

Income Documentation Guide

Updated 2021



Note: Only the most common income types are listed below. If your borrower receives income that is not listed here, please refer to the MoOM Underwriting Lending Guide or the Mortgagee Letter 2016-10 HECM FA and Updated Property Charge Guide.

Important facts to remember:

- Non-taxable income cannot be grossed up
- A two year employment history must be verified for all wage-earning borrowers
- Processing will be required to verify employment prior to docs for all employed borrowers

Income Type	Documentation Required	Proof of 3 Year Continuance Required
SSA Disability and SSI	<ul style="list-style-type: none"> ▪ Most recent SSA Award Letter AND <p>The file must be documented with one of the following to evidence proof of receipt:</p> <ul style="list-style-type: none"> ▪ Most recent year's 1099 ▪ Most recent month's bank statement evidencing receipt of SS income/or direct express statement ▪ Most recent year's Benefit Statement (<i>Note: if you use a Benefit Statement in lieu of awards letter, you must obtain one of the remaining two documents above.</i>) 	No, but expiration date of disability benefits cannot be within the next 3 years
Private Disability	Award letter from private disability insurer showing amount of disability assistance and expiration date and most recent bank statement	Yes, but not needed for federal pensions including VA
VA Disability	VA Award of Benefits Letter and most recent bank statement	Yes
Pension Income	<p>Most recent payment stub from pension and one of the following:</p> <ul style="list-style-type: none"> ▪ Most recent signed federal tax returns ▪ Most recent bank statement showing receipt of income ▪ Copy of pension award letter from former employer 	Yes
IRA/401K Income	<ul style="list-style-type: none"> ▪ Most recent 401(k)/IRA statement ▪ Most recent 1099 ▪ Most recent two months bank statements showing receipt of income 	No
Annuity Income	<ul style="list-style-type: none"> ▪ Copy of the legal agreement establishing annuity ▪ Letter from annuity company establishing the amount ▪ Most recent bank statement showing receipt of income 	Yes

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Salaried, Hourly, Part-Time, Overtime, Seasonal and Commission (≤25%) Income	<ul style="list-style-type: none"> Most recent paystubs covering the last 30 consecutive days showing YTD earnings and one of the following Most recent two years of W-2's Written VOE (from the employer) covering the last 2 years <i>Processing will be required to verify employment prior to docs</i> 	No
Military Income	<ul style="list-style-type: none"> Copy of military leave and earnings statements (LES) Verify the expiration term of service date: if expiration date is within first 12 months of the mortgage, must document intent to continue service <i>Cannot include education benefits</i> 	Yes
Self-Employment Income	<ul style="list-style-type: none"> Signed copies of most recent 2 years tax returns All applicable signed business returns YTD P&L statement <i>Business credit report and audited balance sheet for all corps and S corps will be required</i> 	No
Alimony, Child Support, Maintenance Income	<ul style="list-style-type: none"> Fully executed copy of the Final Divorce Decree, legal separation agreement, court order, with 3 months cancelled checks or <ul style="list-style-type: none"> Voluntary payment agreement with 12 months cancelled checks 	Yes
Trust Account Income	<ul style="list-style-type: none"> Copy of Trust agreement with all amendments and restatements, document frequency, duration and amount of distribution by obtaining most recent 2 months bank statements showing consistent receipt of income Most recent copy of trust banks acct statement showing balances for continuance 	Yes
Investment Income (Interest and Dividend Income)	<ul style="list-style-type: none"> Signed copies of most recent 2 years tax returns Most recent month's account statement from accounts interest/dividend income is being derived from 	Yes
Expected Income	<ul style="list-style-type: none"> Must verify and document the existence and amount of expected income from employer in writing and guaranteed to begin within 60 days of the mortgage closing For expected retirement income, must verify the account and that is guaranteed to begin within 60 days of the mortgage closing <i>*Depending on type of expected income, additional documentation will be required</i> 	Yes

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Income Type	Documentation Required	Proof of 3 Year Continuance Required
Rental Income from Subject Property	<ul style="list-style-type: none"> ▪ Signed copies of most recent 2 years tax returns ▪ Possibly copies of lease agreements ▪ Possibly Fannie Mae form 1025 <p><i>See MOOM Underwriting Lending Guide section 7.37 for additional requirements</i></p>	No
Rental Income from Other Real Estate	<ul style="list-style-type: none"> ▪ Signed copies of most recent 2 years tax returns ▪ Possibly copies of lease agreements ▪ Possibly Fannie Mae form 1025 or 1004, 1007 and 216 <p><i>See MOOM Underwriting Lending Guide section 7.37 for additional requirements</i></p>	No
Commission Income (≥25% of total income)	<ul style="list-style-type: none"> ▪ Signed copies of most recent 2 years tax returns ▪ Most recent paystubs covering the last 30 consecutive days showing YTD earnings ▪ VOE to include commission earnings broken out over 2 years <p><i>Must subtract 2106 expenses from tax returns</i></p>	No
Income from Assets	<ul style="list-style-type: none"> ▪ Most recent 2 months account statements for each account being dissipated as income 	No