

Income Type: Employment	
Required Documentation	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>1. Paystub</b> <ul style="list-style-type: none"> <li>- Must show most recent thirty (30) days and YTD earnings</li> </ul> </li> <li><b>2. AND, one of the following:</b> <ul style="list-style-type: none"> <li>• IRS W2 forms for past two years</li> <li>• Verification of Employment (VOE) <i>Must cover 2 years or electronic verification</i> <i>Must be Fannie Mae VOE (not verbal)</i></li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• If borrower is employed by a family-owned business, official business ownership documentation is required to verify borrower has no ownership</li> <li>• Reverification of employment required within ten (10) days of disbursement <i>verbal re-verification is acceptable</i></li> </ul>

Income Type: Self-Employed		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>1. 2 years signed federal tax returns</b> <ul style="list-style-type: none"> <li>- Including all Schedules</li> </ul> </li> <li><b>2. Assigned YTD P&amp;L statement and balance sheet</b> <ul style="list-style-type: none"> <li>- Required if more than a calendar quarter has passed since the date of the most recently filed tax return</li> </ul> </li> <li><b>3. Assigned balance sheet</b> <ul style="list-style-type: none"> <li>- not applicable to Schedule C income</li> </ul> </li> </ol>	<p>Use <b>lesser</b> of:</p> <p>Average adjusted gross income over the past 2 years</p> <p>Average adjusted gross income over previous year</p>	<ul style="list-style-type: none"> <li>• Borrower must be self-employed for 2+ years and own more than 25% interest in the company</li> <li>• If mortgagor has been self-employed for 1-2 years, income can only be used if mortgagor was previously employed in the same line of work or in a related occupancy for 2+ years</li> <li>• If annual earnings are decreasing more than 20%, mortgagee must document that business income is now stable</li> </ul>

Income Type: Commission	
Required Documentation	Requirements / Considerations
<p><b>1. Paystub</b> Must show most recent thirty (30) days and YTD earnings</p> <p><b>2. AND, one or two of the following (if Choice, one is required, if HECM, a 4506T AND one other from the list is required):</b></p> <ul style="list-style-type: none"> <li>• 4506T results from previous 2 years tax returns <i>Underwriter's discretion</i></li> <li>• Verification of Employment (VOE) <i>Must cover 2 years or electronic verification</i> <i>Must be Fannie Mae VOE (not verbal)</i></li> <li>• IRS W2 forms for past two years</li> </ul>	<ul style="list-style-type: none"> <li>• If joint tax returns, Underwriter will need to see 2 years of W2's or 1099's to separate income</li> </ul>

Income Type: Social Security Disability		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<p><b>1. Notice of Award Letter OR Benefit Statement</b></p> <p><b>2. AND, one of the following:</b></p> <ul style="list-style-type: none"> <li>• Bank statement</li> <li>• 1099</li> </ul>	<p>Current amount of income</p>	<ul style="list-style-type: none"> <li>• Income must be likely to continue for the next 3 years from case number date</li> </ul>

Income Type: VA Disability Benefits		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li>1. Notice of Award Letter</li> <li>2. Bank statement</li> </ol>	Current amount of benefit	<ul style="list-style-type: none"> <li>• Income must be likely to continue for the next 3 years</li> </ul>

Income Type: Retirement Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li>1. Notice of Award Letter</li> <li>2. AND, if HECM, two of the following; if Choice, one of the following:               <ul style="list-style-type: none"> <li>• SSA Form-1099, Social Security Benefit Statement</li> <li>• Proof of Income Letter from SSA</li> <li>• Copy of most recent bank statement showing most recent deposit (<b>all</b> pages)</li> </ul> </li> </ol>	Current amount of income	<ul style="list-style-type: none"> <li>• Income must be likely to continue for the next 3 years from case number date</li> </ul>

Income Type: Alimony / Child Support / Maintenance Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>Fully executed court order, final divorce decree, or legal separation agreement</b></li> <li><b>Proof of payment receipt for past 6 months</b> <ul style="list-style-type: none"> <li>voluntary payments</li> </ul> </li> </ol>	<p><b>If payments consistent for the most recent 3 months:</b> Current payment amount</p> <p><b>If payments have not been consistent for 6 months:</b> average of previous 2 years</p>	<ul style="list-style-type: none"> <li>Payments must be documented to continue for at least 3 years</li> </ul>

