

Income Series: Review and Calculate Base Income

January 2019



Agenda

What we will cover

- ATR
- The Mortgage Application 1003
- Verifying Employment History
- Verifying Employment Income
 - Verification of Employment (1005)
 - Paystubs
 - W2's
 - Verbal Verification of Employment (VVOE)
 - 4506T
- Fannie Mae & Freddie Mac References
- Genworth Website
- Helpful tools

Ability-to-Repay (ATR) Rule

Key concepts of the rule:

- *The creditor must make a reasonable and good faith determination that the consumer has the ability to repay the loan.*
 - Mortgage borrowers must provide ample financial documentation; lenders must verify the documents.
 - In order to be approved for a particular home loan, the borrower must have sufficient income and assets to repay the loan.

The Mortgage Application 1003/65

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to applicable law and the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower		Co-Borrower	
I. TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> Conventional <input type="checkbox"/> Other (explain):	Agency Case Number	Lender Case Number
	<input type="checkbox"/> USDA/Rural Housing Service		
Amount \$	Interest Rate %	No. of Months	Amortization Type: <input type="checkbox"/> Fixed Rate <input type="checkbox"/> Other (explain): <input type="checkbox"/> ARM (type):

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state & ZIP)	No. of Units
Legal Description of Subject Property (attach description if necessary)	Year Built

Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain):	Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment
<input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent	

Complete this line if construction or construction-permanent loan.					
Year Let Acquired	Original Cost	Amount Existing Loan	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
\$	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.					
Year Acquired	Original Cost	Amount Existing Loan	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
\$	\$	\$		Cost: \$	

Title will be held in what name(s)	Manner in which Title will be held	Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)		

III. BORROWER INFORMATION

Borrower				Co-Borrower			
Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School
<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Co-Borrower)	<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Borrower)				
Present Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> No. Yrs.	Present Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> No. Yrs.				
Mailing Address, if different from Present Address		Mailing Address, if different from Present Address					

If residing at present address for less than two years, complete the following:			
Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> No. Yrs.	Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> No. Yrs.

IV. EMPLOYMENT INFORMATION

Borrower		Co-Borrower	
Name & Address of Employer	<input type="checkbox"/> Self Employed <input type="checkbox"/> Yrs. on this job <input type="checkbox"/> Yrs. employed in this line of work/profession	Name & Address of Employer	<input type="checkbox"/> Self Employed <input type="checkbox"/> Yrs. on this job <input type="checkbox"/> Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier

Agency Case No.

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix)	Social Security Number (or Individual Taxpayer Identification Number)
Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)	Date of Birth (mm/dd/yyyy) <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien

<input type="radio"/> I am applying for individual credit.	List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix)
<input type="radio"/> I am applying for joint credit. Total Number of Borrowers: Each Borrower intends to apply for joint credit. Your Initials:	

Marital Status: <input type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried*	Dependents (not listed by another Borrower) Number: Ages:	Contact Information: Home Phone: Call Phone: Work Phone: Ext:
*Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship		Email:

Current Address			
Street	State	Zip	Country
City	State	Zip	Country
How Long at Current Address?	Years	Months	<input type="radio"/> Own <input type="radio"/> Rent (\$/month) <input type="radio"/> No primary housing expense

If at Current Address for LESS than 2 years, list Former Address <input type="checkbox"/> Does not apply			
Street	State	Zip	Country
City	State	Zip	Country
How Long at Former Address?	Years	Months	<input type="radio"/> Own <input type="radio"/> Rent (\$/month) <input type="radio"/> No primary housing expense

Mailing Address - if different from Current Address <input type="checkbox"/> Does not apply			
Street	State	Zip	Country
City	State	Zip	Country

Military Service - Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces? <input type="radio"/> NO <input type="radio"/> YES	
If YES, check all that apply: <input type="checkbox"/> Currently serving on active duty with projected expiration date of service/tour: / (mm/yyyy) <input type="checkbox"/> Currently retired, discharged, or separated from service <input type="checkbox"/> Only period of service was as a non-activated member of the Reserve or National Guard <input type="checkbox"/> Surviving spouse	

1b. Current Employment/Self Employment and Income ☐ Does not apply

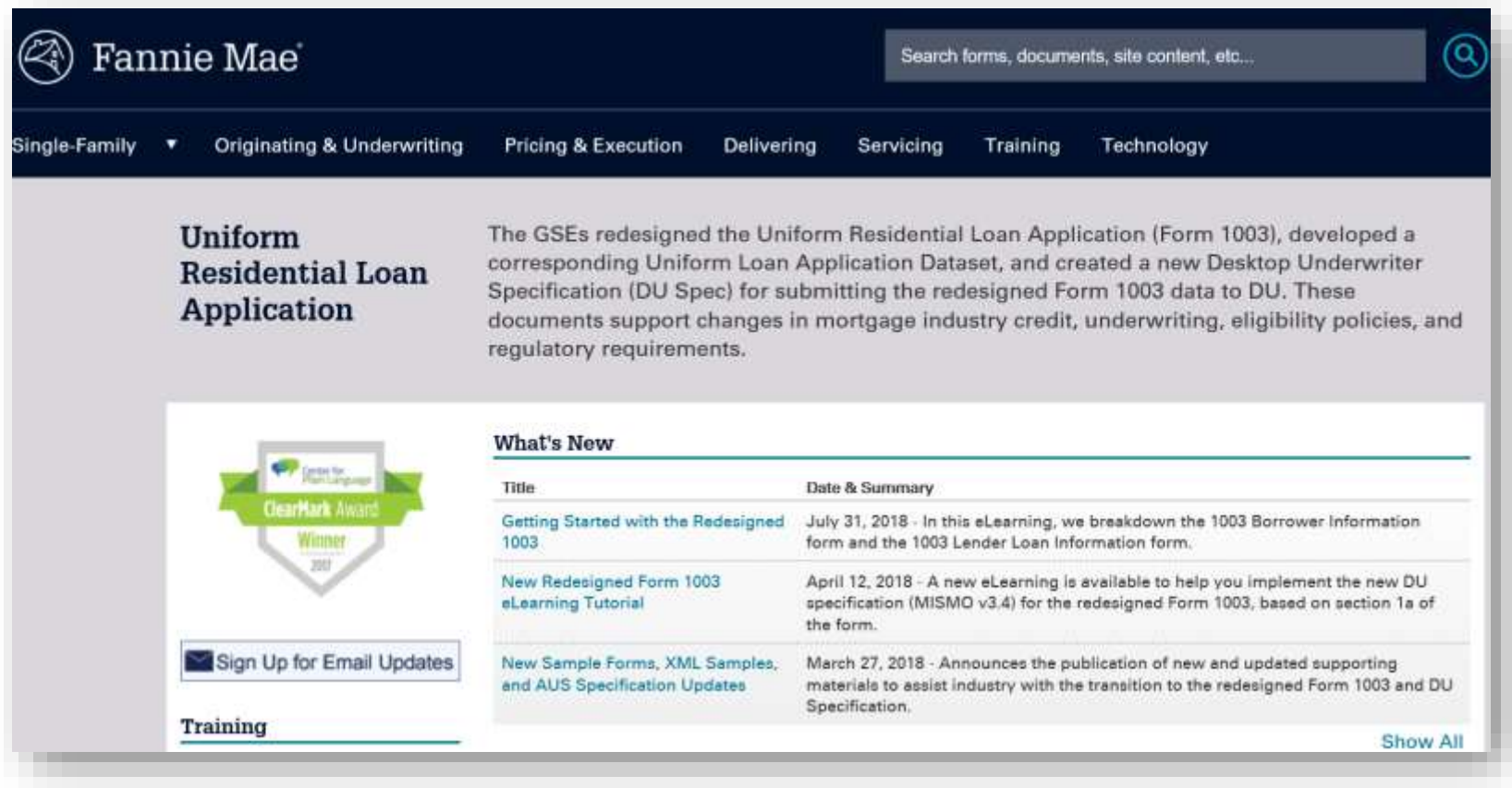
Employer or Business Name	Phone	Gross Monthly Income
Address		Base \$/month
City	State	Overtime \$/month
	Zip	Bonus \$/month
Position or Title	Commission \$/month	Military Enlistment \$/month
Start Date (mm/yyyy)	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Other \$/month
How long in this line of work? Years Months	<input type="checkbox"/> Check if you are the Business <input type="checkbox"/> I have an ownership share of less than 25%. Monthly Income (or Loss)	TOTAL \$/month
Owner or Self-Employed <input type="checkbox"/> I have an ownership share of 25% or more.		

