MADE SENSE.

>> YEAH.

>> AND I WILL JUMP IN.

OUR GUIDELINES TALK ABOUT SOME OF THIS STUFF, BUT THIS IS SO BRAND NEW, JUST COMING OUT TODAY.

WE'RE NOT GOING TO HAVE ANY UPDATED GUIDANCE ON IT.

I WOULD STAY TUNED.

SOONER OR LATER, FREDDIE MAC WILL PUT SOMETHING OUT TO ADDRESS HOW TO HANDLE THIS.

>> OKAY.

THANK YOU.

>> I'LL JUMP IN FOR F.H.A.

I WILL SAY, WE MAY PUT SOMETHING OUT, BUT NOT NECESSARILY.

LIKE OUR EXISTING POLICY ADDRESSES WHAT TO DO WITH, YOU KNOW, PAYMENTS, WHAT TO DO WITH BALANCES, WHAT TO DO IF YOU HAVE FORGIVENESS.

SO, I WOULD JUST SAY, YOU CAN APPLY THAT GUIDANCE TODAY BASED ON WHAT IS HAPPENING IN THE FUTURE.

SO, WHILE WE MAY PUT SOMETHING OUT, WE MAY NOT.

JUST FOLLOW THE GUIDANCE.

IF THERE IS A LOAN THAT WAS COMPLETELY FORGIVEN, YOU CAN DOCUMENT IT AS I SAID.

IT MAY TAKE SOME TIME IF YOU HAVE A LOAN THAT IS \$40,000, \$10,000 IS WHAT'S FORGIVEN, IT MAY TAKE TIME FOR THINGS TO GET CAUGHT UP.

UNTIL THAT HAPPENS, THEY WILL BE USING WHATEVER DOCUMENTATION OR WHATEVER THE CREDIT REPORT SAYS FOR RIGHT NOW.

>> YEAH, AND YOU PRETTY MUCH ANSWERED THE NEXT QUESTION I WAS GOING TO ASK.

BASICALLY, THAT WAS THE QUESTION.

IS SOMEONE CURRENTLY PAYING ON A PAYMENT PROCESS AND HAS LESS THAN 10K IN STUDENT LOAN DEBT, AND IT LOOKS LIKE ALL OF THEIR STUDENT DEBT LOANS WILL BE FORGIVEN BASED ON THE GUIDANCE PUT FORWARD TODAY, WILL IT BE COUNTED AS MONTHLY PAYMENTS?

YOUR ANSWER IS THAT IT TAKES A WHILE TO CATCH UP, RIGHT?

>> YEAH, THAT'S THE THING.

OUR GUIDANCE SAYS FOR THE FORGIVENESS, YOU HAVE TO DOCUMENT IT.

WHILE THERE IS AN ANNOUNCEMENT TODAY, I DON'T THINK THEY HAVE A DOCUMENTATION OF FORGIVENESS TODAY, CORRECT?

THEY WILL NEED TO GET THAT EVIDENCE THAT IT'S BEEN FORGIVEN.

>> OKAY.

I'M SCROLLING THROUGH BECAUSE YOU ARE ANSWERING SOME OF THEM AS THEY'RE COMING IN. THERE IS SOME CLARIFICATION ON THE QUESTION THAT WE HAD BEFORE ABOUT THE SECOND MORTGAGE.

THE PERSON SAID IT WAS REGARDING STUDENT LOANS AND THAT WHEN APPLYING FOR A SECOND MORTGAGE, DO THE RULES APPLY?

>> OKAY, SO WHEN THE BORROWER IS APPLYING SPECIFICALLY FOR A SECOND MORTGAGE?

>> UH HUH.

>> SO, FANNIE MAE DOES NOT PURCHASE SECOND MORTGAGES.

SO IT IS NOT APPLICABLE.

>> OKAY.

>> FOR US.

>> YEAH, I'M SORRY, THAT IS WHAT I WAS SAYING WITH FREDDIE MAC TOO.

IT WOULDN'T APPLY TO OUR GUIDELINES BECAUSE WE'RE IN FIRST HOME MORTGAGES AS WELL.

>> WE'RE IN THE SAME SITUATION TOO.

FOR FURTHER CLARIFICATION, THIS APPLIES TO ALL OF OUR PROGRAMS THAT WE INSURE AND WE DON'T INSURE ANY SECOND PROGRAMS.

SO IT'S THE SAME GUIDANCE FOR OUR TITLE 2 PROGRAM, OUR TITLE 1 PROGRAM, AND OUR REVERSE MORTGAGE PROGRAM, ALL FOLLOWING THE SAME GUIDANCE.

>> OKAY.

I THINK WE CAN CLOSE WITH THIS QUESTION.

HOW DO YOU SHOW YOUR LOAN HAS BEEN FORGIVEN?

