

# Calculating Income: Fannie Mae And Freddie Mac Guidelines

February 2020



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**Genworth**   
Mortgage Insurance

# Agenda

## What we will cover

- General Income Requirements
- Documentation Requirements
- Fannie Mae
- Freddie Mac
- Practice Cases
- Genworth Website
- Helpful tools

**We Are Covering Conventional Loans Only In Today's Session**

# Let's Take A Quiz

**True or False: W-2 wages are always considered salary income and never self-employed income for Fannie Mae or Freddie Mac?**

**True or False: When calculating income we can always average total ytd pay and W-2s and enter the total into DU or Loan Product Advisor?**

See Fannie Mae *Seller Guide* or The Freddie Mac Seller/Servicer Guide for more information

# Income Requirements

## Establish that income is:

- Steady, Stable or increasing.
- Likely to continue into the future
- Must be able to document the income as per investor guidelines (Are they reporting it on their tax returns??)
- Income from other Non-Employed Sources such as Child Support, Interest Income or Retirement income might be considered qualifying income but have different qualifying guidelines
- Policies change, investors have overlays, always verify requirements for uncommon or seldom used income types

**Use Of Declining Income Is A Common Income Calculation Error**

# Income Document Requirements

## Documentation Requirements

- Manual Underwrite: Typically requires two year history to be received and documented
- Automated underwriting (Loan Product Advisor® or Desktop Underwriter®):
  - Typically follow the findings report or feedback certificate
  - Often documentation is reduced from a manual underwrite
- Additional documentation is required to clarify a question, inconsistency of an income source if using to qualify
- Conservative income calculations are preferred
- When MI is needed, always verify MI guideline requirements as well

**Documentation Overlays May Exist; Always Check Investor Credit Policy For Additional Requirements**

# Resources

## **To access the Fannie Mae Selling Guide:**

- Go to <http://www.fanniemae.com>
- Click on “Single Family”, “Originating and Underwriting” and then “Selling Guide”
- Chapter B3-3 Income Assessment of the *Selling Guide* discusses Income Underwriting requirements

## **To access the Freddie Mac Loan Product Advisor Documentation Matrix and *The Freddie Mac Seller/Servicer Guide*:**

- Go to <http://www.freddiemac.com>
- Click on “Single Family”, use the search feature for “Loan Product Advisor Documentation Matrix”
- Loan Product Advisor Documentation Matrix (Updated February 2020)
- Chapter 5301.1 of Seller/Servicer Guide for Stable monthly income and asset qualification for Freddie Mac

# Documenting Employment and Income

Two Year History is Required on the 1003/URLA for all applicants

1b. Current Employment/Self Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name _____ Phone (____) ____ - _____		<b>Gross Monthly Income</b> Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month <b>TOTAL</b> \$ _____ /month
Address _____		
City _____ State _____ Zip _____		
Position or Title _____	<b>Check if this statement applies:</b> <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	
Start Date ____ / ____ (mm/yyyy)	How long in this line of work? ____ Years ____ Months	
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. <input type="radio"/> I have an ownership share of 25% or more.	<b>Monthly Income (or Loss)</b> \$ _____

For Freddie Mac, For A Borrower Who Experienced Recent Employment Gaps (e.g. 30 Days), Although A Letter Of Explanation Is Not Required, The Seller Remains Responsible For Establishing The Employment Is Stable, Which May Require Analysis Of Recent Employment Gaps; Guide Section 5303.2(a)(i)

# Documenting Employment and Income

1b. Current Employment/Self Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name _____ Phone (____) ____ - _____		<b>Gross Monthly Income</b> Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month <b>TOTAL</b> \$ _____ /month
Address _____		
City _____ State _____ Zip _____		
Position or Title _____	<b>Check if this statement applies:</b> <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	
Start Date ____ / ____ (mm/yyyy) How long in this line of work? ____ Years ____ Months		
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. <input type="radio"/> I have an ownership share of 25% or more.		<b>Monthly Income (or Loss)</b> \$ _____

1e. Income from Other Sources		<input type="checkbox"/> Does not apply
<b>Include income from other sources below. Under Income Source, choose from the sources listed here:</b>		
<ul style="list-style-type: none"><li>• Alimony</li><li>• Automobile Allowance</li><li>• Boarder Income</li><li>• Capital Gains</li></ul>	<ul style="list-style-type: none"><li>• Child Support</li><li>• Disability</li><li>• Foster Care</li><li>• Housing or Parsonage</li></ul>	<ul style="list-style-type: none"><li>• Interest and Dividends</li><li>• Notes Receivable</li><li>• Public Assistance</li><li>• Mortgage Credit Certificate</li></ul>
	<ul style="list-style-type: none"><li>• Mortgage Differential Payments</li><li>• Retirement (e.g., Pension, IRA)</li></ul>	<ul style="list-style-type: none"><li>• Royalty Payments</li><li>• Separate Maintenance</li><li>• Social Security</li><li>• Trust</li></ul>
		<ul style="list-style-type: none"><li>• Unemployment Benefits</li><li>• VA Compensation</li><li>• Other</li></ul>
<b>NOTE:</b> Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.		
<b>Income Source – use list above</b>		<b>Monthly Income</b>
_____		\$ _____
_____		\$ _____

**Break Out Income Type For Proper AUS Results**



## Calculating Income

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 37667N Form **4506-T** (Rev. 6-2019)

# IRS Form 4506-t

## **The IRS Form 4506-T**

- IRS document used to retrieve past federal tax return transcripts, 1065, 1120S, 1120, or W-2 and 1099 transcripts that are on file with the IRS.
- Gives permission for a third party to retrieve the tax payer's data.
- Each applicant must sign a separate form regardless of the income source.
- The form is valid for 120 days once signed
- If the form is executed prior to closing it must be used to validate the income documentation provided by the borrower and used in the underwriting process.

## **When Completing A Blank 4506-t Form Lenders Must**

- Fill in the recipient of the tax documents – either its name or the name of the servicer, if servicing will be transferred within 120 days of the taxpayer signing the form
- Indicate that the request is for documentation concerning the year or years for which the borrower's income was or will be used in underwriting the loan
- Date the form with the date on which the borrower signs the form (or ascertain that date the borrower signed)

[www.irs.gov](http://www.irs.gov)

# Fannie Mae Guidelines- 4506T

## B3-3-1.06: Requirements and Uses of IRS Request for Transcript of Tax Return Form 4506-T (07/03/2019)

### Use of IRS Form 4506-T to Validate Borrower Income Documentation

Fannie Mae requires lenders to have each borrower whose income (regardless of income source) is used to qualify for the loan to complete and sign a separate IRS Form 4506-T at or before closing. (As noted below in *Completing and Submitting the IRS Authorization Form*, it may be necessary to have the borrower complete and sign multiple IRS Form 4506-Ts depending on the transcripts required to validate the income.)

In addition, the lender must document the requirement to obtain tax transcripts by submitting the IRS Form 4506-T to the IRS (directly or through an authorized designee) in their written quality control (QC) plan. See [D1-3-02, Lender Post-Closing Quality Control Review of Approval Conditions, Underwriting Decisions, and Documentation](#) for details concerning QC requirements.

If the lender submits the IRS Form 4506-T to the IRS prior to closing, the transcript(s) must be used to validate the income documentation provided by the borrower and used in the underwriting process. In this case, because the lender has already received the tax transcript(s), an additional signed IRS Form 4506-T is not required to be obtained from the borrower.

When all of a borrower's income is validated by the DU validation service, the lender is not required to obtain a signed IRS Form 4506-T for that borrower.

# Freddie Mac Guidelines- 4506T

All Borrowers, whose income is used to qualify or whose assets are used as a basis for repayment of obligations in accordance with the requirements in [Section 5307.1](#), are required to sign Internal Revenue Service (IRS) Form 4506-T (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information). The form 4506-T must be signed no later than the Note Date.

If submitting the Form 4506-T to the IRS, the Seller must ensure that the IRS receives the form prior to the form's expiration date. The Seller must retain the tax documentation received back from the IRS in the Mortgage file.

For Mortgage for which automated income assessment with Loan Product Advisor using employer data was required that receive a representation and warranty result of “eligible” in the Last Feedback Certificate, see Section 5901.6(b) for requirements pertaining to IRS Form 4506-T

Guide Chapter 5302.5

[https://guide.freddiemac.com/app/guide/content/a\\_id/1000650](https://guide.freddiemac.com/app/guide/content/a_id/1000650)

# Fannie Mae

## Updates, Policies

# Fannie Mae *Selling Guide* General Income

B3-3.1-01, General Income Information (08/07/2019)



 Expand  Share

## Introduction

This topic contains information on employment income, including:

- [Stable and Predictable Income](#)
- [Variable Income](#)
- [Continuity of Income](#)
- [Determining the Need for Federal Income Tax Returns](#)
- [Verification of Income for Non-U.S. Citizen Borrowers](#)
- [Using Nontaxable Income to Adjust the Borrower's Gross Income](#)
- [Reduced Income Documentation Requirements for High LTV Refinance Loans](#)

## Stable and Predictable Income

Fannie Mae's underwriting guidelines emphasize the continuity of a borrower's stable income. The stable and reliable flow of income is a key consideration in mortgage loan underwriting. Individuals who change jobs frequently, but who are nevertheless able to earn consistent and predictable income, are also considered to have a reliable flow of income for qualifying purposes.

To demonstrate the likelihood that a consistent level of income will continue to be received for borrowers with less predictable sources of income, the lender must obtain information about prior earnings. Examples of less predictable income sources include commissions, bonuses, substantial amounts of overtime pay, or employment that is subject to time limits, such as contract employees or tradesmen.



# Fannie Mae *Selling Guide* Variable Income

## Variable Income

All income that is calculated by an averaging method must be reviewed to assess the borrower's history of receipt, the frequency of payment, and the trending of the amount of income being received. Examples of income of this type include income from hourly workers with fluctuating hours, or income that includes commissions, bonuses, or overtime.

**History of Receipt:** Two or more years of receipt of a particular type of variable income is recommended; however, variable income that has been received for 12 to 24 months may be considered as acceptable income, as long as the borrower's loan application demonstrates that there are positive factors that reasonably offset the shorter income history.

**Frequency of Payment:** The lender must determine the frequency of the payment (weekly, biweekly, monthly, quarterly, or annually) to arrive at an accurate calculation of the monthly income to be used in the trending analysis (see below). Examples:

- If a borrower is paid an annual bonus on March 31st of each year, the amount of the March bonus should be divided by 12 to obtain an accurate calculation of the current monthly bonus amount. Note that dividing the bonus received on March 31st by three months produces a much higher, inaccurate monthly average.
- If a borrower is paid overtime on a biweekly basis, the most recent paystub must be analyzed to determine that both the current overtime earnings for the period and the year-to-date overtime earnings are consistent and, if not, why. There are legitimate reasons why these amounts may be inconsistent yet still eligible for use as qualifying income. For example, borrowers may have overtime income that is cyclical (transportation employees who operate snow plows in winter, package delivery service workers who work longer hours through the holidays). The lender must investigate the difference between current period overtime and year-to-date earnings and document the analysis before using the income amount in the trending analysis.

# Fannie Mae *Selling Guide*

## Trends of Income

- Verify trends of income before using to qualify for a mortgage
- Income used must be likely to continue

**Income Trending:** After the monthly year-to-date income amount is calculated, it must be compared to prior years' earnings using the borrower's W-2's or signed federal income tax returns (or a standard Verification of Employment completed by the employer or third-party employment verification vendor).