URLA Page

The screenshot shows the Freddie Mac website's 'Single-Family Business' section. The top navigation bar includes 'Freddie Mac Home', 'Single-Family' (highlighted), 'Multifamily', and 'Capital Markets', along with a search bar. The Freddie Mac logo and 'Single-Family Business' text are prominently displayed. A left sidebar lists various services: 'Become a Freddie Mac Seller/Servicer', 'Originate and Underwrite', 'Sell and Deliver', 'Affordable Lending', 'Access Manager', 'Loan Advisor Suite', 'Duty to Serve', and 'Uniform Mortgage Data Program (UMDP)'. The main content area features a headline 'Uniform Residential Loan Application & Uniform Loan Application Dataset' dated 'September 18, 2018'. Below this, a sub-headline reads 'GSEs Publish New Sample Forms, XML Samples, and AUS Specification Updates in Support of the Redesigned Form 1003/Form 65'. The accompanying text states that as a follow-up to the publication of the final redesigned Uniform Residential Loan Application (Freddie Mac Form 65) in December, Freddie Mac and Fannie Mae (the GSEs) have published new and updated supporting documents. It mentions that new refinance and purchase use cases, along with completed Form 65 and XML sample files, are now available to customers, along with updates to joint FAQs, the Loan Product Advisor® specification, mapping documents, and more. A 'Learn More [PDF]' link is provided. To the right, a 'Tutorial: The Redesigned URLA and New ULAD' section includes a 'New' notice encouraging users to watch a recorded tutorial about the redesigned URLA and ULAD, explaining the differences and preparation steps for July 1, 2019, with a 'Watch here' link. At the bottom right, there is a 'ClearMark Award' badge from the 'Center for Plain Language'.

<http://www.freddiemac.com/singlefamily/sell/ulad.html>

URLA Page



The screenshot shows the Fannie Mae website's URLA (Uniform Residential Loan Application) page. The header features the Fannie Mae logo and a search bar. The navigation menu includes links for Single-Family, Originating & Underwriting, Pricing & Execution, Delivering, Servicing, Training, and Technology. The main content area is titled "Uniform Residential Loan Application" and describes the redesign of Form 1003. A "What's New" section lists recent updates, including eLearning tutorials and sample forms. A "Training" section is also visible, featuring a "ClearMark Award Winner 2017" badge and a "Sign Up for Email Updates" button.


Fannie Mae

Search forms, documents, site content, etc...

Single-Family ▾ Originating & Underwriting Pricing & Execution Delivering Servicing Training Technology

Uniform Residential Loan Application

The GSEs redesigned the Uniform Residential Loan Application (Form 1003), developed a corresponding Uniform Loan Application Dataset, and created a new Desktop Underwriter Specification (DU Spec) for submitting the redesigned Form 1003 data to DU. These documents support changes in mortgage industry credit, underwriting, eligibility policies, and regulatory requirements.



Sign Up for Email Updates

Training

What's New

Title	Date & Summary
Getting Started with the Redesigned 1003	July 31, 2018 - In this eLearning, we breakdown the 1003 Borrower Information form and the 1003 Lender Loan Information form.
New Redesigned Form 1003 eLearning Tutorial	April 12, 2018 - A new eLearning is available to help you implement the new DU specification (MISMO v3.4) for the redesigned Form 1003, based on section 1a of the form.
New Sample Forms, XML Samples, and AUS Specification Updates	March 27, 2018 - Announces the publication of new and updated supporting materials to assist industry with the transition to the redesigned Form 1003 and DU Specification.

[Show All](#)

<https://www.fanniemae.com/singlefamily/uniform-residential-loan-application>

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier _____ Agency Case No. _____

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information

1a. Personal Information

Name (First, Middle, Last, Suffix) _____

Alternate Names – List any names under which credit was previously received _____

- ☐ I am applying for individual credit.
☐ I am applying for joint credit. If each Borrower intends to apply _____

Marital Status: ☐ Married ☐ Separated ☐ Unmarried ☐ Dependent _____

*Single, Divorced, Widowed, Civil Union, Reciprocal Beneficiary Relationship _____

Current Address: Street _____ City _____ How Long at Current Address? _____

If at Current Address for LESS than _____ City _____ How Long at Former Address? _____

Mailing Address – if different from Current Address: Street _____ City _____

Military Service – Did you for your service? ☐ YES, check all that apply: ☐ Civil ☐ Naval ☐ Air ☐ Marine ☐ Other _____

1b. Current Employment/Self-Employment

Employer or Business Name _____ Address _____ City _____

Position or Title _____ Start Date _____ (mm/yyyy)

How long in this line of work? _____ Years _____ Months _____

☐ Check if you are the Business Owner or Self-Employed _____

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier _____ Agency Case No. _____

Uniform Residential Loan Application — Additional Borrower

Verify and complete the information on this application as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix) _____

Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) _____

- ☐ I am applying for individual credit.
☐ I am applying for joint credit. Total Number of Borrowers: _____

Each _____

Marital Status: ☐ Married ☐ Separated ☐ Unmarried ☐ Dependent _____

*Single, Divorced, Widowed, Civil Union, Reciprocal Beneficiary Relationship _____

Current Address: Street _____ City _____ How Long at Current Address? _____

If at Current Address for LESS than _____ City _____ How Long at Former Address? _____

Mailing Address – if different from Current Address: Street _____ City _____

Military Service – Did you for your service? ☐ YES, check all that apply: ☐ Civil ☐ Naval ☐ Air ☐ Marine ☐ Other _____

1b. Current Employment/Self-Employment

Employer or Business Name _____ Address _____ City _____

Position or Title _____ Start Date _____ (mm/yyyy)

How long in this line of work? _____ Years _____ Months _____

☐ Check if you are the Business Owner or Self-Employed _____

Social Security Number _____ (for Individual Taxpayer Identification Number)

Date of Birth _____ (mm/dd/yyyy) ☐ U.S. Citizen ☐ Permanent Resident Alien ☐ Non-Permanent Resident Alien

List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix) _____

Uniform Residential Loan Application — Unmarried Addendum

For Borrower Selecting the Unmarried Status

Lenders Instructions for Using the Unmarried Addendum

The Lender may use the Unmarried Addendum only when a Borrower selected "Unmarried" in Section 1 and the information necessary to determine how State property laws directly or indirectly affecting creditworthiness apply, including ensuring

For example, the Lender may use the Unmarried Addendum when the Borrower resides in a State that recognizes civil partnerships, or registered reciprocal beneficiary relationships or when the property is located in such a State. "State" includes District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

If you selected "Unmarried" in Section 1, is there a person who is not your legal spouse but who currently has real property with those of a legal spouse? ☐ NO ☐ YES

If YES, indicate the type of relationship and the State in which the relationship was formed. For example, civil union, domestic partnership, registered reciprocal beneficiary relationship, or other relationship recognized currently reside or where the property is located.

