

Loan Prospector November 2015 Release - VA/FHA Income Feedback Messages

Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
VA Employment and Income Messages					
New Messages					
DOC	OX	n/a	Employment Gaps: If applicable, provide an explanation for employment gaps greater than 60 days within the most recent two years. Document college attendance with transcripts and military with discharge papers.	Feedback Certificate	Provides clarity on documentation requirements for employment gaps greater than 60 days.
DOC	P3	n/a	Active Military: Obtain Leave and Earnings Statement (LES) in lieu of VOE no more than 120 days old (no more than 180 days for new construction). Note release date/contract end date from active duty.	Feedback Certificate	Provides clarity on Active Military borrowers income documentation requirements.
DOC	P5	n/a	Active Military: If service member is within 12 months of release from active duty/end of contract term provide re-enlist or extension documentation, verify offer of civilian employment, verify offer is in the same line of work with military occupation, statement from service member of intent to reenlist/extend, statement from CO confirming eligibility to reenlist and probability of extension to be granted.	Feedback Certificate	Provides documentation requirements pertaining to Active Duty employment within 12 months of release.
DOC	PH	n/a	Active Military: Military allowances may be included in effective income only if such income can be expected to continue because of the nature of the recipient's assigned duties. Quarters Allowance need to be verified and ensure applicant meets occupancy requirements. Clothing allowance on LES reflected as annual, lender must convert to monthly for loan analysis. These allowances are not taxable.	Feedback Certificate	Provides clarity pertaining to allowable income for an Active Military borrower.
DOC	PK	n/a	Active Military: No W-2 Forms are required for a borrower on active duty.	Feedback Certificate	Provides clarity on Active Military borrowers income documentation requirements.
DOC	PM	n/a	Business tax returns: Not required if all of the following conditions are met: Borrower proves ownership of the business for at least the past 5 years, Individual tax returns reflect consistent income for the past 2 years, and funds for down payment or closing costs are not from the business.	Feedback Certificate	Provide documentation requirements related to a Borrower's Self Employment

Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
DOC	PP	n/a	Self-Employment Balance Sheet: Obtain most recent month's balance sheet and YTD Profit and Loss (YTD P&L).	Feedback Certificate	Provide documentation requirements related to a Borrower's Self Employment
DOC	PR	n/a	Business Tax Returns: Provide one of the following, with all line items captured: Signed copies of business tax returns for the most recent 2- year period, Business income information obtained from the IRS via one of the following forms: Form 8821 (or an alternate form acceptable to the IRS that collects comparable information) or Form 4506 (or an alternate form acceptable to the IRS that collects comparable information).	Feedback Certificate	Provide documentation requirements related to a Borrower's Self Employment.
DOC	PT	n/a	Income from Overtime, Bonuses, Part-time and Second Jobs cannot be considered as effective income unless it has continued and is verified for the previous 2 years. Income must be regular, predictable, and a reasonable likelihood it will continue. Temporary income cannot be used as effective income. If income is not eligible for effective income, but is verified for at least 12 months, it can be used to offset debts of 10 to 24 months duration. Lender must provide documentation for offset.	Feedback Certificate	Provide clarity on documentation requirements to be considered for effective income.
DOC	PV	n/a	Unemployment/Welfare: The lender may include verified income from public assistance programs in effective income if evidence indicates it will probably continue for 3 years or more. Provide evidence to support income continuation. Do not include temporary income items such as VA educational allowances. Unemployment compensation can be included when it is a regular part of the applicant's income due to the nature of his or her employment (e.g.seasonal work).	Feedback Certificate	Provides documentation requirements for Unemployment/Welfare income for loan specific data.
DOC	PX	n/a	The lender may include verified income received specifically for the care of any foster child(ren). Provide documentation to support foster care income. Generally, foster care income is to be used only to balance the expenses of caring for the foster child(ren) against any increased residual income requirements.	Feedback Certificate	Provides documentation requirements for Foster Care income for loan specific data.

Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
DOC	PZ	n/a	Social Security: If Social Security Income is for Disability Benefits paid to individuals who cannot work because they have a medical condition that is expected to last at least 1 year, lenders may use income from this source as qualifying income. Provide documentation to support the income. It is not necessary to seek a statement from a physician about how long the medical condition will last.	Feedback Certificate	Provides documentation requirements for Social Security income for loan specific data.
DOC	Q2	n/a	VA Benefits (Non-Educational): Obtain VA- Form 26-8937 if applicable.	Feedback Certificate	Provides documentation requirements for VA Benefits income for a borrower.
DOC	Q4	n/a	Flight, Prop, Hazard, Overseas, and Combat Pay are subject to periodic review and/or testing of the recipient to determine continued eligibility. In order to be considered effective income, the income must be expected to continue based on the nature of the recipient's assigned duties. Provide documentation to support the income. If duration of the military allowance cannot be determined this income may still be used to offset obligations of 10 to 24 months.	Feedback Certificate	Provides clarity on documentation required to be considered effective income for Active Duty Military.
DOC	QA	n/a	If Other Income Types such as: pension or other retirement benefits, disability income, dividends from stocks, interest from bonds, savings accounts, and royalties can be include in effective income if it is reasonable to conclude that such income will continue in the foreseeable future. Otherwise, it may be considered if reasonable to offset obligations of 10 to 24 months.	Feedback Certificate	Provides Other Income Types of documentation requirements to be considered for
Updated Messages					
DOC	AR	If applicable, provide an explanation for employment gaps greater than 30 days.	Employment Gaps: If the borrower was not employed with the same employer for the previous two years, and has an employment gap of 30 days or greater, he/she must provide a written explanation for the employment gap. If applicable, document college attendance with transcripts and military with discharge papers.	Feedback Certificate	Provides clarity on documentation requirements for employment gaps greater than 60 days.
DOC	AS	Obtain most recent YTD paystub documenting 1 full month earnings to verify current employment for ~BORR name~.	Paystub: Obtain most recent YTD paystub documenting 1 full month earnings to verify current employment for ~EmplBorr~. Paystub should include bonus and overtime information. Note: No paystub needed with TALX Verification.	Feedback Certificate	Provides clarity on Not Active Military income documentation requirements.

Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
DOC	AT	Not on Active Duty: Obtain most recent 2 tax years W-2(s) to verify current and previous employment for ~BORR name~.	Not on Active Duty: Use VOE and pay stubs covering at least 1 full month of employment and contains the following: year-to-date (YTD) information, bonus information, and overtime information. PREVIOUS: Use a VOE or any of the following, covering the 2-year period prior to closing: W-2 Forms, or Income information obtained from the IRS via one of the following forms: Form 8821, 4506 for ~EmplBorr~.	Feedback Certificate	Provides updated language pertaining to secondary financing when it doesn't appear on the credit report.
DOC	BH	If using alimony/child support income to qualify, obtain most recent 3 months bank statements or cancelled checks or court payment record and evidence of 3 year continuance.	Alimony/Child Support: If Alimony/Child Support is being used to qualify, obtain divorce decree or court order or legal separation or voluntary agreement signed by the judge to verify the amount and 3 years continuation. Also, obtain most recent 3 months bank statements, cancelled checks, or court payment record to confirm receipt of payment.	Feedback Certificate	Provides documentation requirements for Alimony/Child Support income for loan specific data.
DOC	BY	Not on Active Duty: If borrower receives commission income greater than 25% of his/her annual income, obtain most recent 2 years signed individual federal income tax returns and consider business expenses in underwriting.	Not on Active Duty: When all or major portion of income is commissions, obtain VOE to include YTD commissions, pay basis (salary plus commission, straight commissions, or draw), pay frequency, and 2 years signed and dated tax returns with schedules. Consider business expenses (Employee Business Expenses on IRS Form 2106) when underwriting.	Feedback Certificate	Provides clarity on Not Active Duty Military documentation requirements for Commission Income.
DOC	DN	Obtain most recent 2 years signed individual federal income tax returns for self-employment borrower, ~SlfEmpBorr~.	Self-Employment Tax Returns: Signed copies of individual and business tax returns for the most recent 2-year period or comparable information obtained from signed IRS Form 4506 or 8821 for ~SlfEmpBorr~.	Feedback Certificate	Provide documentation requirements related to a Borrower's Self Employment
DOC	AV	Not on Active Duty: W-2(s) are not required, if current employment confirms 2 year history, only base pay is used to qualify and borrower signs IRS Form 8821/4506.	Not on Active Duty: W-2(s) are NOT req'd if all of the following are met: ~EmplBorr~ with same employer 2 yrs or more, employer phone contact verifies the length of employment and currently employed, Borrower not self-employed or commission, bonus, overtime, or secondary income not needed to qualify, stable monthly income to be determined by using current base pay only (not total earnings), Borrower signs IRS Form 8821/4506 for the prev 2 tax yrs.	Feedback Certificate	Provides clarity on Not Active Duty Military income documentation requirements.

Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
DOC	AU	Not on Active Duty: W-2(s) for most recent tax year are not required if current employment confirms 1 year history, only base pay is used to qualify and borrower signs IRS Form 8821/4506.	Not on Active Duty: No VOE is required if the borrower has been with the same employer for 1 year and W-2 Forms for 1 previous year have been collected.	Feedback Certificate	Provides clarity on Not Active Duty Military income documentation requirements.
Deleted Messages					
LPR	DQ	Standard forms of documentation (such as written VOE, VOD, or income information obtained directly from IRS or VA-approved electronic verification service) may be used as addressed in the VA Lender's Handbook.	n/a	Feedback Certificate	Remove feedback as addressed in other messages.
FHA Employment and Income Messages					
Updated Messages					
DOC	BH	If using alimony/child support income to qualify, obtain most recent 3 months bank statements or cancelled checks or court payment record and evidence of 3 year continuance.	Alimony/Child Support: If Alimony/Child Support is being used to qualify, obtain divorce decree or court order or legal separation or voluntary agreement signed by the judge to verify the amount and 3 years continuation. Also, obtain most recent 3 months bank statements, cancelled checks, or court payment record to confirm receipt of payment.	Feedback Certificate	Provides documentation requirements for Alimony/Child Support income for loan specific data.