



# NHCSL

THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS

## RESOLUTION

No. 2023-03

### Help Student Loan Borrowers Become Homeowners by Consolidating Balances with Home Mortgages

Reported to the Caucus by the NHCSL Housing Task Force  
Asw. Yvonne López (NJ), Chair

**Sponsored by Rep. Arturo Alonso Sandoval (OK)**  
Unanimously ratified by the Caucus on December 2, 2023

**WHEREAS**, a 2022 UnidosUS/Oportun study of 1,200 predominantly low- and moderate-income Latinos in Arizona, California and Texas concluded that the burden of student loans is hampering Latinos' ability to thrive economically and feel financially secure; 57% of respondents reported that student loan debt has affected their decision to buy a house, a percentage that increased to 69% for respondents with a four-year degree;<sup>1</sup> and,

**WHEREAS**, in [Resolution 2019-25, Fair Policies to Address Student Loan Debt and College Pricing](#), this Caucus recognized “the need for broad reform in the fields of college pricing and student loan debt assistance and forgiveness” and called on Congress to “enact legislation that will ease the burden on student loan borrowers, up to and including the complete cancellation of student loan debt for current borrowers;” and,

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<sup>1</sup> UnidosUS. (2022, August 26). *New survey shows student loans are hampering Latinos' ability to thrive economically.* [UnidosUS](#).

**WHEREAS**, while the Biden-Harris Administration’s Student Debt Relief Plan, currently under litigation, is slated to provide up to \$20,000 in debt relief to those with outstanding loans held by the Department of Education,<sup>2</sup> the plan would not address future loans nor would it forgive all outstanding balances;<sup>3</sup> and,

**WHEREAS**, to lower both the interest rate and the monthly payment, many borrowers choose to fold their outstanding student loans into their home mortgage, but the mortgages must already exist and the borrower must have equity above 20% of the home value to cover the amount folded in;<sup>4</sup> and,

**WHEREAS**, to assist those individuals with education-related debt to purchase a first home, legislatures have started considering allowing borrowers to incorporate “all or a portion of student debt held by the borrower into the home loan [while complying] with applicable federal regulations,” with the requirement that the borrower maintain the purchased home as their primary residence for at least five years from the date of closing;<sup>5</sup> and,

**WHEREAS**, this policy expands the options for those for whom folding in both loans makes financial sense by allowing consolidation at the mortgage origination; and,

**WHEREAS**, while some aspects of this policy are untested against current Federal regulations, enacting it would pressure Federal agencies, especially the Department of Housing and Urban Development, to conform those regulations accordingly, because Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, requires that agencies assess “whether new policies, regulations, or guidance documents may be necessary to advance equity in agency actions and programs.”<sup>6</sup>

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<sup>2</sup> *The Biden-Harris Administration’s Student Debt Relief Plan Explained*. [Federal Student Aid](#). (n.d.) (“borrowers are eligible for this relief if their individual income is less than \$125,000 or \$250,000 for households;” Pell Grant recipients would receive relief up to \$20,000, while non-Pell Grant recipients up to \$10,000).

<sup>3</sup> According to the latest data from the National Center for Education Statistics, the average Hispanic 2016 bachelor’s degree recipient borrower owed \$26,677 a year after that graduation, and the average similarly situated Black borrower owed \$40,685, whites owed \$26,700, Asian-Americans \$21,571 and others \$30,349. See U.S. Department of Education, National Center for Education Statistics. (2020). *One Year After a Bachelor’s Degree: A Profile of 2015-16 Graduates* (NCES 2020-341), Table 5.1.

<sup>4</sup> *Rolling your student loans into a mortgage*. [LendingTree](#). (n.d.).

<sup>5</sup> See, for example, New Jersey’s A1814, the *Student Loan Assistance and Home Purchase Act*. [njleg.state](#). (2022, November 1). (The bill also requires the property to be in “near move-in condition,” but some have criticized such requirements in the past as impeding the acquisition of less expensive homes which could be renovated in a reasonable period of time. The bill also limits the benefit to foreclosed homes but this resolution does not limit the policy to those properties.)

<sup>6</sup> E.O. [13985](#) of Jan 20, 2021.

**THEREFORE, BE IT RESOLVED**, that the National Hispanic Caucus of State Legislators calls upon all states and territories to enact legislation that assists individuals with education-related debt to purchase a first home by incorporating all or a portion of student debt held by the borrower into the home loan.

THE HOUSING FORCE UNANIMOUSLY RECOMMENDED THIS RESOLUTION TO THE EXECUTIVE COMMITTEE FOR APPROVAL. THE EXECUTIVE COMMITTEE UNANIMOUSLY APPROVED THIS RESOLUTION AT ITS MEETING OF APRIL 23, 2023, IN SAN JUAN, PUERTO RICO.

THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS UNANIMOUSLY RATIFIED THIS RESOLUTION ON DECEMBER 2, 2023 AT ITS ANNUAL MEETING IN PHILADELPHIA, PENNSYLVANIA