☐ Civil Union ☐ Domestic Partnership ☐ Registered Reciprocal Beneficiary Relationship ☐ Other (explain) _____ State: _____

Employer or Business Name _____	Phone () _____	Gross Monthly Income _____
Address _____	City _____ State _____ Zip _____	Base _____
Position or Title _____	Start Date _____ (mm/yyyy)	Overtime _____
How long in this line of work? _____ Years _____ Months _____	<input type="checkbox"/> Check if this statement applies: I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Bonus _____
<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.	Commission _____
Monthly Income (or Loss) _____	TOTAL _____	Military _____
		Other _____

Uniform Residential Loan Application — Additional Borrower
Fannie Mae Form 65 – Fannie Mae Form 1003
Revised 09/2016 – NOT FOR CURRENT USE

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier _____ Agency Case No. _____

Uniform Residential Loan Application — Lender Loan Information

This section is completed by your Lender.

1.1. Property and Loan Information

Community Property State
☐ At least one borrower lives in a community property state.
☐ The property is in a community property state.

Transaction Detail
☐ Conversion of Contract for Deed or Land Contract
☐ Renovation
☐ Construction-Conversion/Construction-to-Permanent
☐ Single-Closing ☐ Two-Closing
Construction/Improvement Costs \$ _____
Lot Acquired Date _____ (mm/yyyy)
Original Cost of Lot \$ _____

Project Type ☐ Condominium ☐ Co-op

1.2. Title Information

Title to the Property Will be Held in What Name _____

Refinance Type
☐ No Cash Out
☐ Limited Cash Out
☐ Cash Out

Refinance Program
☐ Full Documentation
☐ Interest Rate Reduction
☐ Streamlined without Appraisal
☐ Other _____

Energy Improvement _____

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier _____ Agency Case No. _____

Uniform Residential Loan Application — Continuation Sheet

Continuation Sheet Use this continuation sheet if you need more space to complete the Uniform Residential Loan Application.
Borrower Name (First, Middle, Last, Suffix) _____
Additional Information _____

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application.

Instructions: You may select one or more "Hispanic or Latino" origins and one or more designations for "Race." If you do not wish to provide some or all of this information, select the applicable check box.

Ethnicity

- ☐ Hispanic or Latino
☐ Mexican ☐ Puerto Rican ☐ Cuban
☐ Other Hispanic or Latino – Enter origin: _____

Examples: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, etc.

- ☐ Not Hispanic or Latino
☐ I do not wish to provide this information

Sex

- ☐ Female
☐ Male
☐ I do not wish to provide this information

Race

☐ American Indian or Alaska Native – Enter name of enrolled or principal tribe: _____

☐ Asian

- ☐ Asian Indian ☐ Chinese ☐ Filipino
☐ Japanese ☐ Korean ☐ Vietnamese
☐ Other Asian – Enter race: _____

Examples: Hmong, Laotian, Thai, Pakistani, Cambodian, etc.

☐ Black or African American

☐ Native Hawaiian or Other Pacific Islander

- ☐ Native Hawaiian ☐ Guamanian or Chamorro ☐ Samoan
☐ Other Pacific Islander – Enter race: _____

Examples: Fijian, Tongan, etc.

☐ White

☐ I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

Was the ethnicity of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
Was the sex of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
Was the race of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES

The Demographic Information was provided through:

- ☐ Face-to-Face Interview (includes Electronic Media w/ Video Component) ☐ Telephone Interview ☐ Fax or Mail ☐ Email or Internet

<https://www.fanniemae.com/singlefamily/uniform-residential-loan-application>

Verifying Employment History

Two year history is required on the 1003 for all applicants

- Spell out the full, complete business name and address.
- Correctly identify type of employment:
 - Does the borrower receive a W2 or 1099?
 - If the borrower owns 25% or more of the business, they are self-employed.
 - Note- A borrower may be self-employed and get a W2 from that business.
- Years on job and employed in line of work will be compared to job title and credit report.
- Title/Type of Business should convey enough information to:
 - Convey what duties the borrower performs.

Borrower		IV. EMPLOYMENT INFORMATION	
Name & Address of Employer USA Trucking 2 Corporate Center Raleigh, NC 27615		<input type="checkbox"/> Self Employed Yrs. on this job 8 Yrs. employed in this line of work/profession 18	Name & Address of Employer
Position/Title/Type of Business Sales Rep	Business Phone (incl. area code) 919-555-1212	Position/Title/Type of Business	
<i>If employed in current position for less than two years or if currently employed in more than one position, complete the following:</i>			

Is the Borrower Self Employed?

Verifying Employment History

*** New**

1b. Current Employment/Self Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name _____ Phone (____) ____ - ____ *		Gross Monthly Income Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month TOTAL \$ _____ /month
Address _____		
City _____ State _____ Zip _____		
Position or Title _____ *	Check if this statement applies: <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.	Monthly Income (or Loss) \$ _____	

Enter the Employer's main number. Do NOT list the borrower's personal work phone number that was collected in Section 1a.

Verifying Non-Employment Income

*** New**

1e. Income from Other Sources

☐ Does not apply

*** Include income from other sources below. Under Income Source, choose from the sources listed here:**

• Alimony	• Child Support	• Interest and Dividends	• Mortgage Differential	• Royalty Payments	• Unemployment
• Automobile Allowance	• Disability	• Notes Receivable	• Payments	• Separate Maintenance	• Benefits
• Boarder Income	• Foster Care	• Public Assistance	• Retirement	• Social Security	• VA Compensation
• Capital Gains	• Housing or Parsonage	• Mortgage Credit Certificate	(e.g., Pension, IRA)	• Trust	• Other

NOTE: Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.

Income Source – use list above	Monthly Income
<div>▼</div>	\$
<div>▼</div>	\$

Verifying Previous Employment History

*** New**

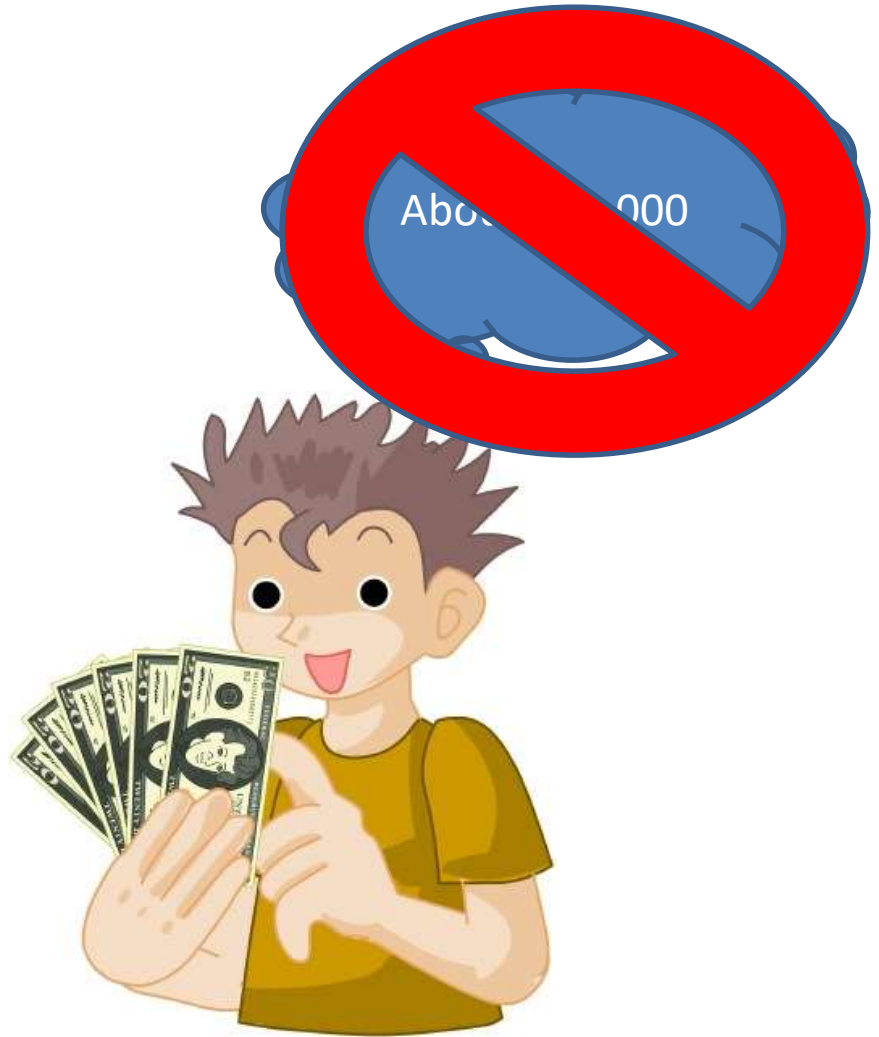
1d. Previous Employment/Self-Employment and Income ONLY IF your Current Employment is LESS than 2 years.		<input type="checkbox"/> Does not apply
Employer or Business Name _____	<input type="checkbox"/> Check if you were the Business Owner or Self-Employed	Previous Gross Monthly Income
Address _____		\$ _____
City _____ State <input type="text"/> Zip _____		
Position or Title _____		
Start Date ____ / ____ (mm/yyyy) End Date ____ / ____ (mm/yyyy)		