- If the trend in the amount of income is stable or increasing, the income amount should be averaged.
- If the trend was declining, but has since stabilized and there is no reason to believe that the borrower will not continue to be employed at the current level, the current, lower amount of variable income must be used.
- If the trend is declining, the income may not be stable. Additional analysis must be conducted to determine if any variable income should be used, but in no instance may it be averaged over the period when the declination occurred.

See B3-3.1-01, General Income Information (08/07/2019)



# Commission Income and 2106 Expenses

## Updated Policy For Commission Income & 2106 Expenses

- No longer required to obtain tax returns for commission income
- Automobile allowance change

### Commission Income and Unreimbursed Business Expenses

We are removing the different treatment of commission income based on the percentage of employment income. Going forward all commission income will be treated the same, and individual tax returns (or tax transcripts) will no longer be required. We are updating our policy regarding commission income and unreimbursed business expenses due to recent changes made by the IRS that are effective with the reporting of 2018 federal income taxes.

Currently, unreimbursed employee expenses are reported as a deduction on the borrower's individual federal income tax return (IRS Form 2106, or IRS Form 1040, Schedule A or C). These expenses are used when calculating an automobile allowance and commission income when it is 25% or more of employment income.

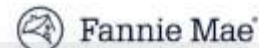
As a result of the tax law changes that will prevent lenders from being able to identify unreimbursed business expenses, we are removing the requirements for IRS Form 2106, and changing the automobile allowance policy. The full amount of an automobile allowance may now be included as income and the lease or financing expenditure must be included as a debt in the calculation of the debt-to-income (DTI) ratio. (Note that a history of receipt of this income continues to be required.)

### Effective Date

Lenders may implement these changes immediately and effective with the date of this announcement are no longer required to obtain tax return documentation or tax transcripts to identify unreimbursed business expenses.

The DU messages reflecting these changes will be updated in a future release. Until then, lenders may disregard the requirement to obtain IRS Form 1040 or Form 2106 for commission income and automobile allowance. Loan files that include qualifying income from an automobile allowance that is calculated following the "actual cash flow approach" must continue to include IRS Form 2106. This includes the practice of directly offsetting an automobile lease payment with an automobile allowance if the lease payment is captured as an expense on Form 2106.

Until the DU validation service is updated, lenders must continue to obtain a tax transcript for borrowers with commission income that is 25% or more of employment income to be eligible for income validation.



Announcement SEL-2018-09

December 04, 2018

Update changes to the following:

of Business Expenses

duction

The affected topics for each policy change are listed on the Attachment. The key changes. The updated topics are dated December 04, 2018.

Underwriting and Transmittal Summary (Form 1000). We worked jointly with lender, it is only required for manually underwritten loans. Lenders can begin just do so by July 1, 2019.

### Income

Updated the self-employment income calculation and evaluation policy. Our tools to calculate self-employment income. These tools can be used to the tool applies the same principles as Fannie Mae's Cash Flow Analysis (Form

date self-employment income is LoanBeam's FNMA SEI 1004 workbook. We is it performs. If lenders use it to calculate income and enter the monthly DU, we will provide representation and warranty enforcement relief on the if self-employment income. The lender self-employment income, data in the vendor tool, the of the output results, self-employment income amount in DU, and sture Code 777.

use of approved vendor tools and the criteria that will result in enforcement available on Fannie Mae's website. In addition, the Special Feature Codes list

then using a Fannie Mae-approved vendor tool immediately.

# Commission Income

## Verification of Commission Income

B3-3.1-04, Commission Income (12/04/2018)

The following table provides verification requirements for commission income.

✓	Verification of Commission Income
	A minimum history of 2 years of commission income is recommended; however, commission income that has been received for 12 to 24 months may be considered as acceptable income, as long as there are positive factors to reasonably offset the shorter income history.
	One of the following must be obtained to document commission income: <ul style="list-style-type: none"><li>• a completed <i>Request for Verification of Employment</i> (<a href="#">Form 1005</a> or <a href="#">Form 1005(S)</a>), or</li><li>• the borrower's recent paystub and IRS W-2 forms covering the most recent two-year period.</li></ul>
	A verbal VOE is required from each employer. See <a href="#">B3-3.1-07, Verbal Verification of Employment</a> , for specific requirements.
	See <a href="#">B3-3.1-01, General Income Information</a> , for additional information about calculating variable income.
	See <a href="#">B3-3.1-02, Standards for Employment Documentation</a> , for additional information about verifying employment income.

# Documentation Provided by the Borrower

## Employment Documentation Provided by the Borrower

The following table provides requirements for documentation provided by the borrower.

✓	Requirements — Paystubs and W-2s
	<p>The paystub must be dated no earlier than 30 days prior to the initial loan application date and it must include all year-to-date earnings. Additionally, the paystub must include sufficient information to appropriately calculate income; otherwise, additional documentation must be obtained.</p> <p>Paystubs must comply with <a href="#">B1-1-03, Allowable Age of Credit Documents and Federal Income Tax Returns</a>.</p>
	<p>IRS W-2 forms must cover the most recent one- or two-year period, based on the documentation requirements for the particular income type. The W-2 forms must clearly identify the borrower as the employee.</p> <p>”Most recent” W-2 is defined as the W-2 for the calendar year prior to the current calendar year. Alternative documentation, such as an IRS Wage and Income (W-2) Transcript, a written <i>Request for Verification of Employment</i> (<a href="#">Form 1005</a> or <a href="#">Form 1005(S)</a>) (see below) or the final year-to-date paystub, may be used as long as adequate information is provided.</p>
	<p>Documents must be computer-generated or typed by the borrower’s employer(s), although paystubs that the borrower downloads from the Internet are also acceptable. Documents must clearly identify the employer’s name and source of information.</p>
	<p>The documents must clearly identify the borrower as the employee.</p>
	<p>The information must be complete and legible.</p>
	<p>The original source of the information must be a third party, such as the borrower’s human resources department, personnel office, payroll department, company’s payroll vendor, or supervisor.</p>

# Documentation Base, Bonus Overtime

## Verification of Base Pay, Bonus, and Overtime Income

The following table provides verification requirements for base pay, bonus, and overtime income:

<div>✓</div> <b>Verification of Base Pay, Bonus, and Overtime Income</b>
<p>A minimum history of two years of employment income is recommended. However, income that has been received for a shorter period of time may be considered as acceptable income, as long as the borrower's employment profile demonstrates that there are positive factors to reasonably offset the shorter income history.</p> <p>Borrowers relying on overtime or bonus income for qualifying purposes must have a history of no less than 12 months to be considered stable.</p>
<p><b>Base Pay (Salary and Hourly):</b></p> <p>Obtain the following documents:</p> <ul style="list-style-type: none"> <li>• a completed <i>Request for Verification of Employment</i> (<a href="#">Form 1005</a> or <a href="#">Form 1005(S)</a>), or</li> <li>• the borrower's recent paystub and IRS W-2 forms covering the most recent two-year period.</li> </ul>
<p><b>Bonus or Overtime:</b></p> <p>Obtain the following documents:</p> <ul style="list-style-type: none"> <li>• a completed Form 1005 or Form 1005(S), or</li> <li>• the borrower's recent paystub and IRS W-2 forms covering the most recent two-year period.</li> </ul>
<p>See <a href="#">B3-3.1-01, General Income Information</a>, for additional information on calculating variable income (applies to hourly paid employees with fluctuating hours and bonus and overtime).</p>
<p>If the borrower has recently changed positions with his or her employer, determine the effect of the change on the borrower's eligibility and opportunity to receive bonus or overtime pay in the future.</p>
<p>If a borrower who has historically been employed on a part-time basis indicates that he or she will now be working full-time, obtain written confirmation from the borrower's employer.</p>

A verbal VOE is required from each employer. See [B3-3.1-07, Verbal Verification of Employment](#), for specific requirements.

See [B3-3.1-02, Standards for Employment Documentation](#), for additional information about verifying employment income.

# Fannie Mae *Selling Guide*

## Highlights

- Core principles of prudent underwriting must be followed when considering income for qualifying purposes
  - Source, amount, history of receipt and likelihood of continued receipt
- Income that does not have a defined expiration date (long term disability, interest and dividend income and social security retirement income) no longer requires documentation of three-year continuance
- Income that DOES have an expiration date, lenders must document a three-year continuance (see Fannie Mae *Seller Guide*)



# Fannie Mae Selling Guide

## Continuance of Income

Expiration Date Not Defined	Defined Expiration Date*
<p>Lender does not need to document 3-year continuance</p> <ul style="list-style-type: none"><li>• automobile allowance</li><li>• base salary</li><li>• bonus, overtime, commission, or tip income</li><li>• capital gains income</li><li>• corporate retirement or pension</li><li>• disability income — long-term</li><li>• foster-care income</li><li>• interest and dividend income (unless other evidence that asset will be depleted)</li><li>• military income</li><li>• mortgage credit certificates</li><li>• part-time job, second job, or seasonal income</li><li>• rental income</li><li>• self-employment income</li><li>• Social Security, VA, or other government retirement or annuity</li></ul>	<p>Lender must document 3-year continuance</p> <ul style="list-style-type: none"><li>• alimony or child support</li><li>• distributions from a retirement account – for example, 401(k), IRA, SEP, Keogh</li><li>• mortgage differential payments</li><li>• notes receivable</li><li>• public assistance</li><li>• royalty payment income</li><li>• Social Security (not including retirement or long-term disability)</li><li>• trust income</li><li>• VA benefits (not including retirement or long-term disability)</li></ul>

\*Because these income sources have a defined expiration date or allow the depletion of an asset, care must be taken when this is the sole source or majority of qualifying income. Lenders must consider the borrower's continued capacity to repay the mortgage loan when the income source expires or the distributions will deplete the asset prior to maturation of the mortgage loan.

See B3-3.1-01, General Income Information (08/07/2019)

# Documentation Fannie Mae Selling Guide

## Verbal Verification of Employment

B3-3.1-07, Verbal Verification of Employment (10/02/2018)

Lenders must obtain a verbal verification of employment (verbal VOE) for each borrower using employment or self-employment income to qualify. The verbal VOE must be obtained within 10 business days prior to the note date for employment income, and within 120 calendar days prior to the note date for self-employment income. The verbal VOE requirement is intended to help lenders mitigate risk by confirming, as late in the process as possible, that the borrower remains employed as originally disclosed on the loan application. A change in the borrower's employment status could have a significant impact on that borrower's capacity to repay the mortgage loan and must be fully reevaluated.


Alternatively, lenders may obtain the verbal VOE after closing, up to the time of loan delivery. If the verbal VOE cannot be obtained prior to delivery, the loan is ineligible for delivery to Fannie Mae.

**Note:** If the employer confirms the borrower is currently on temporary leave, the lender must consider the borrower "employed." See [B3-3.1-09, Other Sources of Income](#), for details on temporary leave.

**Check For Investor Overlays For Timing Of Verbal VOE**

# Written Verification of Employment

Pay close attention to-

 **Fannie Mae**

## Request for Verification of Employment

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective borrower under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not your application for approval as a prospective borrower or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1462b (if HUD/CPD); and Title 42 USC, 1471 et. seq., or 7 USC, 1921 et. seq. (if USDA/FmHA).

**Instructions:** Lender — Complete items 1 through 7. Have applicant complete item 8. Forward directly to employer named in item 1.  
Employer — Please complete either Part II or Part III as applicable. Complete Part IV and return directly to lender named in item 2.  
The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.

