



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



Accurately calculates income for self-employed borrowers

in accordance with Fannie Mae *Selling Guide* policy



Potential for better pricing

Accounts for allowable add-backs not found in 4506-C tax return transcript data, which may result in better pricing/ lower DTI as a result of higher income being calculated



Informed underwriting decisions

Uses tax return data which provides more income information than tax return transcripts



Provides relief from enforcement of rep & warrant

Fannie Mae will offer lenders relief from enforcement of representations and warranties for the accuracy of the income calculation at loan delivery








Fits lender origination processes

Transparent calculation provides income information prior to full loan underwriting







Using the Income Calculator

-  Borrower provides lender with tax returns during the application process or authorizes technology service provider (TSP) to extract tax return data from authoritative source (such as an e-filer).*
-  Tax return data is submitted to the income calculator, and the results are relayed to the lender through the TSP interface.
-  Lender validates the accuracy of the data provided to the calculator by the TSP, as applicable.
-  Lender retains the Findings Summary in the loan file.
-  Lender submits the qualifying income amount to Desktop Underwriter® (DU®) or uses the amount to manually underwrite the loan. If all conditions are met, the loan is eligible for enforcement relief from reps and warrants related to the income calculation.

**(Coming soon) In our future web interface offering, lenders can input data from tax returns directly.*

Key points to remember

-  No personally identifiable information about the borrower is collected.
-  Returns an instant response without additional delays in loan processing
-  Designed for flexible implementation before or after making a DU submission. Remember, the last submission must include the DU casefile ID that will be used at loan delivery.
-  No Special Feature Code (SFC) in DU is required at loan delivery.

Best Practices

Lenders who already use services of an authorized TSP can generally continue their current origination processes. Follow the best practices below and consult with your TSP to ensure you maximize the benefits offered through the income calculator:

- Review the income calculator findings returned by the TSP, paying careful attention to the documentation and data integrity messages.
- To obtain relief from enforcement of representations and warranties, ensure the monthly qualifying income used for underwriting is not more than the Income Calculator amount. It never overrides any data the originator submits to DU.
- When a DU Casefile ID is provided to Income Calculator through a TSP, it will pull data from DU and use it to generate warning messages that may help originators avoid the kinds of mistakes we commonly see when we perform 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. Originators should consult their TSP for additional guidance.



Visit fanniemae.com/incomecalculator to learn more.