Verifying Employment Income

What Not to Ask-

“How Much Do You Make?”

\$39,850!!



Verifying Employment Income

The Interview- Let's talk about how you get paid...

Do you Receive an Annual Salary?

Are you Paid by the Hour?

- If yes, what is your hourly rate?
- How many hours do you work per week?
 - Are your hours scheduled or per diem?
 - Do the amount of hours vary week-to-week?
 - Do you work year round or is your position seasonal?

Do you Receive any Commission Or Bonus Income?

- If yes, have you received it for the past two years? Has it declined? Do you expect to continue receiving it?

Income Calculation

Annual	Salary/ 12 months
Weekly- Every Week	Weekly Base x 52 / 12 months
Bi-Weekly- Every Two Weeks	Bi-Weekly Base x 26/ 12 months
Bi-Monthly- Twice a Month	Bi-Monthly Base x 2
Hourly- Per Hours Worked	Hourly Rate x # of Hours Per Week x 52/ 12 months
Pier Diem, Commissions, OT...	Average over 24 month Period



Always show your work!

Monthly Income

V. MONTHLY INCOME AND COMBINED HO			
Gross Monthly Income	Borrower	Co-Borrower	Total
→ Base Empl. Income*	\$ 5,166.00	\$	\$ 5,166.00
Overtime			0.00
Bonuses			0.00
→ Commissions	2,666.00		2,666.00
Dividends/Interest			0.00
Net Rental Income			0.00
Other (before completing, see the notice in "describe other income," below)			0.00
Total	\$ 7,832.00	\$ 0.00	\$ 7,832.00

Self Employed income (25% or more ownership of business) would be entered as Base Income but the indicator must be checked in the employment ☐ Self Employed

Verifying the Qualifying Income

A minimum history of two years of employment is recommended. However, in certain circumstances income that has been received for a shorter period of time may be acceptable. Each file is reviewed individually.

Base Pay (Salary and Hourly)

Obtain the following documents:

- A Completed Verification of Employment (Form 1005) or
- The Borrower's Recent Paystub & W-2 Forms (covering the most recent two-year period). A 1005 may be required to document the income types included on the W2.
 - The paystub must be dated no earlier than 30 days prior to the initial loan application and it must include all y-t-d earnings.
 - They must be computer generated or typed by the employer.
- A Verbal Verification of Employment (VVOE)
- Fannie Mae & Freddie Mac require lenders to have each borrower (regardless of income source) complete and sign a separate IRS Form 4506-T at or before closing.

Verification of Employment-1005

Part II – Verification of Present Employment

9. Applicant's Date of Employment 08/22/2012		10. Present Position Customer Service		11. Probability of Continued Employment None -See Below	
12A. Current Gross Base Pay (Enter Amount and Check Period) <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Hourly <input type="checkbox"/> Monthly <input type="checkbox"/> Other (Specify) \$				13. For Military Personnel Only Pay Grade Type Base Pay \$ Rations \$ Flight or Hazard \$ Clothing \$ Quarters \$ Pro Pay \$ Overseas or Combat \$ Variable Housing Allowance \$	
12B. Gross Earnings				14. If Overtime or Bonus is Applicable, Is Its Continuance Likely? Overtime <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Bonus <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type	Year To Date	Past Year	Past Year	15. If paid hourly – average hours per week 35.7	
Base Pay	\$	\$	\$	16. Date of applicant's next increase NA	
Overtime	\$	\$	\$	17. Projected amount of next pay increase NA	
Commissions	\$	\$	\$	18. Date of applicant's last pay increase 01-01-2013	
Bonus	\$	\$	\$	19. Amount of last pay increase .25 per hour	
Total	\$ 0.00	\$ 0.00	\$ 0.00		
20. Remarks (If employee was off work for any length of time, please indicate time period and reason) Plant scheduled for shut down June 2019					

Written Verification of Employment-1005

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 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?
- 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
- The VOE can be helpful in determining a trend of non-salaried income such as overtime or bonus
- The VOE may be critical explaining why the y-t-d appears inaccurate (medical leave, personal leave, recent pay increase...)
- Verify document does not expire prior to note date (Typically documents valid for four months)

VOE -1005

All of the information on Form 1005 must be legible.

The following fields are optional;

- #11- Probability
- #14- OT & Bonus
- #16- Date of next pay increase
- #17- Projected amount of next pay increase
- #18- Date of last pay increase
- #19 Amount of last pay increase
- #24- Part III- Previous Employment- Reason for leaving

FannieMae

Request for Verification of Employment

Privacy Act Notice: This information is to be used by the agency collecting it or its assignee in determining whether you qualify as a prospective mortgage lender 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 mortgage lender or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 27 (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, 1621 et. seq. (if USDA/FNRH).

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 I or Part II 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)

\$

12B. Gross Earnings

Type	Year To Date	Past Year	Past Year	Reason	\$
Base Pay	\$	\$	\$	Flight or Hazard	\$
Overtime	\$	\$	\$	Clothing	\$
Commissions	\$	\$	\$	Quarters	\$
Bonus	\$	\$	\$	Pro Pay	\$
Total	\$ 0.00	\$ 0.00	\$ 0.00	Overseas or Combat	\$
				Variable Housing Allowance	\$

13. For Military Personnel Only

Pay Grade

Type

Monthly Amount

Base Pay

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 conspiracy or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary, the U.S.D.A., FHHA/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

Examining Pay Stubs

Reminders:

- The borrower's name and SSN# must be consistent with the application (Spelling, middle initial or a JR or III).
- Computer generated, if not the most recent tax return is required and/or a written voe
- 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?

Examining W-2s


			
a Employee's social security number XXX-50-1234		OMB No. 1545-0008 <small>This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.</small>	
b Employer identification number (EIN) 27-1234567		1 Wages, tips, other compensation 5000.00	2 Federal income tax withheld 426.55
c Employer's name, address, and ZIP code Always Watching Security 2 Corporate Drive Dallas TX 75432		3 Social security wages 310.00	4 Social security tax withheld 5000.00
		5 Medicare wages and tips	6 Medicare tax withheld 72.50
		7 Social security tips	8 Allocated tips
d Control number		9 Verification code	10 Dependent care benefits
e Employee's first name and initial Last name John Homeowner 7 Galloping Hill Road Dallas TX 75432		11 Nonqualified plans	12a See instructions for box 12
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	12b
		14 Other	12c
		12d	
f Employee's address and ZIP code			
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.
19 Local income tax	20 Locality name		

Form **W-2** Wage and Tax Statement

Copy C—For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.)

