# Increase certainty of loan quality for homebuyers with self-employed income.

Using the Fannie Mae Income Calculator, now available through a free web interface, lenders may be able to:

**Accurately calculate income for self-employed borrowers** in accordance with Fannie Mae *Selling Guide* policy.

**Make informed underwriting decisions** using tax return data, which provides more income information than tax return transcripts.

**Maximize the borrower's income** by utilizing allowable add-backs not found in 4506-C tax return transcript data, which may result in lower DTI due to higher income being calculated.

**Easily absorb the Income Calculator findings into their lender origination processes** with transparent calculations, providing income information prior to full loan underwriting

**Obtain relief from enforcement of reps & warrants** for the accuracy of the income calculation at loan delivery.

## How the Income Calculator web interface works:

**1** Borrower provides originator with tax returns during the application process.

**2** Originator inputs borrower tax return data into Fannie Mae's Income Calculator web interface. No NPI is collected.

**3** Income Calculator generates an immediate response. The Findings Report is displayed to the originator on the web interface.

**4** Lender reviews the Income Calculator Findings Report, paying careful attention to the documentation and data integrity messages.

**5** Lender retains the Findings Report in the loan file.

**6** Lender ensures the monthly qualifying income used for DU or manual underwriting is not more than the Income Calculator amount. Income Calculator never overrides the DU submission data.

**7** Lender ensures the loan file contains the documentation per the Income Calculator Findings Report.

**8** Prior to delivery, the lender ensures the DU casefile ID is associated to Income Calculator. No Special Feature Code (SFC) is required.

**9** If all conditions are met, the loan is eligible for enforcement relief from reps and warrants related to the income calculation.

## Best practices

Follow these best practices to ensure you maximize the benefits offered through Income Calculator:

☑ When a DU Casefile ID is provided to Income Calculator, it will pull data from DU and use it to generate warning messages that may help originators avoid mistakes commonly associated with post-purchase reviews of self-employment loans.

☑ In accordance with the *Selling Guide*, Income Calculator will permit the use of one-year of tax returns as documentation and the waiver of business tax returns.

☑ Designed for flexible implementation before or after making a DU submission.

☑ Income Calculator is also available via integration with a technology service provider (TSP). Visit the **website** for a list of approved TSPs.

## Visit **fanniemae.com/ incomecalculator** to learn more.