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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



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.27%	0.00	0.00
15YR Fixed	6.92%	0.00	0.00
30YR FHA	6.91%	+0.01	0.00
30YR Jumbo	7.52%	-0.03	0.00
7/6 SOFR	6.70%	-0.08	0.00
30YR VA	6.92%	+0.01	0.00

Rates as of: 11/2

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.86	+0.05
10 YR Treasury	4.9048	-0.0251
30 YR Treasury	5.2895	-0.0187

Pricing as of: 11/2 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Listen, Analyze, Solve

David started in the mortgage industry in 2001 and has kept the same philosophy from day one: "Keep the client's best interest at the forefront of every transaction." What works for one client will not necessarily work for the next. David first listens, then evaluates and finally researches options making sure all possibilities have been considered. Once the proper path is determined, David works to make the process as quick and painless as possible, providing excellent service and communicating every step along the way.

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