2017

Department of the Treasury—Internal Revenue Service


Safe, accurate, FAST! Use 

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

Verbal VOE (VVOE)



Form 90
Verbal Verification of Employment

Borrower name:

Employer name:

Employer contact:

Employer contact title:

Phone number:

Third party source used to obtain the phone number:

Borrower's current employment status:

Additional information (If applicable):

Verified by: Date:

Title:

Company:

Freddie Mac Single-Family Seller/Service Guide
Rev. 10/27/16 and 12/15/16, eff. 07/06/17

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Page F90-1

<http://freddiemac.com/learn>

Verbal VOE (VVOE)

- The Lender must independently obtain a phone number and, if possible, the employer's address. Sources include:
 - Telephone Book
 - The Internet
 - Directory Assistance
 - The Applicable Licensing Bureau
- The Lender must contact the employer & confirm the borrower's current employment status within 10 business days prior to the note date.
 - If the employer confirms the borrower is on temporary leave, the borrower is considered "employed". See additional guidelines for use and calculation of qualifying income.
- Document the conversation & include the following:
 - Name & Title of the person who confirmed the employment.
 - Name & Title of the person who completed the verification for the employer.
 - Date of the call
 - The source of the phone number

Form 4506-T

There is a new transcript format that better protects taxpayer data. This new format partially masks personally identifiable information. Financial data will remain fully visible to allow for tax preparation, tax representation or income verification. Because the full SSN is masked, the IRS has created an entry for a Customer File Number. A 10-digit Customer File Number is selected by the requester and entered on a new Line 5b of Form 4506-T and 4506T-EZ.

The lender will assign a 10-digit number, for example, a loan number, to the Form 4506-T. The Form 4506-T may be signed and submitted by the taxpayer or signed by the taxpayer and submitted by the lender. The Customer File Number assigned by the requestor on the Form 4506-T will populate on the transcript. The requestor may assign any number except the taxpayer's Social Security number. Once received by the requester, the transcript's Customer File Number serves as the tracking number to match it to the taxpayer.

Form 4506-T (September 2016) Department of the Treasury Internal Revenue Service		Request for Transcript of Tax Return ▶ Do not sign this form unless all applicable lines have been completed. ▶ Request may be rejected if the form is incomplete or illegible. ▶ For more information about Form 4506-T, visit www.irs.gov/form4506t .		OMB No. 1545-1872
Tip. Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at irs.gov and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.				
1a Name shown on tax return. If a joint return, enter the name shown first.		1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)		
2a If a joint return, enter spouse's name shown on tax return.		2b Second social security number or individual taxpayer identification number if joint tax return		
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)				
4 Previous address shown on the last return filed if different from line 3 (see instructions)				
5a If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.				
5b Customer file number (if applicable) (see instructions)				
Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.				
6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶				
a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-L, Form 1120-UF, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days. <input type="checkbox"/>				
b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days. <input type="checkbox"/>				
c Record of Account, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days. <input type="checkbox"/>				
7 Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days. <input type="checkbox"/>				
8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days. <input type="checkbox"/>				
Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.				
9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately. <input type="text"/> / <input type="text"/> / <input type="text"/> - <input type="text"/> / <input type="text"/> / <input type="text"/>				
Caution: Do not sign this form unless all applicable lines have been completed.				
Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. Note: This form must be received by IRS within 120 days of the signature date.				
<input type="checkbox"/> Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T. See instructions.				
Signature (see instructions)		Data		
Title (if line 1a above is a corporation, partnership, estate, or trust)				
Spouse's signature		Data		
For Privacy Act and Paperwork Reduction Act Notice, see page 2.				
Cat. No. 37007N Form 4506-T (Rev. 9-2016)				

2018 Tax Format

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2018** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing status: ☐ Single ☐ Married filing jointly ☐ Married filing separately ☐ Head of household ☐ Qualifying widow(er)

Your first name and initial _____ Last name _____ Your social security number _____

Your standard deduction: ☐ Someone can claim you as a dependent ☐ You were born before January 2, 1954 ☐ You are blind

If joint return, spouse's first name and initial _____ Last name _____ Spouse's social security number _____

Spouse standard deduction: ☐ Someone can claim your spouse as a dependent ☐ Spouse is blind ☐ Spouse itemizes on a separate return or on a joint return with you

Home address (number and street). If you have a P.O. box, see instructions _____

City, town or post office, state, and ZIP code. If you have a foreign address, see instructions _____

Dependents (see instructions):

(1) First name	Last name

Sign Here

Under penalties of perjury, I declare that I have examined this return, and all attachments, and the information provided is true, correct, and complete. Declaration of preparer (other than tax practitioner) _____

Your signature _____

Spouse's signature. If a joint return, **both** must sign _____

Paid Preparer Use Only

Preparer's name _____ Preparer's signature _____

Firm's name _____

Firm's address _____

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see the Instructions for Form 1040.