### Part I — Request

1. To (Name and address of employer)

2. From (Name and address of lender)

I certify that this verification has been sent directly to the employer and has not passed through the hands of the applicant or any other interested party.

3. Signature of Lender

4. Title

5. Date

6. Lender's Number (Optional)

I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

7. Name and Address of Applicant (include employee or badge number)

8. Signature of Applicant

### Part II — Verification of Present Employment

9. Applicant's Date of Employment

10. Present Position

11. Probability of Continued Employment

12A. Current Gross Base Pay (Enter Amount and Check Period)

☐ Annual ☐ Hourly ☐ Monthly ☐ Other (Specify) \_\_\_\_\_

\$ \_\_\_\_\_

☐ Weekly

12B. Gross Earnings

Type	Year To Date	Past Year	Past Year
Base Pay	\$ _____	\$ _____	\$ _____
Overtime	\$ _____	\$ _____	\$ _____
Commissions	\$ _____	\$ _____	\$ _____
Bonus	\$ _____	\$ _____	\$ _____
Total	\$ 0.00	\$ 0.00	\$ 0.00

13. For Military Personnel Only

Pay Grade	Type	Monthly Amount
Base Pay	\$ _____	\$ _____
Rations	\$ _____	\$ _____
Flight or Hazard	\$ _____	\$ _____
Clothing	\$ _____	\$ _____
Quarters	\$ _____	\$ _____
Pro Pay	\$ _____	\$ _____
Overseas or Combat	\$ _____	\$ _____
Variable Housing Allowance	\$ _____	\$ _____

14. If Overtime or Bonus is Applicable, is its Continuance Likely?

Overtime ☐ Yes ☐ No

Bonus ☐ Yes ☐ No

15. If paid hourly — average hours per week \_\_\_\_\_

16. Date of applicant's next pay increase \_\_\_\_\_

17. Projected amount of next pay increase \_\_\_\_\_

18. Date of applicant's last pay increase \_\_\_\_\_

19. Amount of last pay increase \_\_\_\_\_

20. Remarks (If employee was off work for any length of time, please indicate time period and reason)

\_\_\_\_\_

### Part III — Verification of Previous Employment

21. Date Hired \_\_\_\_\_

22. Date Terminated \_\_\_\_\_

23. Salary/Wage at Termination Per (Year) (Month) (Week)

Base \_\_\_\_\_ Overtime \_\_\_\_\_ Commissions \_\_\_\_\_ Bonus \_\_\_\_\_

24. Reason for Leaving \_\_\_\_\_

25. Position Held \_\_\_\_\_

### Part IV — Authorized Signature

Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary, the U.S.D.A., FmHA/FHA Commissioner, or the HUD/CPD Assistant Secretary.

26. Signature of Employer \_\_\_\_\_

27. Title (Please print or type) \_\_\_\_\_

28. Date \_\_\_\_\_

29. Print or type name signed in item 26 \_\_\_\_\_

30. Phone No. \_\_\_\_\_

Fannie Mae  
Form 1005 July 96



# Fannie Mae “Optional” VOE fields

## Employment Documentation Provided by the Borrower’s Employer

The lender may use the *Request for Verification of Employment* (Form 1005 or Form 1005(S)) to document income for a salaried or commissioned borrower. The date of the completed form must comply with [B1-1-03, Allowable Age of Credit Documents and Federal Income Tax Returns](#).

The information on the Form 1005 or Form 1005(S) must be legible. The following fields on the form are optional:

Field #	Title of Optional Field
11	Probability of continued employment
14	If overtime or bonus is applicable, is its continuance likely?
16	Date of applicant’s next pay increase
17	Projected amount of next pay increase
18	Date of applicant’s last pay increase
19	Amount of last pay increase
24	Reason for leaving (Part III — Verification of Previous Employment)

The remaining fields on the form must be completed as applicable to the borrower. For example, overtime may not be completed if the borrower is in a position that does not pay overtime.

When the borrower authorizes the lender to obtain verifications of employment and income directly from the employer, the lender must have the borrower sign Form 1005 or Form 1005(S).

Alternatively, the lender may have the applicant sign a signature authorization form, which gives the lender blanket authorization to request the information it needs to evaluate the applicant’s creditworthiness (see [B1-1-02, Blanket Authorization Form](#)).

# Fannie Mae Selling Guide

B3-3.1-09, Other Sources of Income (10/02/2019)



This topic provides information on documenting and qualifying a borrower's income from sources other than wages and salaries, including:

- [Documentation Requirements for Current Receipt of Income](#)
- [Alimony or Child Support](#)
- [Automobile Allowance](#)
- [Boarder Income](#)
- [Capital Gains Income](#)
- [Disability Income — Long-Term](#)
- [Employment Offers or Contracts](#)
- [Employment-Related Assets as Qualifying Income](#)
- [Foreign Income](#)
- [Foster-Care Income](#)
- [Housing or Parsonage Allowance](#)
- [Interest and Dividends Income](#)
- [Mortgage Credit Certificates](#)
- [Mortgage Differential Payments Income](#)
- [Non-Occupant Borrower Income](#)
- [Notes Receivable Income](#)
- [Public Assistance Income](#)
- [Retirement, Government Annuity, and Pension Income](#)
- [Royalty Payment Income](#)
- [Schedule K-1 Income](#)
- [Social Security Income](#)
- [Temporary Leave Income](#)
- [Tip Income](#)
- [Trust Income](#)
- [Unemployment Benefits Income](#)

# Fannie Mae Job Aids/FAQs

## Explore training and resources

### General Underwriting & Selling Guide

#### Job Aids & Guides

- Selling Guide Up
- URLA/Form 1003
- URLA/Form 1003
- Getting Started v

#### Online Learning

- Borrower Income Verification Policies
- Rural Appraisal Challenges
- Assessing Income from Self-Employment
- Condo Project Standards Trainings
- Implementing Day 1 Certainty
- Form 1003 | Implementing the New DU Spec MISMO v3.4 – Section 1a
- Qualifying the Borrower Video Series
- Asset Validation for a Better Borrower Experience (DVS)
- Validating Borrower Employment and Income with DU (DVS)

#### Frequently Asked Questions

- Appraisal and Pr
- Appraisal Waiver
- Appraiser Indepe
- Project Insurance
- Project Standard
- Uniform Apprais
- Uniform Closing
- UCD Collection S
- Uniform Collater
- Uniform Mortgage Data Program® (UMDP®)
- Uniform Residential Loan Application (URLA/Form 1003)
- Top Lender Questions

#### Other Resources

- Selling Guide
- Selling & Servicing Guide Forms
- Selling & Servicing Guide Communications
- Mortgage Products
- AllRegs.com (pop-ups must be enabled in order to see page)
- HUD Review Approval Process (HRAP)

<https://singlefamily.fanniemae.com/learning-center/originating-and-underwriting>

# Fannie Mae Top Trending Questions

[Home](#) / [FAQ: Top Trending](#)

## FAQ: Top Trending

**Get answers to frequently asked questions, updated quarterly**

These are the top trending underwriting and eligibility questions customers have asked us. Visit Ask Poli® to see trending content, find more answers, filter content by topic, and view recently added questions.

FAQs updated Nov. 1, 2019

**Have questions?**  
Get answers to all of your guide and policy questions straight from the source.

[Visit Ask Poli >](#)

### Overview

[Asset Assessment](#) > [Verification of Non-Depository Assets](#)

**Q1. How is donor availability and transfer of gift funds verified?**

The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's

<https://singlefamily.fanniemae.com/faq-top-trending>

# Freddie Mac

## Bulletins, Documentation and Rental Income Matrix

# General Requirements For Freddie Mac

The image displays three overlapping screenshots of the Freddie Mac Single-Family website, illustrating the navigation path to the Seller/Service Guide. The top screenshot shows the main navigation bar with 'Tools & Learning' circled in red. The middle screenshot shows the 'Tools & Learning' dropdown menu, with 'Seller / Servicer Guide' circled in red. The bottom screenshot shows the 'Seller/Service Guide' page, featuring the heading 'Freddie Mac's selling and servicing requirements' and a 'GO TO THE GUIDE' button.

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Freddie Mac Single-Family

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**Featured Solutions**

Seller / Servicer Guide

Loan Advisor

Freddie Mac Learning

Access Manager

Freddie Mac Single-Family

Home Working with Us Tools & Learning News & Insights About

**Seller/Service Guide**

GO TO THE GUIDE

**Freddie Mac's selling and servicing requirements**

Everything you need to know to work with us is in the Seller/Service Guide and associated Guide Bulletins and Industry Letters – updates we publish periodically.

# General Requirements For Freddie Mac

The screenshot shows the Freddie Mac Single-Family Seller/Service Guide website. The header includes the Freddie Mac logo and navigation links: Guide Home, Seller/Service Relationship, Selling, and Servicing. Below the header is a search bar with the text "THE SINGLE-FAMILY SELLER/SERVICER GUIDE" and "Search the Guide". A search input field contains the placeholder text "What can we help you find?". Below the search bar are tabs for "BROWSE THE GUIDE", "RECENT BULLETINS", and "FORMS & DOCUMENTS". The main content area is titled "Seller/Service Relationship" and includes a description: "This segment has content common to both Sellers and Servicers and includes general contract terms (Series 1000 through 3000)". A "Go!" button is visible. A callout box on the right highlights "Series 5000 Origination and Underwriting" with a description: "Series 5000 covers underwriting the Borrower and determining the adequacy of the property securing the Mortgage." A blue arrow points to the right. A table of contents is visible on the left, listing topics from 5100 to 5900.

Topic	Topic Name
Topic 5100	Determining Borrower Eligibility
Topic 5200	Credit Assessment
Topic 5300	Stable Monthly Income and Asset Qualification Sources
Topic 5400	Evaluation of Monthly Obligations
Topic 5500	Assets
Topic 5600	Property Eligibility and Appraisal Requirements
Topic 5700	Property
Topic 5800	Uniform Closing Dataset
Topic 5900	Automated Income and Asset Assessment with Loan Product Advisor

# General Requirements For Freddie Mac

[Guide Home](#) / [Selling](#) / [Series 5000: Origination and Underwriting](#) / [Topic 5300: Stable Monthly Income and Asset Qualification Sources](#)

Topic 5300

## Stable Monthly Income and Asset Qualification Sources

Chapter 5301

**General Requirements for All Stable Monthly Income and Asset Qualification Sources**

Chapter 5302

**General Requirements for Documentation Used to Verify Employment and Income**

Chapter 5303

**Employed Income**

Chapter 5304

**Self-Employed Income**

Chapter 5305

**Other Income**

Chapter 5306

**Rental Income**

Chapter 5307

**Asset Qualification Sources**



# General Requirements For Freddie Mac

Chapter 5301

## General Requirements for All Stable Monthly Income and Asset Qualification Sources

5301.1 General requirements for all stable monthly income

5301.2 General requirements for all stable monthly asset qualification sources

5301.3 Note Date references

### (a) Analysis of stable monthly income amount

The analysis, verification, calculation and determination of the stable monthly income amount is integral to the overall qualification of the Borrower and determination of the Borrower's capacity to repay the Mortgage and other monthly obligations.

Topic 5300 provides requirements and guidance for the determination of stable monthly income. The Seller must determine when additional analysis and documentation is needed to support the determination of stable and consistent monthly income.

