



FANNIE & FREDDIE INCOME DOCUMENTATION

FANNIE MAE DU/FREDDIE MAC LP

These are common forms of income we see. If I have a question on how to document income, I Google “Fannie Mae requirement for...” or “Freddie Mac Doc Matrix”. Both are easy to find on the web and can be added to your desk top as a PDF. If you do not need tax returns, OBSOLETE! Less documentation is more. Only require tax returns if the income requires tax returns.

Paystubs should be within 30 days of the application date

2020 W2s must be issued by employers by January 31st

2020 K1s typically issued by March 15th

Base Pay (Salary or Hourly) – Written VOE OR Recent Paystub(s) and W2 covering most recent year.

Bonus, Overtime & Tip Income – Written VOE OR Recent Paystub(s) and W2s covering most recent two years. Underwriting will condition for Written VOE on the initial approval for a breakdown of earnings OR get year end paystubs for the last 2 years

Commission Income - Written VOE OR Recent Paystub and W2s covering most recent two years. Underwriting will condition for Written VOE on the initial approval for a breakdown of earnings OR get year end paystubs for the last 2 years. Tax returns/2106 are no longer required

Second Job/Multiple Jobs - Written VOE OR Recent Paystub and W2 covering most recent two years.

Employed by a Family Member – Fannie requires TWO years tax returns; Freddie requires ONE year tax return

Self Employed Income –

- Fannie/DU typically requires two years most recent personal & business returns. B3-3.2-01 allows waiving the business returns in certain circumstances
- Freddie/LP requires one year most recent personal & business returns with 5 years same business
- Schedule C requires personal returns
- S Corporation 1120S requires personal returns, W2s if applicable, 1120S business returns, K-1s
- Partnership 1065 requires personal returns, 1065 business returns, K-1s
- Corporation requires personal returns, W2s, business returns

Social Security Income retirement or disability

- Fannie & Freddie Award letter OR proof of current receipt

Supplement Social Security Income – Survivor & Dependent

- Both Fannie & Freddie – award letter AND proof of current receipt

Social Security drawn from another person's account

- Both Fannie & Freddie – award letter, proof of current receipt AND three year continuance

Long Term Disability – Disability policy or benefits statement from benefits payer to determine

- If eligibility, amount & frequency, if there is a termination date AND current receipt of income

Retirement, Government Annuity, and Pension Income

- Fannie DU – letter from organization, award letter, tax returns, W2 or 1099 OR proof of current receipt
- Freddie LP - letter from organization, award letter, tax returns, W2 or 1099 AND proof of current receipt

Temporary Leave Income

- Fannie DU & Freddie LP – if the borrower will return to work as of the 1st mortgage payment date, we can consider the borrower's regular income. If not, we must use the lesser of temp income or regular income.
- Written statement from the borrower confirming intent to return to current employer and intended date of return
- Employer must confirm borrower's eligibility to return to work after leave
- Evidence of amount and duration of all temporary income

Seasonal Income

- Both Fannie & Freddie standard income documentation for second jobs listed page 1
- The employer must confirm there is a reasonable expectation the borrower will be rehired
- Unemployment income may be used to qualify if a two-year history on tax returns

Alimony, Child Support

- 6 months receipt
- Must continue for at least 3 years
- Copy of signed court order, legally binding separation agreement &/or final divorce decree

Foster Care

- Fannie – Letter from Foster Care Organization, 2 years history of providing Foster Care
- 12 – 24 months of providing Foster Care, the income cannot be more than 30% of the total gross income that is used to qualify (Fannie only)
- Freddie - Letter from Foster Care Organization, 2 years history of providing Foster Care