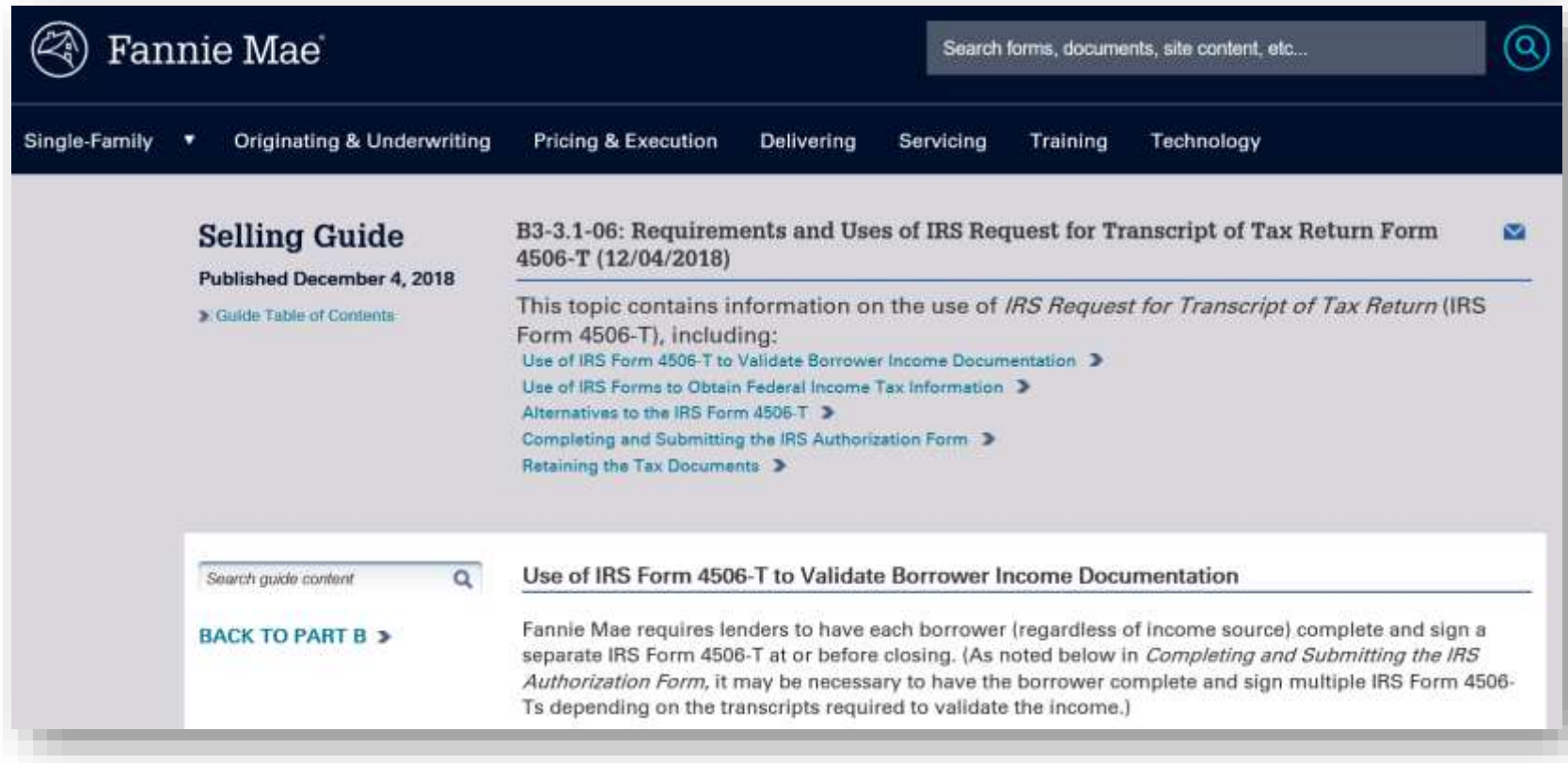
Form 1040 (2018) Page **2**

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1 _____
2a Tax-exempt interest	2a _____
3a Qualified dividends	3a _____
4a IRAs, pensions, and annuities	4a _____
5a Social security benefits	5a _____
6 Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	6 _____
7 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	7 _____
8 Standard deduction or itemized deductions (from Schedule A)	8 _____
9 Qualified business income deduction (see instructions)	9 _____
10 Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-	10 _____
11 a Tax (see inst.) _____ (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/> _____) b Add any amount from Schedule 2 and check here _____	11 _____
12 a Child tax credit/credit for other dependents _____ b Add any amount from Schedule 3 and check here _____	12 _____
13 Subtract line 12 from line 11. If zero or less, enter -0-	13 _____
14 Other taxes. Attach Schedule 4	14 _____
15 Total tax. Add lines 13 and 14	15 _____
16 Federal income tax withheld from Forms W-2 and 1099	16 _____
17 Refundable credits: a EIC (see inst.) _____ b Sch. 8812 _____ c Form 8863 _____ Add any amount from Schedule 5 _____	17 _____
18 Add lines 16 and 17. These are your total payments	18 _____
19 If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid	19 _____
20a Amount of line 19 you want refunded to you . If Form 8888 is attached, check here _____	20a _____
Direct deposit? See instructions. b Routing number _____ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings d Account number _____	
21 Amount of line 19 you want applied to your 2019 estimated tax	21 _____
22 Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions	22 _____
23 Estimated tax penalty (see instructions)	23 _____

Go to www.irs.gov/Form1040 for instructions and the latest information.

Form **1040** (2018)

Fannie Mae Guidelines 4506-T



Fannie Mae

Search forms, documents, site content, etc...

Single-Family ▾ Originating & Underwriting Pricing & Execution Delivering Servicing Training Technology

Selling Guide

Published December 4, 2018

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B3-3.1-06: Requirements and Uses of IRS Request for Transcript of Tax Return Form 4506-T (12/04/2018)

This topic contains information on the use of *IRS Request for Transcript of Tax Return* (IRS Form 4506-T), including:

- [Use of IRS Form 4506-T to Validate Borrower Income Documentation](#) ➤
- [Use of IRS Forms to Obtain Federal Income Tax Information](#) ➤
- [Alternatives to the IRS Form 4506-T](#) ➤
- [Completing and Submitting the IRS Authorization Form](#) ➤
- [Retaining the Tax Documents](#) ➤

Search guide content

[BACK TO PART B](#) ➤

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

Fannie Mae requires lenders to have each borrower (regardless of income source) 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.)

Freddie Mac Guidelines 4506-T

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Selling / Series 5000: Origination and Underwriting / Topic 5300: Stable Monthly Income and Asset Qualification Sources / Chapter 5302: General Requirements for Documentation Used to Verify Employment and Income / 5302.5: IRS Form 4506-T requirements for all income and asset qualification sources (12/09/18)

5302.5: IRS Form 4506-T requirements for all income and asset qualification sources (12/09/18)

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, must sign Internal Revenue Service (IRS) Form 4506-T (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information) on the application date and again on the Note Date, except that if the Form 4506-T obtained on the application date is submitted to the IRS and tax transcripts are received back from the IRS, Seller is not required to obtain an additional Borrower signed Form 4506-T.

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 Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area
- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

For Mortgages for which automated income assessment with Loan Product Advisor® was requested 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.

Freddie Mac Guidelines 4506-T

Freddie Mac Single Family / Single-Family Seller/Service Guide / Single-Family Seller/Service Guide / Selling / Series 5000: Origination and Underwriting / Topic 5900: Automated Income and Asset Assessment with Loan Product Advisor / Chapter 5901: Automated Income Assessment with Loan Product Advisor® / 5901.6: Income and employment verification and documentation requirements (12/09/18)

5901.6: Income and employment verification and documentation requirements (12/09/18)

(a) Income and employment verification and documentation

For Mortgages that receive an income representation and warranty result of "Eligible" on the Last Feedback Certificate:

- For eligible income sources described in Section 5901.2(b) that are on the income verification report:
 - The income verification report is acceptable documentation for such income and the income verification report must be maintained in the Mortgage file
 - The Seller must obtain and maintain in the Mortgage file verification of the Borrower's current employment (10-day pre-closing verification) in accordance with the requirements of Section 5302.2(d)
- If the Seller uses an eligible income source described in Section 5901.2(b) that was not reported on the income verification report, and/or an income source other than the eligible sources described in Section 5901.2(b) to underwrite the Mortgage, the Seller must verify and document such income as required by the Guide for the income source and the documentation must be maintained in the Mortgage file

For Mortgages that receive an income representation and warranty result of "Not Eligible" or "Unavailable" on the Last Feedback Certificate, the Seller must verify and document the Borrower's income as required by the Guide for the income source and the documentation must be maintained in the Mortgage file.

(b) Internal Revenue Service (IRS) Form 4506-T

For Mortgages that receive an income representation and warranty result of "Eligible" on the Last Feedback Certificate, notwithstanding the requirements of Section 5302.5 regarding IRS Form 4506-T requirements for all income and asset qualification sources, if all the income of a Borrower is from an eligible income source described in Section 5901.2(b) and is on the income verification report, the Seller does not need to obtain and maintain in the Mortgage file the following:

- An IRS Form 4506-T (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information) signed by that Borrower; or
- A Commonwealth of Puerto Rico Form 2907 or Form 4506-T (or an alternate form that authorizes the release of comparable tax information), as applicable, signed by that Borrower for income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands and is exempt from federal income taxation under the Internal Revenue Code

For all other Mortgages, the requirements of Section 5302.5 apply.

Related Guide Bulletins	Issue Date
Bulletin 2018-23	November 28, 2018

Fannie Mae Selling Guide

The screenshot displays the Fannie Mae Selling Guide website. At the top, the Fannie Mae logo is on the left, and a search bar is on the right. Below the logo is a navigation menu with links: Single-Family, Originating & Underwriting, Pricing & Execution, Delivering, Servicing, Training, and Technology. The main content area is titled "Selling Guide" and includes a sub-header "Published December 4, 2018" and a link to the "Guide Table of Contents". The main heading is "B3-3.1-01: General Income Information (12/04/2018)". Below this, a paragraph states: "This topic contains information on employment income, including:". A list of links follows: "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", and "Reduced Income Documentation Requirements for DU Refi Plus, Refi Plus, and High LTV Refinance Mortgage Loans". A search bar labeled "Search guide content" is positioned above a section titled "Stable and Predictable Income". This section contains the text: "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."