# Income Continuance Requirements

## (d) Continuance

For all income used to qualify the Borrower, the Seller must determine whether the income is reasonably expected to continue. This determination must focus on the Borrower's past employment/self-employment history, history of receipt of other income and the probability of continued consistent receipt of the income used to qualify the Borrower. At a minimum, the Seller must base the determination on the requirements of Topic 5300, and any other documentation contained in the Mortgage file.

The Seller may consider all income for qualifying the Borrower, provided the Seller does not have knowledge, information or documentation that contradicts a reasonable expectation of continuance or probability of consistent receipt over at least the next three years.

Continuance of income is categorized as follows:

- Income and earnings types typically without documentable continuance (likely to continue) (Chart A)
- Income types with documentable continuance (Chart B)
- Income types that may or may not have documentable continuance, depending upon the source (e.g.,

g  
d

### Chart A:

#### Income and earnings types typically without documentable continuance

For earnings and income types that typically do not have documentable continuance, the Seller is not required to obtain documentation to verify income continuance, absent any knowledge or information that the income is no longer being received or is likely to cease. However, when the Seller has knowledge or information that the income may not be reasonably expected to continue, the Seller must conduct additional evaluation and/or obtain documentation in order to determine if the income can be used. For example, if a Borrower has been receiving additional employed income such as overtime or bonus, but the Seller has information or documentation evidencing that the income is already discontinued or will be discontinued due to the completion of a project or termination of a bonus program, the "likely to continue" requirement would not be met and the income cannot be used for qualification purposes.

# Freddie Mac Documentation Matrix

## Documentation Matrix

- Assists in underwriting and documenting loans for Freddie Mac
- Lenders may have overlays
- Check specific program requirements
- Updated February 2020

### Table of Contents

- [Income and Employment Documentation](#)
  - [General Requirements](#)
  - [General Requirements for Documentation Used to Verify Employment and Income](#)
  - [Employed Income](#)
    - [Primary Employment](#)
    - [Secondary Employment](#)
    - [Additional Employed Income](#)

### Loan Product Advisor® Documentation Matrix

Use the following information as a reference for documenting your Loan Product Advisor loans. For complete documentation information and specific program eligibility requirements, refer to the [Freddie Mac Single-Family Seller/Service Guide \(Guide\)](#). We recommend bookmarking the Guide link (<https://guide.freddiemac.com/sag/guide/>) for easy access.\*

What Has Changed in this Reference?

This reference is updated to coincide with new and significant changes to documentation requirements announced in Guide Bulletins. Recent changes include:

Topic	Change	Effective Date	Bulletin Announcement
<a href="#">Gift Funds</a>	Gift funds must be transferred directly from the donor's account in a financial institution to the borrower's account or to the settlement or closing agent.	May 5, 2020	<a href="#">Bulletin 2020-1</a>
<a href="#">Employed Income Analysis and Calculation</a>	Updating requirements regarding base hourly employment earnings as well as additional fluctuating employment earnings such as overtime, bonus, commission and tips.	Extended to July 2, 2020 but can implement immediately	<a href="#">Bulletin 2019-28</a> and <a href="#">Bulletin 2020-1</a>

Note: Vertical revision bars "1" are also used in the margin of this reference to highlight these new requirements and significant changes.

\* The [Guide on AllRegs](#) is the official electronic version of the Single-Family Seller/Service Guide.

February 2020 [Freddie Mac Learning](#)

[Table Date](#)

[Loan Product Advisor](#)

[Loan Product Advisor After the Note Date](#)

[Transactions after the Note Date](#)

[Job Aid](#)

[Job Aid](#)

[Loan Product Advisor Job Aid](#)

[Loan Product Advisor with an Appraisal Job Aid](#)

[Freddie Mac Learning](#)

Page 2

<http://freddiemac.com/learn>

# Freddie Mac Monthly Income

## **INCOME AND EMPLOYMENT DOCUMENTATION**

The analysis, verification, calculation and determination of the stable monthly income amount is integral to the overall qualification of the borrower and determination of the borrower's capacity to repay the mortgage and other monthly obligations. Refer to Guide Topic [5300](#) for complete requirements and guidance for the analysis, stability, history, continuance and documentation for all stable monthly income and asset qualification sources.

Topic	Documentation Requirements (Streamlined and Standard Documentation Levels)
General requirements for stable monthly income (Guide Section <a href="#">5301.1</a> )	<p>Stable monthly income is the borrower's verified gross monthly income from all acceptable and verifiable sources that can reasonably be expected to continue for at least the next three years. For each income source used to qualify the borrower, the Seller must determine that both the source and the amount of the income are stable, with a consistent level of earnings.</p> <p>Regardless of the underwriting path, the income qualification sources used to qualify the borrower (whether or not specifically addressed in Topic 5300) and the documentation in the mortgage file must be evaluated for stable monthly income qualification requirements and must meet the requirements of Topic 5300. Income qualification sources that do not meet these requirements or are not calculated correctly may invalidate the Loan Product Advisor Risk Class on the Feedback Certificate.</p> <p>The Seller must include a written analysis of the income qualification sources and amount in the mortgage file. In addition, all documentation used to establish stable monthly income must be retained in the mortgage file.</p> <p>Refer to Guide Section 5301.1 for more requirements and guidance on:</p> <ul style="list-style-type: none"><li>▪ Analysis of stable monthly income amount</li><li>▪ General requirements for all stable monthly income</li><li>▪ Income stability and history</li><li>▪ Income continuance (including charts listing income and earning types and respective documentation requirements, if applicable)</li></ul>

# Income Documentation Requirements

<p>General requirements for documentation used to verify employment and income (Guide Chapter <a href="#">5302</a>)</p>	<p>Employed income documentation and verification requirements</p> <ul style="list-style-type: none"><li>▪ YTD Paystubs</li><li>▪ W-2 Forms</li><li>▪ Written VOEs</li><li>▪ Ten-day Pre-Closing Verification (10-day PCV)</li><li>▪ Third-party Verification Service Providers</li></ul> <p>Tax return requirements</p> <ul style="list-style-type: none"><li>▪ Signed tax returns (and alternatives to signatures)</li><li>▪ IRS Transcripts</li><li>▪ Unreimbursed employee expenses</li></ul>
<p>Employed income calculation guidance and requirements (Guide Section <a href="#">5303.4</a>)</p>	<p><b>Employed income calculation guidance and requirements</b></p> <p>For all income, the Seller must determine how the borrower is paid to accurately analyze and calculate the stable monthly income used for qualifying. The documentation in the mortgage file must support the Seller's income analysis and calculation. If the documentation does not support the income used for qualifying purposes, further analysis is required and additional documentation may be necessary to support the stability of the income and the amount of income used to qualify.</p> <ul style="list-style-type: none"><li>▪ For the calculation of base non-fluctuating employment earnings, refer to Guide Section 5303.4(a)</li><li>▪ For the calculation fluctuating employment earnings, refer to Guide Section 5303.4(b)</li></ul> <p><b>Effective 7/2/2020:</b> Revisions to our requirements for employed income analysis and calculation announced in <a href="#">Bulletin 2019-20</a> will go into effect. Sellers are encouraged to implement as soon as possible.</p>

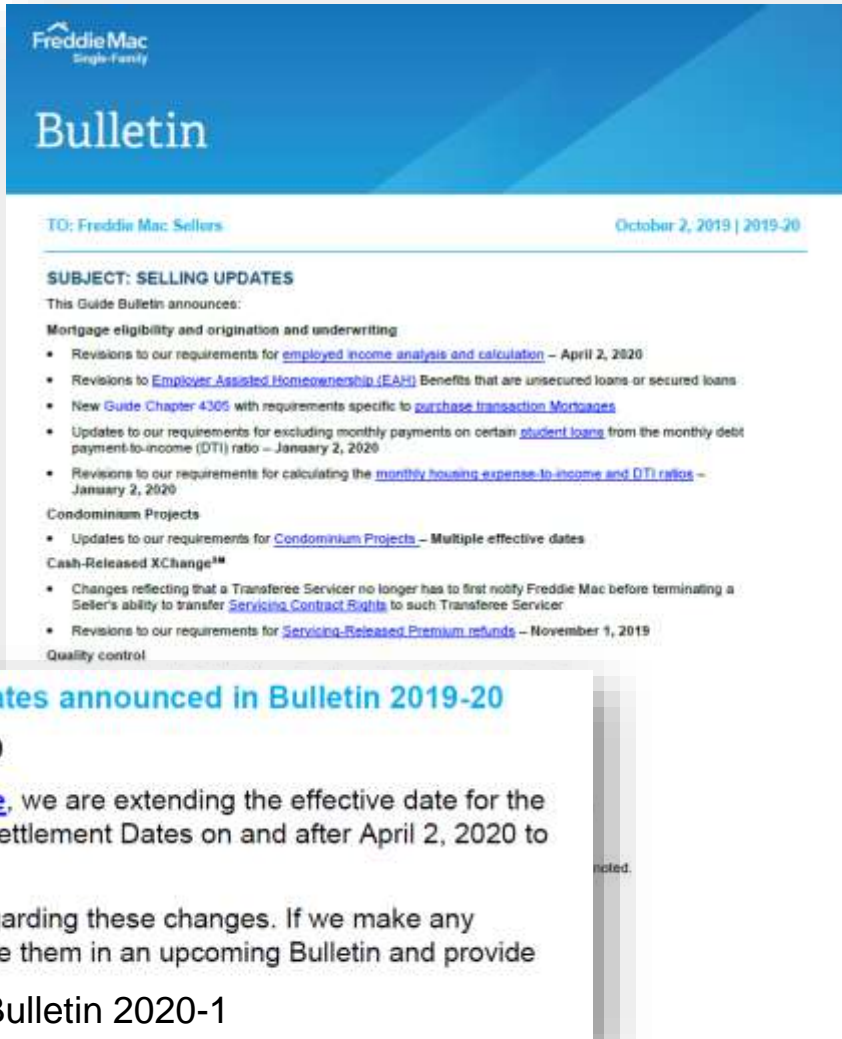
**Effective 7/2/2020:** Revisions to our requirements for employed income analysis and calculation announced in [Bulletin 2019-20](#) will go into effect. Sellers are encouraged to implement as soon as possible.



# Bulletin 2019-20 & 2020-1

## Freddie Mac Bulletin 2019-20

- Revisions to requirements for employed income analysis and calculation effective for loans with Settlement Dates July 2, 2020 and after BUT Sellers are encouraged to implement immediately
- See *Guide* for complete updates



The image is a screenshot of the Freddie Mac Bulletin 2019-20. The header features the Freddie Mac Single-Family logo and the word "Bulletin" in a large, white font on a blue background. Below the header, the text "TO: Freddie Mac Sellers" is on the left and "October 2, 2019 | 2019-20" is on the right. The subject line reads "SUBJECT: SELLING UPDATES". The main body of the bulletin states: "This Guide Bulletin announces: Mortgage eligibility and origination and underwriting". It then lists several bullet points: "Revisions to our requirements for [employed income analysis and calculation](#) – April 2, 2020", "Revisions to [Employer Assisted Homeownership \(EAH\)](#) Benefits that are unsecured loans or secured loans", "New [Guide Chapter 4306](#) with requirements specific to [purchase transaction Mortgages](#)", "Updates to our requirements for excluding monthly payments on certain [student loans](#) from the monthly debt payment-to-income (DTI) ratio – January 2, 2020", and "Revisions to our requirements for calculating the [monthly housing expense-to-income and DTI ratios](#) – January 2, 2020". Below this, it lists "Condominium Projects" with a bullet point: "Updates to our requirements for [Condominium Projects](#) – Multiple effective dates". It then lists "Cash-Released XChange<sup>SM</sup>" with two bullet points: "Changes reflecting that a Transferee Servicer no longer has to first notify Freddie Mac before terminating a Seller's ability to transfer [Servicing Contract Rights](#) to such Transferee Servicer" and "Revisions to our requirements for [Servicing-Released Premium refunds](#) – November 1, 2019". The final line is "Quality control".

