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Fannie Moves to Accommodate Student Loan Debt

At \$1.4 trillion, student loan debt represents the U.S.'s **second largest debt market** behind mortgages and, in several recent surveys, younger respondents have said those loans are a large reason they are unable to save up a downpayment to buy a home. The debt won't easily go away, but Fannie Mae now says it would like to make those loans a slightly little less painful presence in borrowers' lives.

The company is announcing policies that will assist homeowners and potential homebuyers with student loan obligations to **qualify for a mortgage**. The company notes the significant increase in that kind of debt over the last decade has created challenges and put up obstacles to homeownership. In acknowledgement that "one size does not fit all." the new policy provides borrowers three options from which, depending on individual circumstances, they can choose.

- **Student Loan Cash-Out Refinance:** Offers homeowners the flexibility to pay off high interest rate student debt while potentially refinancing to a lower mortgage interest rate.
- **Debt Paid by Others:** Widens borrower eligibility to qualify for a home loan by excluding from the borrower's debt-to-income ratio non-mortgage debt, such as credit cards, auto loans, and student loans, paid by someone else.
- **Student Debt Payment Calculation:** Makes it more likely for borrowers with student debt to qualify for a loan by allowing lenders to accept student loan payment information on credit reports.

"We understand the significant role that a monthly student loan payment plays in a potential home buyer's consideration to take on a mortgage, and we want to be a part of the solution," said Jonathan Lawless, Vice President of Customer Solutions, Fannie Mae. "These new policies provide three flexible payment solutions to future and current homeowners and, in turn, allow lenders to serve more borrowers."

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

Expert advice, exceptional customer service

	Value	Change
Builder Confidence	Mar 51	+6.25%

I am a seasoned Mortgage Broker with over 20 years of experience and a proven track record of closing loans in a timely manner. My goal is to provide clients throughout California with the best possible financing solutions by leveraging my experience and extensive network of lending partners. My professional background includes managerial positions at EarthLink and Mattel.

Previously I was a professional musician in Los Angeles having worked on numerous studio sessions and with Doc Severinsen and The Tonight Show Band. I have an MBA from the University of Southern California and a Bachelor's Degree from the Eastman School of Music in Rochester, NY.

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