<https://www.fanniemae.com/content/guide/selling/b3/3.1/01.html>

Fannie Mae Selling Guide

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Published December 4, 2018

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B3-3.1-03: Base Pay (Salary or Hourly), Bonus, and Overtime Income (05/15/2012)

This topic contains information on base pay (salary and hourly), bonus, and overtime income, including:

[Verification of Base Pay, Bonus, and Overtime Income](#) >

[Base Income Calculation Guidelines](#) >

[Military Income](#) >

Verification of Base Pay, Bonus, and Overtime Income

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

✓	Verification of Base Pay, Bonus, and Overtime Income
	<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>Base Pay (Salary and Hourly):</p> <p>Obtain the following documents:</p> <ul style="list-style-type: none">• a completed <i>Request for Verification of Employment</i> (Form 1005 or Form 1005(S)), or• the borrower's recent paystub and IRS W-2 forms covering the most recent two-year period.

<https://www.fanniemae.com/content/guide/selling/b3/3.1/03.html>

Freddie Mac Selling Guide

Freddie Mac Single Family

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You are viewing: 5301.1: General requirements for all stable monthly income (05/22/18)

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Reference

Single-Family Seller/Service Guide
Single-Family Seller/Service Guide
Selling
Series 5000: Origination and Underwriting
Topic 5300: Stable Monthly Income and Asset Qualification Sources
Chapter 5301: General Requirements for All Stable Monthly Income and Asset Qualification Sources

5301.1: General requirements for all stable monthly income (05/22/18)

(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.

(b) General requirements for all stable monthly income

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

Freddie Mac Selling Guide

Freddie Mac Single Family / Single-Family Seller/Service Guide / Single-Family Seller/Service Guide / Selling / Series 5000: Origination and Underwriting / Topic 5300: Stable Monthly Income and Asset Qualification Sources / Chapter 5303: Employed Income / 5303.2: Primary and secondary employment and income (12/05/18)

5303.2: Primary and secondary employment and income (12/05/18)

Primary employment is considered as the Borrower's primary source of employed income whether derived from employment such as full-time employment, part-time employment, full-time and/or part-time seasonal employment.

Secondary employment is considered as any type of employment (e.g., second part-time job or multiple jobs) that is in addition to the Borrower's primary employment.

(a) Employment history requirements – primary and secondary employment

(i) Primary employment

In most instances, the Borrower should have at least a two-year history of primary employment documented on Form 65, Uniform Residential Loan Application and verified in accordance with Topic 5300.

For Borrowers who are active-duty members of the United States Armed Forces, a history of military employment is not required for the employment to be considered stable.

The tenure of the Borrower's employment with the same employer or in the same or similar industry lends support to the analysis of employment stability.

Under certain instances, when a Borrower has less than a two-year history of primary employment, the Seller may be able to justify and determine that the employment is stable. Examples that may support less than a two-year history of primary employment include, but are not limited to, the following:

- For a Borrower returning to the workforce after a period of extended absence, for any reason, documentation is provided to support a stable employment history that directly preceded the extended absence
- For a Borrower new to the workforce, documentation is provided that supports the Borrower's recent attendance at school or in a training program prior to their current employment
- For a Borrower who experienced recent employment gaps (e.g., 30 days), documentation is obtained from the Borrower explaining the circumstances surrounding the gap(s)

Freddie Mac's LPA Documentation Matrix

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 (Freddie Mac Guide URL page) for easy access to AllRegs.

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
Self-employment disclosed on Form 65, Uniform Residential Loan Application (or other documentation), but not used to qualify	Removing the requirement to obtain additional documentation or evaluate the income or loss from secondary self-employment when none of the income from self-employment is considered for qualification purposes.	September 19, 2018	Bulletin 2018-15 (September 19, 2018)

Loan Product Advisor® Documentation Matrix



Table of Contents

Income and Employment Documentation

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- [General Requirements for Documentation Used to Verify Employment and Income](#)
- [Employed Income](#)
 - [Primary Employment](#)
 - [Secondary Employment](#)
 - [Additional Employed Income](#)
 - [Military Income](#)
 - [Income Commencing After the Note Date](#)
- [Self-Employed Income](#)
- [Other Income](#)

Employed Income

Primary employment earnings:

- Base non-fluctuating earnings, and
- Fluctuating hourly earnings

(Guide Sections 5303.2(a)(i) and 5303.2(c))

Primary employment earnings – documentation requirements:

Obtain all the following:

- Year-to-date (YTD) paystub(s) documenting all YTD earnings, W-2 form(s) for the most recent calendar year, and a 10-day pre-closing verification (10-day PCV)

OR, all the following:

- Written verification of employment (VOE) documenting all YTD earnings and the earnings for the most recent calendar year, and a 10-day PCV

Primary employment - history requirements

In most instances, the borrower should have at least a two-year history of primary employment documented on Form 65, Uniform Residential Loan Application and verified in accordance with Topic 5300.

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

September 2018

www.FreddieMac.com/learn/

Genworth Underwriting Guidelines

The screenshot shows the Genworth website interface. At the top left is the Genworth logo. To the right of the logo is a contact number 800 444.5664, followed by icons for email and chat. Further right is a search bar with the word 'Search' inside. On the far right is a 'LOG IN TO:' button with three options: 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. Below the header is a navigation bar with five items: 'MI & RATES', 'UNDERWRITING & GUIDES' (highlighted with a red box), 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', and 'TRAINING'. A dropdown menu is open under 'UNDERWRITING & GUIDES', listing: 'View Underwriting Guides', 'Access Regulatory Resources', 'About Contract Services UW', and 'Get UW Tips & Policies'. Below the navigation bar is a large banner image of a smiling couple in front of a house. Overlaid on the left side of the banner is the text: 'Let's help some', 'The dream of HOMEOWNERSHIP.', 'It's alive and well with', and 'MORTGAGE INSURANCE.'. Below the banner are three colored boxes: a blue box for 'Underwriting' with a document icon and text 'Technology. Innovation. We're changing the way the MI industry approaches underwriting. KNOW MORE >>', a green box for 'Rate Express' with a percentage icon and text 'Find a rate. Share the results. GET A QUOTE NOW >>', and an orange box for 'LOS' with a hand icon and text 'We'll meet you in your LOS. LET'S GO >>'.

Genworth

800 444.5664 | |

Search

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES | **UNDERWRITING & GUIDES** | LOS & CONNECTIONS | GENWORTH TOOLKIT | TRAINING

Let's help some

View Underwriting Guides

Access Regulatory Resources

About Contract Services UW

Get UW Tips & Policies

The dream of **HOMEOWNERSHIP.**
It's alive and well with
MORTGAGE INSURANCE.

Underwriting

Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.
KNOW MORE >>

Rate Express

Find a rate.
Share the results.
GET A QUOTE NOW >>

LOS

We'll meet
you in your LOS.
LET'S GO >>

Genworth Rate *Express*®

The screenshot shows the Genworth Rate Express website. At the top left is the Genworth logo. To its right is a contact number 800 444.5664, email, and chat icons. Further right is a search bar and a 'LOG IN TO:' button with links for 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. Below the header is a navigation bar with 'MI & RATES' (highlighted with a red box), 'UNDERWRITING & GUIDES', 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', and 'TRAINING'. A dropdown menu for 'MI & RATES' is open, showing links like 'Get A Quote - Rate Express', 'View Rate Cards', 'Explore MI Products', 'Learn About MI', 'Understand Your Master Policy', and 'Compare MI & FHA'. The main content area features a large image of a smiling couple in front of a house. Overlaid on this image are three colored boxes: a blue 'Underwriting' box with a document icon and text 'Technology. Innovation. We're changing the way the MI industry approaches underwriting. KNOW MORE >>', a green 'Rate Express' box (highlighted with a red box) with a percentage icon and text 'Find a rate. Share the results. GET A QUOTE NOW >>', and an orange 'LOS' box with a hand icon and text 'We'll meet you in your LOS. LET'S GO >>'.