**Extended mandatory effective date for income requirement updates announced in Bulletin 2019-20**

**Effective for Mortgages with Settlement Dates on and after July 2, 2020**

As announced in the [January 24, 2020 Single-Family News Center article](#), we are extending the effective date for the revisions to our income requirements announced in Bulletin 2019-20 from Settlement Dates on and after April 2, 2020 to Settlement Dates on and after July 2, 2020.

We are reviewing the feedback we have been receiving from our Sellers regarding these changes. If we make any changes to the requirements published in Bulletin 2019-20, we will announce them in an upcoming Bulletin and provide Sellers with enough time to implement the applicable revisions.

Guide impacts: Sections 5301.1 and 5303.2 through 5303.4

Bulletin 2020-1

# Capacity: Freddie Mac 2019-20

## Effective for Mortgages with Settlement Dates on or After July 2, 2020

- Require that when the borrower's income is derived from fluctuating hourly employment earnings, under no circumstances may the employment history be less than 12 months.
- Adding a requirement that for base hourly earnings to be considered non-fluctuating for the purpose of income calculation, the borrower must have a documented history of working the same number of hours with the same employer for a minimum of six months
- Clarifying that “fluctuating hourly employment earnings” are considered to be wages that are based on an hourly rate of pay and where the number of hours fluctuate each pay period
- Alignment of income calculation requirements for all fluctuating employment income types (hourly base, overtime, bonus, commission and tips). The calculation is based on whether the income trend is determined to be consistent, increasing or declining.
- Adding requirements for additional analysis when income fluctuation between the prior year(s) and year-to-date exceeds 10%.

# Freddie Mac Income Documentation

Other Income (non-employment / non-self-employment)	
Other Income general requirements (Guide Section <a href="#">5305.1</a> )	<p>The Seller must evaluate the stability and consistency of receipt of all other non-employment/non-self-employment income in accordance with the requirements of Topic 5300. For general requirements with respect to income history, stability and continuance, refer to Guide Section 5301.1.</p> <p>Factors that must be considered in determining the likelihood of continued consistent receipt of all other non-employment/non-self-employment income below include, but are not limited to, the following:</p> <ul style="list-style-type: none"><li>▪ Whether the payments are received pursuant to a written agreement, court decree, government program, law and/or regulation</li><li>▪ The length of time the payments have been received</li><li>▪ The regularity of receipt of the income</li></ul>



# Freddie Mac Rental Income Matrix

## Rental Income

- Assists in understanding rental income requirements and calculation for Freddie Mac
- Updated December 2019

# Rental Income Matrix

Rental income may be used in qualifying the borrower(s) provided the requirements of Guide Section 5306.1 and the documentation requirements contained in Guide Sections 5102.3 and 5102.4 and Chapter 5302 are met. If rental income is not used to qualify the borrower, the requirements of Chapter 5306.1 do not apply.


**Notes:** A vertical revision bar " | " is used in the margin of this quick reference to highlight new requirements and significant changes. Effective for mortgages with Freddie Mac settlement dates on and after December 4, 2019.

Topic	Rental Income is from...		
	Subject Property: 2- to 4-unit Primary Residence	Subject Property: 1- to 4-unit Investment Property	Non-subject Investment Property Owned by the Borrower
Documentation, history and analysis – property owned in the prior calendar year	<p>If the borrower's monthly debt payment-to-income ratio (as described in Section 5401.2) includes the full monthly payment amount for the subject investment property and/or non-subject investment property, no further evaluation is required.</p> <p>If rental income from the subject investment property and/or non-subject investment property is to be considered in qualifying the borrower, the following requirements apply:</p>		
Streamlined and Standard Documentation levels	<ul style="list-style-type: none"> <li>The Seller must obtain the borrower's complete federal income tax returns (Internal Revenue Service (IRS) Form 1040) including Schedule E for the most recent year. Except as set forth below when use of a signed lease may be permitted, if the subject property has been owned for at least one year and income from the subject property is reported on the borrower's federal income tax returns, the Seller must use Schedule E to determine the net rental income or loss.</li> <li>If the subject property has been owned for at least one year and is reported on Schedule E of the borrower's prior year federal income tax return, use the income or loss as reported.</li> <li>A signed lease may be used: <ul style="list-style-type: none"> <li>If the property was out of service for any time period in the prior year and the mortgage file contains a documented event such as a renovation and Schedule E supports this by a reduced number of days in use and reflects repair costs; or</li> <li>The property was purchased later in the calendar year and Schedule E supports this by a reduced number of days in use; and</li> <li>Additional documentation provided, as follows: <ul style="list-style-type: none"> <li>Forms 72, <a href="#">Small Residential Income Property Appraisal Report</a>, or 1000, <a href="#">Single-Family Comparable Rent Schedule</a>, supporting the income reflected on the lease; or</li> <li>Documentation (e.g., bank statements evidencing deposit or electronic transfer of rental payments, canceled rent checks) to support two months of receipt of rental income. Note: A Form 72 or 1000 is always required for the subject property as described in Guide Section 5306.1(c)(ii).</li> </ul> </li> </ul> </li> </ul> <p>Unless the above requirements are met, a signed lease may not be used and the rental income or loss from Schedule E must be used and annualized for qualifying purposes.</p>		

December 2019

Freddie Mac Learning

# Genworth Income Calculation Worksheet

Genworth  Income Calculation Worksheet

Borrower Name  Loan Number  Date  6/27/2019

Employer

---

**Hourly**

\$ -	Per Hour	0	# of hours	X52/12	\$ -	Income			
\$ -	YTD Earnings	0	# months		\$ -	Income			
\$ -	W2 for Tax Year	0	# months		\$ -	Income			
\$ -	W2 for Tax Year	0	# months		\$ -	Income			

☐ \$ - Per Hour

☐ YTD Avg

☐ YTD + 1W2 Avg

☐ YTD + 2Yr W2 Avg

\$ - Use lowest income or check the income you wish to use \$ -

---

**Salary**

Type of Salary									
Monthly	X1	=	\$ -	Income					
Bi Weekly	X26/12	=	\$ -	Income					
Semi Monthly	X24/12	=	\$ -	Income					
Weekly	X52/12	=	\$ -	Income					

☐ YTD Salary (paystub)

☐ W2 income

☐ W2 Income

\$ - Base Used to Qualify check the salary you wish to use

If YTD or past year is lower, confirm. Otherwise, lower of YTD and W2 rec.

---

**Overtime/Bonus**

\$ -	YTD Overtime / Bonus*	0	# months		\$ -	Income			
\$ -	Past year OT breakout	0	# months		\$ -	Income			
\$ -	Additional year OT / Bonus	0	# months		\$ -	Income			

☐ YTD Avg

☐ YTD + 1 year Avg

☐ YTD + 2 Year Avg

\$ - Use lower of calculations or check the income you wish to use \$ -

\*If DU requires only a YTD paystub, OT/Bonus must be annualized. Divide YTD OT/Bonus by 12 months; for qualifying purposes, typically a two year history of receipt is required.

---

**Commission**

\$ -	YTD Commission	*minus Expenses	\$ -	expenses (based upon 2106 expenses)					
\$ -	Past year commission	*minus Expenses	\$ -	2106 Expenses					
\$ -	Additional year commission	*minus Expenses	\$ -	2106 expenses					

\*Follow investor guidelines for unreimbursed expense policy.

\$ - = Net income

\$ - = Net Income

\$ - = Net Income

0 # months monthly income

0 # months monthly income

0 # months monthly income

---

**Commission Break out commission from base salary**

\$ -	YTD Commission	*minus Expenses	\$ -	expenses (based upon 2106 expenses)					
\$ -	Past year commission	*minus Expenses	\$ -	2106 Expenses					
\$ -	Additional year commission	*minus Expenses	\$ -	2106 expenses					

\*Follow investor guidelines for unreimbursed expense policy.

\$ - = Net income

\$ - = Net Income

\$ - = Net Income

0 # months monthly income

0 # months monthly income

0 # months monthly income

---

**YTD Avg using net income**

YTD + 1 year using Net Income

YTD + 2 year using net income

2106 YTD Expense Estimate

2 year Commission Vs 2106 Expenses

Commission \$ -

Expenses \$ -

Expense factor \$ -

\$ - Use Lower of calculations or check the income you wish to use \$ -

---

**Other Income**

Type of income									
YTD income	0	# months		Income					
W2 for year:	0	# months		Income					
W2 for year:	0	# months		Income					

☐ YTD income

☐ YTD + 1 Year

☐ YTD + 2 Year

\$ - use lowest income average or check the income you wish to use \$ -

---

**Non Taxable Income**

Type of income									
Monthly check or Direct Deposit	\$ -	Income							
Income from 1099	\$ 35,000.00	Income							
Annual amount of income not subject to tax (income not on tax transcripts)	\$ 15,000.00	Income							
Additional Non taxable income to be used for qualifying (income not taxed 125%)	\$ 312.50	Income							
Total Non Taxable Income	\$ 3,229.17	Income							

☐ Monthly check or Direct Deposit

☒ Income from 1099

☐ Annual amount of income not subject to tax (income not on tax transcripts)

☐ Additional Non taxable income to be used for qualifying (income not taxed 125%)

☐ Total Non Taxable Income

---

**Total Income to Qualify** \$ 3,229.17

<https://new.mi.genworth.com/self-employed-borrower-calculators>

# Document Review

**Pay Stubs, W-2s, Written VOEs**

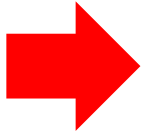
# Base Income Calculation Guidelines

## Fannie Mae

### Base Income Calculation Guidelines

After the applicable income documentation has been obtained, the lender must calculate the borrower's eligible qualifying base income. The following table provides guidance for standard employment documentation:

How Often Paid	How to Determine Monthly Income
Annually	Annual gross pay / 12 months
Monthly	Use monthly gross payment amount
Twice Monthly	Twice monthly gross pay x 2 pay periods
Biweekly	(Biweekly gross pay x 26 pay periods) / 12 months
Weekly	(Weekly gross pay x 52 pay periods) / 12 months
Hourly	(Hourly gross pay x average # of hours worked per week x 52 weeks) / 12 months



All of the above calculations must be compared with the documented year-to-date base earnings (and past year earnings, if applicable) to determine if the income amount appears to be consistent. See [B3-3.1-01, General Income Information](#), for additional information about variable income (bonus and overtime).

