

## Introduction to Income Validation

The Desktop Underwriter® (DU®) validation service allows you to leverage third-party data to digitally validate borrower income with the Verification of Income (VOI) report. To get started, review the borrower’s income type(s) to determine what type of report(s) to order.

| Income Type  | Report Type                                     |
|--|---|
| Base pay   | Verification of Employment and Income (VOE/VOI) |
| Bonus  |   |
| Overtime   |   |
| Commission   |   |
| Social security                                      | Tax Transcripts                                 |
| Retirement   |   |
| Self-Employment Income (Sole Proprietor, Schedule C) |   |

| Ineligible Income Types                                     |  |
|---|--|
| Military income   | These types of income are not currently covered by the DU validation service. If the borrower’s income type is ineligible, you can still submit the loan to DU – just document income information per the <i>Selling Guide</i> . |
| Rental income   |  |
| Self-Employment from a Partnership, S-Corp, and Corporation |  |

### The Loan Officer’s Process

The loan officer is responsible for entering the appropriate amount of income in DU based on a review of the vendor report and any supplemental information in the loan file (including the application and/or any other income documentation the borrower may have provided). The loan must close within 120 calendar days of the report date on which income is validated.

### Tips for Success

- ✓ Ensure the borrower’s identifying information on the vendor report matches the loan application.
- ✓ Ensure the employer name on the vendor report matches the employer name entered in DU.
- ✓ Ensure the borrower’s income type, payment frequency, and income amount on the vendor report match the information entered in DU.
- ✓ If you don’t receive validation and receive a “calculated lower amount” message, double-check the report, adjust the income amount entered into DU, and adjust/re-run as necessary.
- ✓ If the “close by date” has passed, order an updated report/re-run DU.
- ✓ If at any time you discover conflicting or contradictory information in the VOI report, you should investigate the information, obtain additional documentation if necessary, and enter the appropriate information in DU.

### Jump Start Your Usage of the DU Validation Service

- Getting Started with the DU Validation Service
- **Introduction to Income Validation**
- Introduction to Employment Validation
- Introduction to Asset Validation
- Employment & Income Validation Timing Tips

-  **Reduced cycle times**
-  **Freedom from paper-based processes**
-  **Better borrower experience**
-  **Rep & warrant relief**