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.

<table>
<thead>
<tr>
<th>Income Type</th>
<th>Report Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base pay</td>
<td>Verification of Employment and Income (VOE/VOI)</td>
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<tr>
<td>Bonus</td>
<td>Tax Transcripts</td>
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<tr>
<td>Overtime</td>
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<tr>
<td>Commission</td>
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<tr>
<td>Social security</td>
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<tr>
<td>Retirement</td>
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<tr>
<td>Self-Employment Income (Sole Proprietor, Schedule C)</td>
<td>Tax Transcripts</td>
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</tbody>
</table>

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.

Ineligible Income Types

- Military income
- Rental income
- Self-Employment from a Partnership, S-Corp, and Corporation

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 Selling Guide.

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

Questions? Visit the DU Validation Service Resource Center at DUValidationCenter.com or contact your Fannie Mae representative.