# Base Income Conversion Exercises

If the Income is stated as	Then use the following calculation:
Annual \$60,000	Base Pay divided by 12
Weekly \$750	Base Pay x 52 divided by 12
Bi-Weekly (every two weeks) \$1,000	Base Pay x 26 divided by 12
Semi-Monthly (twice a month) \$1,250	Base Pay x 24 divided by 12
Hourly \$20/ hour, 40 hours weekly	Hourly Rate x number of hours per week x 52 divided by 12

*Calculate the monthly income for each pay scenario above.*

# Practice Exercise

## Annual:

$$- \$60,000 / 12 =$$

## Weekly:

$$- (\$750 \times 52) = \$39,000 / 12 =$$

## Bi-Weekly:

$$- (\$1,000 \times 26) = \$26,000 / 12 =$$

## Semi-Monthly:

$$- (\$1,250 \times 24) = \$30,000 / 12 =$$

## Hourly:

– Must know how many hours worked per week!!!!

$$- (\$20 \times 40 \times 52) = \$41,600 / 12 =$$

# Pay Stubs

## YTD paystubs with less than the required information

When the YTD paystub does not contain the required information (e.g., paystubs that are handwritten or typed by the employer and do not contain YTD earnings), the Seller must verify the required information by obtaining additional documentation (e.g., written VOE, a review of payroll deposits on bank statements).

## Reminders:

- The borrower's name and SSN# must be consistent with the application (Spelling, middle initial or a JR or III).
- Computer generated?
- If paid hourly, the number of hours must be noted on the paystub
- Dated within 30 days of application; If stale dated ask applicant for more recent stub.
- YTD income must be provided and should be consistent with monthly income.
- Note any commission, overtime, or bonus *income-don't use if you don't need.*
- Review for possible liabilities that may need to be included in your debt ratio (child support or alimony or IRS garnishment or a new loan take out).
- If automatically deposited, cross reference the income to the bank statement
- We are calculating income but also validating the document, does employer match back to application? To the W-2?



# Paystub



**Anthill Collective School District**  
**434 Educational Way**  
**Anthill, MO 65488**

**Testcase, Marisol L**  
 XXX-XX-0001  
 220 Locust Ave  
 Anthill, MO 65488

## Earnings

Description	Rate	Hours	Earnings	YTD
Regular Earnings	42.1904	80.00	\$3,375.23	\$23,626.71
Overtime Earnings				
Back Pay				
Holiday Earnings				
Vacation Earnings				
<b>Gross Earnings</b>			<b>\$3,375.23</b>	<b>\$23,626.71</b>

## Taxes

Description	Current	YTD
FEDERAL TAX	484.26	4,358.34
STATE TAX (MO)	179.47	1,977.70
SS TAX	209.26	1,883.38
MEDICARE TAX	48.94	440.47

## Payment Details

Payment Number: 0000000  
 Payment Date: 05-01-2015

Period Begin Date: 04-20-2015  
 Period End Date: 05-02-2015  
 Settled to Checking Account 123456-78: \$2,172.46

## Deductions

Description	Current	YTD
Medical	54.87	493.83
Dental	6.45	58.05
LTD	27.68	249.12
PSA HC	23.08	207.72
401K up to 5%	168.76	1,518.84
<b>NET PAY</b>	<b>2,172.46</b>	<b>19,552.14</b>

# Examining W-2s

## W-2 Reminders:

- Name and SSN# match application and also the pay stub
- Applicant's address should also match the 1003 and bank statement mailing address
- Should be the most recent one or two (if required)
- Is the ytd income consistent with monthly income, if not obtain explanation
- Employer addresses match application
- Employer ID# must be valid (XX-XXXXXX) is the proper format
- FICA and Medicare withholding based on wages can be checked
- You generally should NOT have the Employer's Copy or the Social Security Administration Copy!
- Review the document at application, don't just shove in the loan file
- Obtain tax transcripts to support income if needed

# Examining W-2-Any questions on this W-2?

<b>a</b> Employee's SSN XXX-XX-XXXX		<b>b</b> Employer ID No. (EIN) 22-7654321		OMB No. 1545-0008	
<b>c</b> Employer's name, address, and ZIP code WELLNESS WORLD, INC.  56722 HOSPITAL BLVD HURST TX 73301		<b>1</b> Wgs, tips, other compn 110071.42	<b>2</b> Fed inc tax withheld 22731.62	<b>3</b> Social security wages 110171.42	<b>Form W-2</b> <b>Wage and Tax Statement</b> <b>2018</b>  <b>Copy B To Be Filed with Employee's FEDERAL Tax Return</b> This information is being furnished to the Internal Revenue Service.
		<b>4</b> SS tax withheld 6830.63	<b>5</b> Medicare wages & tips 110071.42	<b>6</b> Medicare tax withheld 1597.49	
		<b>7</b> Social security tips	<b>8</b> Allocated tips	<b>9</b> Verification code 338FD3BB77C567C4	
<b>d</b> Control No.	<b>10</b> Depdnt care benefits	<b>11</b> Nonqualified plans	<b>12a</b>		
<b>e</b> Employee's name, address, and ZIP code JOHN HOMEOWNER 7 GALLOPING HILL ROAD DALLAS TX 75432	<b>13</b> Statutory employee. <input type="checkbox"/>	<b>14</b> Other	<b>12b</b>		
	Retirement plan <input type="checkbox"/>		<b>12c</b>		
	Third-party sick pay <input type="checkbox"/>		<b>12d</b>		
<b>15</b> State	Employer's state ID number	<b>16</b> State wages, tips, etc	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc	<b>19</b> Local income tax
					<b>20</b> Locality name

Department of the Treasury — IRS

# Written Verification of Employment

## VOE Reminders:

- Independently verify address to which you are sending
- Do not put “Attention to” on the form
- Forms should be signed, dated with signature and printed name of employer
- If faxed, note the origin of the faxed document-Is it coming from the employer?
- Income and work history, job title consistent with application?
- Is bonus, or overtime likely to continue? Probability of Continued Employment?
- Review for different handwriting styles, cross outs, white out or cutting and pasting
- Should it be handwritten? Large corporations
- The VOE cannot be hand carried by the applicant NOR should it be mailed to a P.O. Box unless you have verified that that is the employer’s protocol
- VOE can be helpful in breaking out income such as commission, overtime or bonus
- Verify document does not expire prior to note date (Typically documents are valid for four months)

# Exercises

# Income Calculation Exercises

*Keep in Mind:*

**Sometimes there are  
several ways to calculate  
income!**

# Calculation W2's & Paystub and 1099

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  <b>UTAH DEPT OF WORKFORCE SERVICES</b> <b>UI DIVISION</b> <b>PO BOX 45533</b> <b>SALT LAKE CITY, UT 84145</b>		1 Unemployment compensation <b>\$ 8,315.00</b> 2 State or local income tax refunds, credits, or offsets <b>\$</b>		OMB No. 1545-0120  <b>2018</b>  Form <b>1099-G</b>		<b>Certain Government Payments</b>	
PAYER'S federal identification number <b>90-4432145</b>		RECIPIENT'S identification number <b>***-**-5000</b>		3 Box 2 amount is for tax year <b>\$</b>		4 Federal income tax withheld <b>\$ 831.50</b>	
RECIPIENT'S name  <b>JOHN HOMEOWNER</b>  Street address (including apt. no.) <b>90-4432145</b> City or town, state or province, country, and ZIP or foreign postal code <b>424 W 850 S Bountiful, UT 84010</b>		5 RTAA payments <b>\$</b> 7 Agriculture payments <b>\$</b> 9 Market gain <b>\$</b>		6 Taxable grants <b>\$</b> 8 If checked, box 2 is trade or business income <input type="checkbox"/>		<b>Copy for Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the income is taxable and the IRS determines that it has not been reported.	
Account number (see instructions)		10a State UT <b>12433266001WTH</b>		11 State income tax withheld <b>\$ 415.75</b>		<b>\$</b>	
Form <b>1099-G</b> (keep for your records)		<a href="http://www.irs.gov/form1099g">www.irs.gov/form1099g</a>		Department of the Treasury - Internal Revenue Service			

## Local Iron Workers Union W2's from various jobs

Income	17	'18	`19
--------	----	-----	-----

– W2	\$52,399	\$61,555
------	----------	----------

**\*Y-T-D paystub      As of 09-30-19 \$59,765**

**John is unemployed seasonally.**

### ***What is the qualifying monthly income?***

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  <b>UTAH DEPT OF WORKFORCE SERVICES</b> <b>UI DIVISION</b> <b>PO BOX 45533</b> <b>SALT LAKE CITY, UT 84145</b>		1 Unemployment compensation <b>\$ 8,662.00</b> 2 State or local income tax refunds, credits, or offsets <b>\$</b>		OMB No. 1545-0120  <b>2017</b>  Form <b>1099-G</b>		<b>Certain Government Payments</b>  <b>Copy B</b> <b>For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
PAYER'S federal identification number <b>90-4432145</b>		RECIPIENT'S identification number <b>***-**-5000</b>		3 Box 2 amount is for tax year  <b>4 Federal income tax withheld</b> <b>\$ 866.20</b>		
RECIPIENT'S name  <b>JOHN HOMEOWNER</b>  Street address (including apt. no.)  <b>90-4432145</b> City or town, state or province, country, and ZIP or foreign postal code <b>424 W 850 S Bountiful, UT 84010</b>		5 RTAA payments <b>\$</b> 7 Agriculture payments <b>\$</b> 9 Market gain <b>\$</b>		6 Taxable grants <b>\$</b> 8 If checked, box 2 is trade or business income <input type="checkbox"/>  10a State <b>UT</b> 10b State identification no. <b>12433266001WTH</b> 11 State income tax withheld <b>\$ 433.10</b> <b>\$</b>		
Account number (see instructions)						

Form **1099-G** (keep for your records) [www.irs.gov/form1099g](http://www.irs.gov/form1099g) Department of the Treasury - Internal Revenue Service

Gross Monthly Income			
		Borrower	
Base Income			
Self Employed			
Overtime			
Bonuses			
Commissions			
Dividends/Interest			
Other			
Sub Total			
Net Rental			
Subject Net Cash			
Total			



# Commission Income Example

**1003/Loan Application indicates the borrower started his current job August 1, 2017. He has provided a current ytd paystub and his year end paystubs for 2017 and 2018. Please calculate the income and would you need anything additional?**

Earnings Statement

Taxable Marital Status: Federal

Exemptions / Allowances: Single

Additional Amount: 00

Base Rate: 0.00

5,176.50

Period Begin: 06/30/2019

Period End: 07/13/2019

Pay Date: 07/19/2019

Employee Name:

Employee ID:

Personnel Area: 0156 STE - Home

Cost Center: 760397

Earnings	Hours	Rate	Current	YTD	Taxes	Current	YTD
Salary			5,176.50	76,653.00	Taxable Wages	15,287.76	149,785.11
Commission - Sa			10,667.06	78,992.83	Federal		
GROSS PAY			15,843.56	155,645.83	Withholding	3,196.58	30,481.57
EE CTLI Taxable			23.35	344.79	EE Soc Sec		8,239.80
					EE Medicare	228.56	2,239.59
Before-Tax Deductions			Current	YTD	Total	3,425.14	40,960.96
401(k) EE			475.31	4,669.39	Summary	Current	YTD
Dental - EE			8.72	130.80	Total Gross	15,843.56	155,645.83
RPO - EE			95.12	1,420.70	Deductions	4,016.51	46,474.77
Prem Discount				15.38	Net Pay	11,827.05	109,171.06
Total			579.15	6,205.51			
After-Tax Deductions			Current	YTD	Co. Paid Benefits	Current	YTD
EE Vol AD&D			5.34	80.10	401(k) EE	475.31	4,669.38
UNUM Accident			6.88	103.20	EE Health	146.87	2,201.15
Telecom Reimb				875.00	EE Insurance	32.25	474.63
Total			12.22	691.70	Total	654.43	7,345.16

