

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

Income Type: Self-Employed		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<p>1. 2 years signed federal tax returns</p> <ul style="list-style-type: none"> - Including all Schedules <p>2. Assigned YTD P&L statement and balance sheet</p> <ul style="list-style-type: none"> - Required if more than a calendar quarter has passed since the date of the most recently filed tax return <p>3. Assigned balance sheet</p> <ul style="list-style-type: none"> - not applicable to Schedule C income 	<p>Use lesser 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"> • Borrower must be self-employed for 2+ years and own more than 25% interest in the company • 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 • If annual earnings are decreasing more than 20%, mortgagee must document that business income is now stable

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

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

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

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

Income Type: Alimony / Child Support / Maintenance Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> 1. Fully executed court order, final divorce decree, or legal separation agreement 2. Proof of payment receipt for past 6 months <ul style="list-style-type: none"> - voluntary payments 	<p>If payments consistent for the most recent 3 months: Current payment amount</p> <p>If payments have not been consistent for 6 months: average of previous 2 years</p>	<ul style="list-style-type: none"> • Payments must be documented to continue for at least 3 years

Income Type: Military Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> 1. Military Leave and Earnings Statement 	Current amount of military income	<ul style="list-style-type: none"> • Education benefits cannot be used as effective income • If expiration term is within 12 months of the mortgage, borrower must document their intent to continue service for income to be used

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

Income Type: Individual Retirement Account and 401(k) Income		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<ol style="list-style-type: none"> 1. Most recent IRA / 401(k) statement 2. AND, one of the following: <ul style="list-style-type: none"> • Copy of most recent bank statement showing deposit • 2 year signed federal tax returns 	<p>Current amount of 401(k) income</p> <p>If income is fluctuating average income for past 2 years</p> <p>If received less than 2 years, average over time of receipt</p>	<ul style="list-style-type: none"> • Balance in the account must sustain the borrower receiving average monthly income for the next 3 years

Income Type: Rental Income (Subject Property)

Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<p>1. 2 years signed federal returns</p> <p>2. Copy of current lease - if new rental</p>	<p>For limited or no rental history, use lesser 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"> • Fair market rent reported by appraiser • Rent on lease or rental agreement <p>History of rental income:</p> <ul style="list-style-type: none"> • Average amount of Schedule E for the past 2 years 	<ul style="list-style-type: none"> • If there is a 3 month gap in income, explanation will be required • 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 • Positive net rental income must be added back to effective income • Negative net rental income must be included as liability

Income Type: Rental Income (Non-subject Property)

Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<p>1. If there is a rental history 2 years signed federal tax returns</p> <p>2. If there is no rental or limited history Complete a Fannie Mae 216</p>	<p>For limited or no rental history, use lesser 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"> • Fair market rent reported by appraiser • Rent on lease or rental agreement <p>History of rental income:</p> <ul style="list-style-type: none"> • Average amount of Sched E for past 2 years 	<ul style="list-style-type: none"> • If there is a 3 month gap in income, explanation will be required • 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 • Positive net rental income must be added back to effective income • Negative net rental income must be included as liability

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

Income Type: Investment Income	
Required Documentation	Factor Used to Calculate Income
<ol style="list-style-type: none"> 2 years signed federal tax returns Statement from brokerage, stock certificate, or promissory note 	Use lesser 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"> Trust agreement Most recent bank statement showing deposit 	Terms and conditions of trust agreement	<ul style="list-style-type: none"> Payments must be documented to occur for at least the next 3 years

Income Type: Annuities		
Required Documentation	Factor Used to Calculate Income	Requirements / Considerations
<p>1. One of the following:</p> <ul style="list-style-type: none"> • Legal agreement creating annuity • Benefits/awards statement providing all details for annuity <p>2. Copy of most recent bank statement showing deposit</p>	Current amount of annuity income	<ul style="list-style-type: none"> • Payments must be documented to occur for at least the next 3 years

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

Commission	Use lesser of:	<ul style="list-style-type: none"> Income must be earned for at least 1 year in the same or similar line of work and be likely to continue
	<p>Average net income over past 2 years</p> <p>Average net income over previous year, plus YTD</p>	

Imputed Income from Asset Dissipation

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