Genworth

800 444.5664 | |

Search

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS | GENWORTH TOOLKIT | TRAINING

Get A Quote - Rate Express

View Rate Cards

Explore MI Products

Learn About MI

Understand Your Master Policy

Compare MI & FHA

Underwriting

Technology. Innovation. We're changing the way the MI industry approaches underwriting. KNOW MORE >>

Rate *Express*


Find a rate. Share the results. GET A QUOTE NOW >>



LOS

We'll meet you in your LOS. LET'S GO >>

LOS Connections


The screenshot displays the Genworth website interface. At the top left is the Genworth logo. To its right is a contact number '800 444.5664' and icons for email and chat. Further right is a 'LOG IN TO:' button with links for 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. Below the header is a navigation bar with five items: 'MI & RATES', 'UNDERWRITING & GUIDES', 'LOS & CONNECTIONS' (highlighted with a red box), 'GENWORTH TOOLKIT', and 'TRAINING'. A search bar is located to the right of the navigation bar. Below the navigation bar, a banner features the text 'Let's help someone buy a house today.' and 'The dream of HOMEOWNERS It's alive and well with MORTGAGE INSURANCE.' A dropdown menu is open under 'LOS & CONNECTIONS', listing: 'Submit on our Site', 'Submit with your LOS', 'Use Optimal Blue & Doc Delivery', and 'Access Paper Applications'. Below the banner are three service cards: 'Underwriting' (blue header), 'Rate Express' (green header), and 'LOS' (orange header, highlighted with a red box). The 'LOS' card contains the text 'We'll meet you in your LOS.' and 'LET'S GO >>'. The background of the banner shows a smiling couple in front of a house.

Genworth 

800 444.5664 |  | 

LOG IN TO:
• ORDER MI
• MANAGE MI
• VIEW ACCOUNT

MI & RATES | UNDERWRITING & GUIDES | **LOS & CONNECTIONS** | GENWORTH TOOLKIT | TRAINING


Search 


Let's help someone buy a house today.


The dream of **HOMEOWNERS**
It's alive and well with
MORTGAGE INSURANCE.

Submit on our Site
Submit with your LOS
Use Optimal Blue & Doc Delivery
Access Paper Applications

Genworth Mortgage Insurance


Underwriting

Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.
KNOW MORE >>



Rate Express

Find a rate.
Share the results.
GET A QUOTE NOW >>


LOS

We'll meet
you in your LOS.
LET'S GO >>

Training Tools and Information

The screenshot displays the Genworth website's navigation and promotional content. At the top, the Genworth logo is on the left, and contact information (800 444.5664) and a search bar are on the right. A navigation bar contains links for MI & RATES, UNDERWRITING & GUIDES, LOS & CONNECTIONS, GENWORTH TOOLKIT, and TRAINING. The TRAINING link is highlighted with a red box. Below the navigation bar, a banner features a couple in front of a house with the text 'The dream of HOMEOWNERSHIP. It's alive and well with MORTGAGE INSURANCE.' Below the banner are three colored boxes: 'Underwriting' (blue), 'Rate Express' (green), and 'LOS' (orange), each with an icon and a 'GET A QUOTE NOW' or 'LET'S GO' link. On the right side, a dropdown menu is open from the TRAINING link, showing a list of training resources: 'Browse Course Catalog', 'View Live Webinar Calendar', 'Self-Employed Borrower Calculators', 'Get to Know Our Trainers', 'Learn About That MI Guy', and 'Get Answers to FAQs'. Two red arrows point to the first two items in the dropdown menu.

Genworth 

800 444.5664 |  | 

Search 

LOG IN TO:


- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS | GENWORTH TOOLKIT | **TRAINING**


Let's help someone buy a house today. Genworth Mortgage Insurance

The dream of **HOMEOWNERSHIP**.
It's alive and well with
MORTGAGE INSURANCE.


Underwriting

 Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.
KNOW MORE >>

Rate Express

 Find a rate.
Share the results.
GET A QUOTE NOW >>

LOS

 We'll meet
you in your LOS.
LET'S GO >>

Browse Course Catalog

View Live Webinar Calendar

Self-Employed Borrower Calculators

Get to Know Our Trainers

Learn About That MI Guy

Get Answers to FAQs

Training Tools and Information

Course Catalog

Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 90 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you.

Topic Search Training Courses

Browse by Topic

Mortgage Industry Skills

Professional Development Skills

That Mi Guy

Tutorials

Browse by Role

Mortgage Professional

Loan Officer

Loan Processor

Underwriter

Featured Courses

Self-Employed Borrower Tools

We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie Mac instructions or applicable guidelines. Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.

Fannie Mae Form 1084 Calculator (2015-2016) Calculator with flow analysis to help you complete Fannie Mae Form 1084. UPDATED	Freddie Mac Form 91 Calculator (2015-2016) Quick reference guide with income analysis for Freddie Mac Form 91. UPDATED	Schedule Analysis Method (SAM) Calculator (2015-2016) Calculator qualifying income from tax returns. UPDATED
Rental Income Calculator (2015-2016) Guide to estimating rental income from Form 1040 (Schedule E). UPDATED	Quick Ratio - Liquidity Calculator (2015-2016) A quick reference guide to help you determine if a borrower's liquidity is sufficient. UPDATED	Current Ratio - Liquidity Calculator (2015-2016) Calculator with flow analysis to help you determine if a borrower's liquidity is sufficient. UPDATED
Fannie Mae Rental Guide (Calculator 1037) Use this document to calculate qualifying rental income for Fannie Mae Form 1037 (Schedule E, 2, 3, 4 and Appendix).	Freddie Mac Rental Guide (Calculator 1038) Worksheet for calculating qualifying rental income for Freddie Mac Form 1038 (Schedule E, 2, 3, 4 and Appendix).	Fannie Mae Rental Guide (Calculator 1039) Calculator qualifying rental income for Fannie Mae Form 1039 (Schedule E, 2, 3, 4 and Appendix).
Fannie Mae Comparative Analysis Guide (Form 1088) Calculated by Fannie Mae to help you determine if a borrower's income is sufficient.		




Additional MI Site Information

What's New

- We Know
- Rate Express®
- Chat
- Training
- Homebuyer Report


Genworth's First-Time Homebuyer Market Report

Get it on our blog!




Self-Employed Borrower Tools


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




Fannie Mae Form 1094 Calculator (2015-2016)



Freddie Mac Form 91 Calculator (2015-2016)



Schedule Analysis Method (SAM) Calculator (2015-2016)





Rental Income Calculator (2015-2016)

[More Tools](#)

Homebuyer Education

Help first-time homebuyers prepare for the homebuying process. Your no-fee resource!






Master Policy Agreement

Partner with us. A master policy agreement is the first step to submitting MI loans to Genworth.

[GET STARTED](#)



Contract Services Agreement

Offset fixed underwriting costs as you adjust to the latest industry demands! Request a contract services underwriting agreement.

[GET STARTED](#)


Genworth MI Community

Genworth MI @GenworthMI

Did you know our NEW website visually tracks every part of the MI application process? Learn more: ow.ly/AN9L30g7uK1 via [@MktInsider](#)


New Genworth Mortgage Insurance Web...
RICHMOND, Va., Oct. 19, 2017 /PRNewswire/ - Genworth Mortgage Insurance, an operating unit of Genworth Financial, announced today that it has launched a new website, www.genworthmi.com.

[STAY CONNECTED](#)




Find My Sales Representative

ZIP Code: [View Your Team](#)



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Mike Haboush
Regional Vice President
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Your Genworth Resources

- **ActionCenter®: 800 444.5664**
- **Your Local Genworth
Regional Underwriter**
- **Your Genworth Sales
Representative**



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