See next slides for 2017 and 2018 income docs

Gross Monthly Income		
		Borrower
Base Income		
Self Employed		
Overtime		
Bonuses		
Commissions		
Dividends/Interest		
Other		
<i>Sub Total</i>		
Net Rental		
Subject Net Cash		
Total		

# Earnings Statement

Period Begin: 12/02/2018  
Period End: 12/15/2018  
Pay Date: 12/21/2018

Employee Name:  
Employee ID:  
Personnel Area: 0156 STS - Home  
Cost Center: 760397

Taxable Marital Status: Federal  
Exemptions / Allowances: Single  
Additional Amount: 00  
Base Rate: 0.00  
5,100.00

Earnings	Hours	Rate	Current	YTD	Taxes	Current	YTD
Salary			5,100.00	131,300.00	Taxable Wages	14,338.42	236,506.51
Commission - Ea			9,743.93	114,139.98	Federal		
GROSS PAY			14,843.93	245,439.98	Withholding	2,992.55	48,031.05
EE CTLI Taxable			22.93	587.86	EE Soc Sec		7,960.80
					EE Medicare	347.42	3,930.94
					Total	3,339.97	59,922.79
Before-Tax Deductions			Current	YTD	Summary	Current	YTD
401(k) EE			445.32	7,363.19	Total Gross	14,843.93	245,439.98
Dental - EE			8.72	226.72	Deductions	3,880.63	68,886.84
EPO - EE			89.78	2,331.30	Net Pay	10,963.30	176,553.14
Prem Discount			15.38	399.88			
Total			528.44	9,521.33	Co. Paid Benefits	Current	YTD
After-Tax Deductions			Current	YTD	401(k) EE	445.32	7,363.19
EE Vol AD&D			5.34	138.84	EE Health	145.20	3,778.18
UNUM Accident			6.88	178.88	EE Insurance	31.41	808.34
Telecom Reimb				875.00	Total	621.93	11,949.71
Total			12.22	557.28	Entitlement Hours	Taken	Balance
					Scantron PTO	112.00	120.00

## Gross Monthly Income

## Base Income

## Self Employed

## Overtime

## Bonuses

## Commissions

## Dividends/Interest

## Other

## Sub Total

## Net Rental

## Subject Net Cash

## Total

## Borrower

Borrower Started August 1, 2017

# Earnings Statement

Period Begin: 12/03/2017  
Period End: 12/16/2017  
Pay Date: 12/22/2017

Employee Name:  
Employee ID:  
Personnel Area: 0156 STS - Home  
Cost Center: 760397

Taxable Marital Status: Federal  
Exemptions / Allowances: Single  
Additional Amount: 00  
Base Rate: 0.00  
5,000.00

Earnings	Hours	Rate	Current	YTD	Taxes	Current	YTD
Salary			5,000.00	65,000.00	Taxable Wages	11,276.26	98,270.17
Commission - Ea			6,684.86	36,489.75	Federal		
GROSS PAY			11,684.86	101,489.75	Withholding	2,662.11	22,589.81
EE CTLI Taxable			22.29	245.19	EE Soc Sec	720.86	6,253.62
					EE Medicare	168.59	1,462.54
					Total	3,551.56	30,305.97
Before-Tax Deductions			Current	YTD	Summary	Current	YTD
401(k) EE			350.55	2,594.71	Total Gross	11,684.86	101,489.75
Dental - EE			8.72	94.67	Deductions	3,994.67	33,899.82
EPO - EE			87.00	944.57	Net Pay	7,690.19	67,589.93
Prem Discount			15.38	169.18			
Total			430.85	3,464.77	Co. Paid Benefits	Current	YTD
After-Tax Deductions			Current	YTD	401(k) EE	350.55	2,594.71
EE Vol AD&D			5.34	53.40	EE Health	147.98	1,606.64
UNUM Accident			6.88	75.68	EE Insurance	29.75	327.25
Total			12.22	129.08	Total	528.28	4,528.60
					Entitlement Hours	Taken	Balance
					Scantron PTO	8.00	104.00

# Calculation from W2's & Paystub

- Sam's current salary is \$35,400 →

	'17	'18	'19
W-2	\$28,897	\$30,250	* See pay stub
* YTD pay stub as of 12/15/19 - \$33,925			

- Sally works as a school nurse and works from Sept 1st- June 30th earning \$802 every two weeks.
- She also receives child support for \$500 per month that will continue for 10 years.

## What is the qualifying monthly income?

Gross Monthly Income			
		Borrower	
Base Income			
Self Employed			
Overtime			
Bonuses			
Commissions			
Dividends/Interest			
Other			
Sub Total			
Net Rental			
Subject Net Cash			
Total			

Gross Monthly Income			
		Borrower	
Base Income			
Self Employed			
Overtime			
Bonuses			
Commissions			
Dividends/Interest			
Other			
Sub Total			
Net Rental			
Subject Net Cash			
Total			

# Pay Stub with Prior Year W-2

## Earnings Statement

ANDY AMERICA

Pay Date: 04/29/2019 Company: 02523 - ISDT SERVICES INC Emp #: A0AK  
 Period Start: 04/16/2019 109877 CEDAR SPRINGS DRIVE Dept: 607200 - BCR Support  
 Period End: 04/30/2019 KINGWOOD, TX 75035 (281) 344-2000 Pay Basis: Salary

Earnings	Rate	Hours/Units	Current Period	Year to Date
Regular			2,854.16	8,562.48
<b>Gross Pay</b>			<b>2,854.16</b>	<b>8,562.48</b>

## W/H Taxes

(H/1) Federal W/H	471.72	1,415.16
Medicare	41.39	124.17
Social Security	176.96	530.88

## Deductions

None	0.00	0.00
<b>Net Pay</b>	<b>2,164.09</b>	<b>6,492.27</b>

Voucher No.: 24437855DD

## Net Pay Distribution

Direct Deposit Net Check	2,164.09	6,492.27 A/C:4152
--------------------------	----------	-------------------

## Employee Benefits

	YTD Taken	Available
Sick Hours	1.67	5.01
Vacation Hours	3.34	10.02

<b>a</b> Employee's SSN 999-60-3333		<b>b</b> Employer ID No. (EIN) 76-0689359		OMB No. 1545-0008	
<b>c</b> Employer's name, address, and ZIP code ISDT SERVICES INC.  109877 CEDAR SPRINGS DRIVE KINGWOOD TX 77339		<b>1</b> Wgs, tips, other comp 63598.81	<b>2</b> Fed inc tax withheld 12748.87	<b>3</b> Social security wages 64528.83	<b>Form W-2</b> <b>Wage and Tax Statement</b> <b>2018</b>  Copy B To Be Filed with Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service.
		<b>4</b> SS tax withheld 4000.73	<b>5</b> Medicare wages & tips 64528.83	<b>6</b> Medicare tax withheld 935.65	
		<b>7</b> Social security tips	<b>8</b> Allocated tips	<b>9</b>	
<b>d</b> Control No.		<b>10</b> Depdnt care benefits	<b>11</b> Nonqualified plans	<b>12a</b> D   930.02	
<b>e</b> Employee's name, address, and ZIP code ANDY AMERICA 12302 BRUNSWICK DRIVE FRISCO TX 75035		<b>13</b> Statutory employee <input type="checkbox"/>	<b>14</b> Other	<b>12b</b> DE   4173.16	
		Retirement plan <input checked="" type="checkbox"/>		<b>12c</b>	
		Third-party sick pay <input type="checkbox"/>		<b>12d</b>	
<b>15</b> State	Employer's state ID number	<b>16</b> State wages, tips, etc	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc	<b>19</b> Local income tax
				<b>20</b> Locality name	

Department of the Treasury — IRS

# Calculation from Tax Returns

Eli receives \$35,000 in taxable social security income as per his 2018 tax returns. His application states he is 42 years old with no dependents.

Calculate the monthly **social security income ONLY** for Eli. Do you have to do anything special?

Form 1040 (2018) Page **2**

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

<b>1</b>	Wages, salaries, tips, etc. Attach Form(s) W-2	<b>1</b>	10000
<b>2a</b>	Tax-exempt interest	<b>2b</b>	
<b>3a</b>	Qualified dividends	<b>3b</b>	
<b>4a</b>	IRAs, pensions, and annuities	<b>4b</b>	
<b>5a</b>	Social security benefits	<b>5b</b>	20000
<b>6</b>	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	<b>6</b>	30000
<b>7</b>	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6	<b>7</b>	30000
<b>8</b>	Standard deduction or itemized deductions (from Schedule A)	<b>8</b>	12000
<b>9</b>	Qualified business income deduction (see instructions)	<b>9</b>	
<b>10</b>	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-	<b>10</b>	18000
<b>11</b>	<b>a</b> Tax (see inst.) 4000 (check if any from: <b>1</b> <input type="checkbox"/> Form(s) 8814 <b>2</b> <input type="checkbox"/> Form 4972 <b>3</b> <input type="checkbox"/> )	<b>11</b>	4000
	<b>b</b> Add any amount from Schedule 2 and check here <input type="checkbox"/>		

**Standard Deduction for —**

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000

<b>Non Taxable Income</b>	<b>Type of income</b>	<b>0</b>
---------------------------	-----------------------	----------

<input type="checkbox"/>	Monthly check or Direct Deposit	\$ -	Income
<input type="checkbox"/>	Income from 1099	\$ -	Income
	Annual amount of income not subject to tax (Income not on tax transcripts)		
\$ -	Additional Non taxable Income to be used for qualifying (Income not taxed x125%)		
\$ -	Total Non Taxable Income		

<b>Total Income to Qualify</b>	<b>\$ -</b>
--------------------------------	-------------

# Calculation from VOE

Income	'17	'18	'19ytd *
– Base	\$50,000	\$53,000	\$12,500
– Commission	\$0	\$0	\$35,000

\*Y-T-D-2018 through 6/30/19

– Assume it is currently 6/30/19!

Donovan's pay structure changed 1/1/19 to base plus commission-New Annual Salary is \$25000

What is the qualifying monthly income?

Base Income			
Self Employed			
Overtime			
Bonuses			
Commissions			
Dividends/Interest			
Other			
Sub Total			
Net Rental			
Subject Net Cash			
Total			



# Fannie Mae Website

The screenshot displays the Fannie Mae website's 'Originating & Underwriting' section. The top navigation bar includes the Fannie Mae logo, a search bar, and links for 'Login' and 'Accessibility'. The main navigation menu features tabs for 'Single Family', 'Multifamily', 'Originating & Underwriting' (which is highlighted), 'Pricing & Execution', 'Delivering', 'Servicing', 'Training', and 'Technology'. On the left, there are links for 'Ask Pol' and 'Ameri', and a 'READ' button. The central hero section is titled 'Originating & Underwriting' and states: 'We provide information, training, job aids, and more to assist in originating loans for sale to Fannie Mae.' Below this, there are two columns of content. The 'Most Popular' column lists 'Selling Guide updated', 'Mortgage Products and Options', 'Condo, Co-op and PUD Project Eligibility', and 'Day 1 Certainty', with a 'Sign Up for Email Updates' button at the bottom. The 'Technology Applications & Tools' column includes a link to 'See Technology tab for full list.' and a grid of tool links: 'Collateral Underwriter', 'Condo Project Manager', 'Credit Variance Administration System', 'Desktop Originator', 'Desktop Underwriter', 'DU Validation Service', 'EarlyCheck', 'Fannie Mae Connect', 'Home Counselor Online', 'Loan Quality Connect', 'Uniform Collateral Data Portal (UCDP)', and 'Technology Integration'.