Income Type: Military Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>Military Leave and Earnings Statement</b></li> </ol>	Current amount of military income	<ul style="list-style-type: none"> <li>Education benefits cannot be used as effective income</li> <li>If expiration term is within 12 months of the mortgage, borrower must document their intent to continue service for income to be used</li> </ul>

Income Type: Pension		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<p><b>HECM</b></p> <ol style="list-style-type: none"> <li><b>1. Copy of pension/retirement letter from former employer</b></li> <li><b>2. AND, one of the following:</b> <ul style="list-style-type: none"> <li>• Copy of monthly benefit statement</li> <li>• Copy of most recent bank statement showing deposit from former employer</li> <li>• 1099</li> </ul> </li> </ol> <p><b>CHOICE</b></p> <ol style="list-style-type: none"> <li><b>1. One of the following:</b> <ul style="list-style-type: none"> <li>• Copy of most recent bank statement showing deposit from former employer</li> <li>• Copy of pension/retirement letter from former employer</li> <li>• Copy of monthly benefit statement</li> </ul> </li> </ol>	<p>Current amount of pension income</p>	<ul style="list-style-type: none"> <li>• Payments must be likely to continue for at least 3 years</li> <li>• The lender can assume continuance of pension of it is from a state, federal, civil service, military or teacher pension</li> </ul>

Income Type: Individual Retirement Account and 401(k) Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>Most recent IRA / 401(k) statement</b></li> <li><b>AND, one of the following:</b> <ul style="list-style-type: none"> <li>Copy of most recent bank statement showing deposit</li> <li>2 year signed federal tax returns</li> </ul> </li> </ol>	<p><b>Current amount</b> of 401(k) income</p> <p><b>If income is fluctuating</b> average income for past 2 years</p> <p><b>If received less than 2 years,</b> average over time of receipt</p>	<ul style="list-style-type: none"> <li>Balance in the account must sustain the borrower receiving average monthly income for the next 3 years</li> </ul>

Income Type: Rental Income (Subject Property)		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>2 years signed federal returns</b></li> <li><b>Copy of current lease</b> <ul style="list-style-type: none"> <li>if new rental</li> </ul> </li> </ol>	<p>For limited or no rental history, use <b>lesser</b> of:</p> <p>Monthly operating income reported on Fannie Mae Form 216</p> <p>75% of the lesser of:</p> <ul style="list-style-type: none"> <li>Fair market rent reported by appraiser</li> <li>Rent on lease or rental agreement</li> </ul> <p>History of rental income:</p> <ul style="list-style-type: none"> <li>Average amount of Schedule E for the past 2 years</li> </ul>	<ul style="list-style-type: none"> <li>If there is a 3 month gap in income, explanation will be required</li> <li>If rental income is from a property other than our subject and there is limited or no history of rental income, an appraisal of the rental property is required</li> <li>Positive net rental income must be added back to effective income</li> <li>Negative net rental income must be included as liability</li> </ul>

Income Type: Rental Income (Non-subject Property)		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>If there is a rental history</b> 2 years signed federal tax returns</li> <li><b>If there is no rental or limited history</b> Complete a Fannie Mae 216</li> </ol>	<p>For limited or no rental history, use <b>lesser</b> of:</p> <p>Monthly operating income reported on Fannie Mae Form 216</p> <p>75% of the lesser of:</p> <ul style="list-style-type: none"> <li>Fair market rent reported by appraiser</li> <li>Rent on lease or rental agreement</li> </ul> <p>History of rental income:</p> <ul style="list-style-type: none"> <li>Average amount of Sched E for past 2 years</li> </ul>	<ul style="list-style-type: none"> <li>If there is a 3 month gap in income, explanation will be required</li> <li>If rental income is from property other than our subject and there is limited or no history of rental income, an appraisal of the rental property is required</li> <li>Positive net rental income must be added back to effective income</li> <li>Negative net rental income must be included as liability</li> </ul>

Income Type: Boarder Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>2 years signed federal tax returns</b></li> </ol>	<p>Use <b>lesser</b> of:</p> <p>Average income from past 2 years</p> <p>Current lease amount</p>	<ul style="list-style-type: none"> <li>Income can only be used if boarder income has been received and reported on the tax returns for previous 2 years</li> </ul>