WHAT DOCUMENTATION WILL YOU GUYS ACCEPT TO SHOW THAT YOUR LOAN HAS BEEN FORGIVEN AND BASED ON WHEN THEY GET THE DOCUMENTATION IT LOOKS LIKE THEY DIDN'T FINISH THE QUESTION.

WHAT DOCUMENTATION WOULD YOU ALL ACCEPT?

>> I CAN JUMP IN FIRST.

AT FREDDIE MAC, WE'RE NOT PRESCRIPTIVE ON THE EXACT DOCUMENTATION.

IT HAS TO COME FROM THE SOURCE OF WHOEVER IS PROVIDING THAT WHOEVER OWNS THAT STUDENT LOAN AND IS PROVIDING THAT FORGIVENESS.

THAT IS WHAT WE WILL BE LOOKING FOR.

WE'RE NOT PRESCRIPTIVE AS LONG AS IT MAKES SENSE WHO IT'S COMING FROM IS WHO IT SHOULD BE COMING FROM AND IT SAYS IT'S GOING TO BE FORGIVEN.

>> YEAH, THIS IS KEVIN.

I'LL JUMP IN.

WE HAVE THE SAME SITUATION.

WE'RE NOT PRESCRIPTIVE ON WHO IT HAS TO BE BUT IT HAS TO COME FROM THE SERVICER OR LOAN HOLDER.

SO THE NEWS ARTICLE THAT COMES OUT TOMORROW THAT SAYS STUDENT LOAN IS FORGIVEN OF \$10,000.

THAT NEWS ARTICLE IS NOT GOING TO BE SUFFICIENT DOCUMENTATION.

WE WANT THE PROVIDER TO SAY YOUR LOAN IS FORGIVEN.

>> OKAY.

I THINK THAT LOOKS LIKE THAT'S ALL OF OUR QUESTIONS.

ANOTHER ONE YOU WOULD HAVE ANSWERED ALREADY WHEN SPEAKING.

I'LL TURN IT OVER TO YOU TERRY.

>> THANK YOU.

NEXT SLIDE.

ALL RIGHT.

SO IF YOU HAVE ADDITIONAL QUESTIONS, YOU CAN SEND THEM TO HOUSING.COUNSELING@HUD.GOV.

IF YOU WOULD LIKE ADDITIONAL INFORMATION ABOUT THE OFFICE OF HOUSING AND COUNSELING, YOU CAN CHECK OUT H.U.D. EXCHANGE OR OUR BRIDGE NEWSLETTER.

I WANTED TO SAY A FEW THINGS IN CLOSING BEFORE I TURN IT OVER TO STEVE.

WE HAVE REALLY ENJOYED WORKING WITH THE DEPARTMENT OF EDUCATION TO PROVIDE THIS INFORMATION.

WE ARE SO GLAD THAT YOU HAVE JOINED US.

WE HAD 600 PEOPLE IN THE LAST WEBINAR.

WE THINK WE GOTTEN SOME GOOD INFORMATION ON THE PUBLIC SERVICE LOAN FORGIVENESS PROGRAM ON HOW STUDENT LOANS EFFECT PURCHASING A HOME AND HOW THE STUDENT LOAN PROGRAM WORKS.

SO I WOULD SAY AS AN INDUSTRY, WE THINK IT'S IMPERATIVE THAT WE CREATE PRODUCTS THAT PROVIDE RESOURCES AND TOOLS THAT HELP US PRODUCE REAL CHANGE AND PROVIDE REAL RESULTS FOR HOUSING CLIENTS.

SO WE'RE ALL COMMITTED TO BEING COLLABORATIVE AND DEVELOPING WHAT WE CALL INNOVATIVE WAYS TO CREATE BETTER SOLUTIONS TO DISMANTLE BARRIERS TO HOME OWNERSHIP.

WE THANK YOU FOR JOINING US.

WE THANK THE DEPARTMENT OF EDUCATION FOR HELPING US, AND WE JUST HOPE THAT AS WE MOVE FORWARD, WE WILL BE ABLE TO HELP OUR COUNSELORS HELP THEIR CLIENTS EVEN MORE, HELP THEM PREPARE FOR HOME OWNERSHIP.

WITH THAT, I'M GOING TO TURN IT OVER TO STEVE.

>> THANK YOU FOR THAT INFORMATIVE PRESENTATION AND QUESTION AND ANSWER SESSION.

I WANT TO THANK TERRY, LA MARLA, ASHLEY, KEVIN, AND JIM AND YOU THE AUDIENCE.

ON BEHALF OF H.U.D., THE DEPARTMENT OF EDUCATION, FANNIE MAE, FREDDIE MAC, AND F.H.A., THANK YOU FOR TAKING THE TIME TO JOIN US TODAY.

THIS CONCLUDES THE PRESENTATION.

YOU MAY NOW LOG OFF.

THANK YOU.