<https://www.fanniemae.com/singlefamily/index>

**Originating & Underwriting**

We provide information, training, job aids, and more to assist in originating loans for sale to Fannie Mae.

**Most Popular**

- Selling Guide **updated**
- Mortgage Products and Options
- Condo, Co-op and PUD Project Eligibility
- Day 1 Certainty

[Sign Up for Email Updates](#)

**Technology Applications & Tools**

See Technology tab for full list.

<a href="#">Collateral Underwriter</a>	<a href="#">Condo Project Manager</a>	<a href="#">Credit Variance Administration System</a>	<a href="#">Desktop Originator</a>
<a href="#">Desktop Underwriter</a>	<a href="#">DU Validation Service</a>	<a href="#">EarlyCheck</a>	<a href="#">Fannie Mae Connect</a>
<a href="#">Home Counselor Online</a>	<a href="#">Loan Quality Connect</a>	<a href="#">Uniform Collateral Data Portal (UCDP)</a>	<a href="#">Technology Integration</a>

<http://fanniemae.com/portal/index.html>



# Fannie Mae Selling Guide

[Originating & Underwriting](#) [Pricing & Execution](#) [Delivering](#) [Servicing](#) [Training](#) [Technology](#)

## Originating & Underwriting

We provide information, training, job aids, and more to assist in originating loans for sale to Fannie Mae.

## Selling Guide

Published December 4, 2019

[Table of Contents](#)

### Part B: Origination Through Closing

This part provides the requirements for originating conventional and government loans for sale to Fannie Mae.

#### Most Popular

- [Selling Guide updated](#)
- [Mortgage Products and Options](#)
- [Condo, Co-op and PUD Project Eligibility](#)
- [Day 1 Certainty](#)


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#### Technology

See Tech

- [Collateral](#)
- [Desktop](#)
- [Home C](#)
- [Technol](#)

Search guide content



#### B1: Loan Application Package

This subpart describes the documentation required in application packages for loans to be delivered to Fannie Mae. It describes the allowable [More...](#)

##### B1-1: Application Package Documentation

This chapter describes the documents that must be included in the loan application package, and provides a sample Blanket Authorization [More...](#)

#### B2: Eligibility

This subpart describes Fannie Mae's mortgage, borrower, and property eligibility policies and occupancy type requirements.

##### B2-1: Mortgage Eligibility

This chapter explains the requirements related to mortgage eligibility.

- [B2-1-01: Occupancy Types \(05/01/2019\)](#)

[Collapse All](#) [Expand All](#)

#### B5: Unique Eligibility and Underwriting Considerations

This subpart contains unique eligibility and underwriting considerations pertaining to certain loan, property, and financing types.

##### B5-1: High-Balance Mortgage Loans

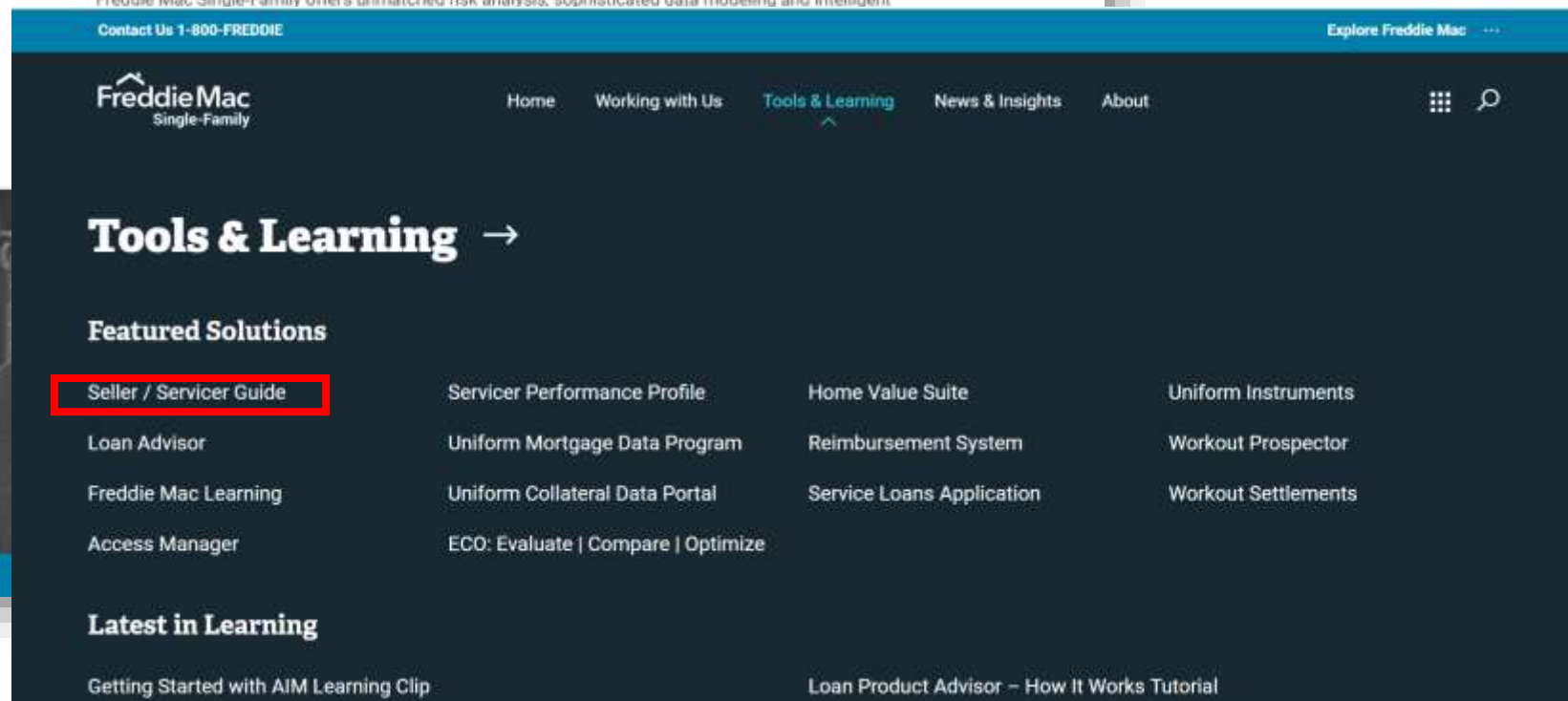
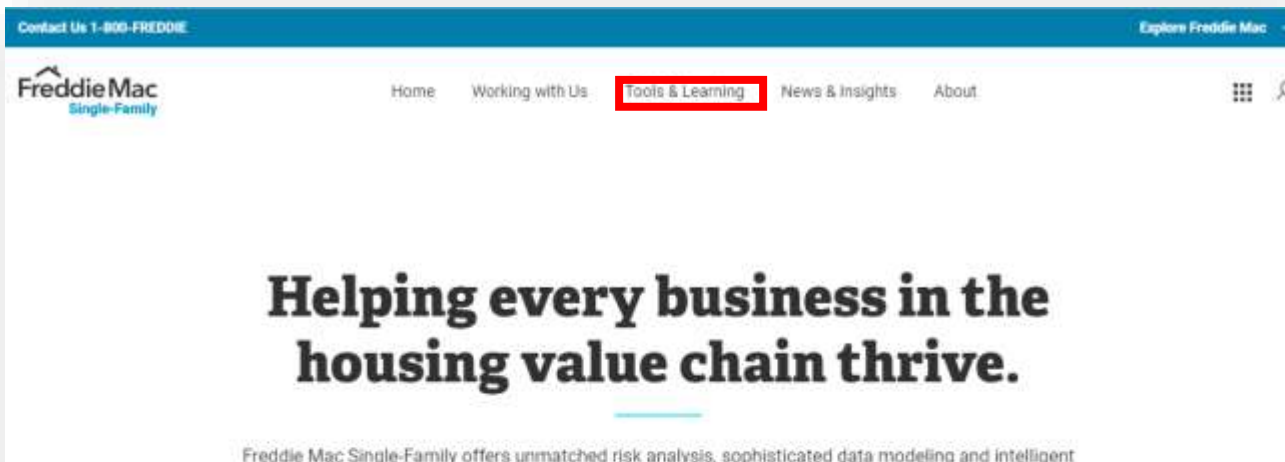
This chapter describes the policies and requirements related to high-balance mortgage loans.

##### B5-2: Manufactured Housing

This chapter describes the requirements for originating and underwriting mortgage loans secured by manufactured housing.

- [B5-2-01: Manufactured Housing \(12/04/2018\)](#)

This topic contains information on manufactured housing, including:
- [B5-2-02: Manufactured Housing Loan Eligibility \(06/05/2018\)](#)



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Calendar

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Borrower  
Calculators

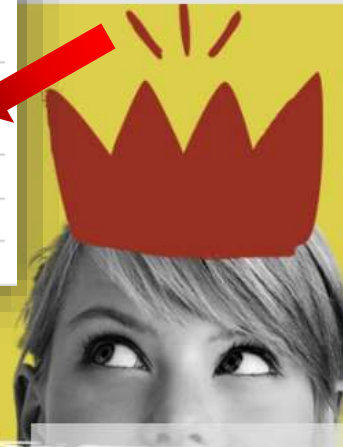
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	Mortgage Professional		Loan Officer		Loan Processor		Underwriter
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### Featured Series and



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 <b>Fannie Mae Form 1084 Calculator (2017-2018)</b> Calculator and analysis tool to help you complete Fannie Mae Form 1084. UPDATED	 <b>Freddie Mac Form 91 Calculator (2017-2018)</b> Quick reference guide and income analysis for Freddie Mac Form 91. UPDATED	 <b>Freddie Mac Form 92 Calculator (2017-2018)</b> Form 92 Rent Rental Income Calculations - Schedule E. UPDATED
 <b>Schedule Analysis Method (SAM) Calculator (2017-2018)</b> Calculate qualifying income from tax returns. UPDATED	 <b>Rental Income Calculator (2017-2018)</b> Assists in calculating rental income from IRS Form 1040 Schedule E. UPDATED	 <b>Current Ratio - Liquidity Calculator (2018)</b> Calculate working capital liquidity against number. UPDATED
 <b>Quick Ratio - Liquidity Calculator (2017-2018)</b> Calculate an organization's liquidity against current liabilities. UPDATED	 <b>Fannie Mae Rental Guide (Calculator 1037)</b> Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2-4 unit Property). UPDATED	 <b>Fannie Mae Rental Guide (Calculator 1039)</b> Worksheet for calculating qualifying rental income for Fannie Mae Form 1039 (Individual Rental Income from Property). UPDATED
 <b>Fannie Mae Rental Guide (Calculator 1039)</b> Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property). UPDATED	 <b>Fannie Mae Form 1088 Cheat Sheet (2017-2018)</b> Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088). UPDATED	 <b>Fannie Mae Comparative Analysis Form (Form 1088)</b> Calculate increases/decreases in gross income, net income. UPDATED
 <b>Income Calculation Worksheet</b> Use this form to calculate income. UPDATED		

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Income Calculation Tools and Reference Guides

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### What's New

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Valuable income calculation tools and reference guides for calculating self-employed borrower income.



Schedule Analyst Method (SAM) Calculator (2017-2018)   Fannie Mae Form 1084 Calculator (2017-2018)   Freddie Mac Form 91 Calculator (2017-2018)  
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- **Your Genworth Sales  
Representative**



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