Income Type: Investment Income	
Required Documentation	Factor Used to Calculate Income
<ol style="list-style-type: none"> <li><b>2 years signed federal tax returns</b></li> <li><b>Statement from brokerage, stock certificate, or promissory note</b></li> </ol>	Use <b>lesser</b> of:  Average investment income from past 2 years  Average investment income from past 1 year

Income Type: Trust Accounts		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>Trust agreement</b></li> <li><b>Most recent bank statement showing deposit</b></li> </ol>	Terms and conditions of trust agreement	<ul style="list-style-type: none"> <li>Payments must be documented to occur for at least the next 3 years</li> </ul>

Income Type: Annuities		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> <li><b>One of the following:</b> <ul style="list-style-type: none"> <li>Legal agreement creating annuity</li> <li>Benefits/awards statement providing all details for annuity</li> </ul> </li> <li><b>Copy of most recent bank statement showing deposit</b></li> </ol>	Current amount of annuity income	<ul style="list-style-type: none"> <li>Payments must be documented to occur for at least the next 3 years</li> </ul>



Employment – Calculating Income Factors		
Employment	Factor Used to Calculate Income	Considerations
<b>Salary</b>	Current salary	<ul style="list-style-type: none"> <li>Salary must be likely to continue</li> </ul>
<b>Hourly</b>	<p><b>If hours do not vary</b> current hourly rate</p> <p><b>If hours vary</b> average of past 2 years plus YTD</p>	<ul style="list-style-type: none"> <li>If increase in pay rate is documented, the average hourly rate of the past 12 months can be used</li> </ul>
<b>Part-Time</b>	Average of previous 2 years plus YTD	<ul style="list-style-type: none"> <li>Borrower must work at part-time job uninterrupted for past 2 years</li> <li>If increase in pay rate is documented, the average hourly rate of past 12 months can be used</li> </ul>
<b>Overtime and Bonus</b>	Average of previous 2 years plus YTD	<ul style="list-style-type: none"> <li>Must have received for previous 2 years and be likely to continue</li> <li><b>If received less than 2 years</b>, borrower must document that OT or Bonus has been received for at least 1 year</li> <li><b>If income from current year decreases by 20%</b> or more from previous year, current year income to be used</li> </ul>
<b>Seasonal Income</b>	Average of previous 2 years plus YTD	<ul style="list-style-type: none"> <li>Borrower must have worked seasonal job for past two years and be likely to be re-hired</li> <li>Unemployment income <b>can</b> be used in this case</li> </ul>
<b>Commission</b>	<p>Use <b>lesser</b> of:</p> <p>Average net income over past 2 years</p> <p>Average net income over previous year, plus YTD</p>	<ul style="list-style-type: none"> <li>Income must be earned for at least 1 year in the same or similar line of work and be likely to continue</li> </ul>

Imputed Income from Asset Dissipation			
Asset Type	Required Documentation	Amount to be Counted	Considerations
<b>Checking and Savings Account</b>	<ol style="list-style-type: none"> <li><b>Verification of Deposit (VOD)</b></li> <li><b>Two most recent bank statements</b></li> </ol>	100%	<ul style="list-style-type: none"> <li>If another person is listed on the account that is not a borrower, written statement must be obtained to confirm the borrower has full access to funds</li> </ul>
<b>Retirement Account</b>	<ol style="list-style-type: none"> <li><b>Recent monthly or quarterly statement</b></li> </ol>	Roth IRA: 100% IRA subject to federal taxes: 85%	<ul style="list-style-type: none"> <li>Must verify borrower's eligibility and terms for withdrawal</li> <li>Amount withdrawn cannot be a loan</li> </ul>
<b>Stocks and Bonds</b>	<ol style="list-style-type: none"> <li><b>Brokerage statements for previous 2 months</b> <ul style="list-style-type: none"> <li>If not held in brokerage account, third party verification of value and copy of each certificate is required</li> </ul> </li> </ol>	85%	<ul style="list-style-type: none"> <li>Evidence of liquidation is <b>not</b> required</li> </ul>
<b>Private Savings Club</b>	<ol style="list-style-type: none"> <li><b>Club's account ledgers and receipts</b></li> <li><b>Verification from club treasurer that club is still active</b></li> </ol>	100%	<ul style="list-style-type: none"> <li>Must document establishment and duration of the club</li> <li>Lender must confirm that funds received were reasonably accumulated and not borrowed</li> </ul>