



Student Loan Debt Solutions

Simple. Innovative. Sustainable.

The numbers are startling.

Forty-four million Americans today have student loan debt; seven in 10 graduates of public and nonprofit colleges in 2015 had student loan debt; and recent graduates averaged \$34,000 in student loan debt.*

It's no surprise this debt inhibits many borrowers from becoming homeowners, even though homeownership can be an important step toward building wealth.

Fannie Mae wants to be part of the solution.

That's why we're implementing new policies to help borrowers qualify for a home loan and reduce student debt. The following policies, effective immediately, will empower lenders to:



Offer borrowers an option to pay off debt and get a better interest rate.

- Lenders can offer homeowners who have at least 20 percent equity in their homes a cash-out refinance to pay off one or more student loans.
- Borrowers will have an opportunity to convert higher interest rate student debt to a lower interest rate and potentially reduce monthly debt payments.
- When at least one student loan is paid off directly to the student loan servicer and delivered to Fannie Mae with Special Feature Code 841, we will waive the loan-level price adjustment.



Exclude debt paid by others, potentially lowering a borrower's DTI.

- Lenders can exclude a borrower's non-mortgage debts (such as credit card, auto, and student loans) that have been paid by others for the past 12 months from the debt-to-income (DTI) ratio calculation, with proper documentation.



Accept the debt amount on the credit report.

- Lenders can simply accept the monthly student debt payment amount listed on the credit report.
- No need to manually calculate 1 percent of the loan balance in most cases.
- With a different approach to DTI, lenders may be able to serve more borrowers.

With your partnership, we can provide innovative and sustainable solutions to make homeownership achievable for more borrowers with student loan debt. For specifics on these policy changes, refer to the *Selling Guide* Announcement ([SEL-17-04](#)).

*Data from the Federal Reserve Bank of New York, "[Press Briefing on Household Debt with Focus on Student Debt](#)," April 3, 2017; see also, The Institute for College Access & Success, [Project on Student Debt](#), 2016.