

DTI (Debt to Income) & Income Verification

After the borrower accepts the Prequalification offer and consents to the hard pull from Experian, income is verified. With verified income, automatic calculation confirms the max DTI of 50% is not exceeded.

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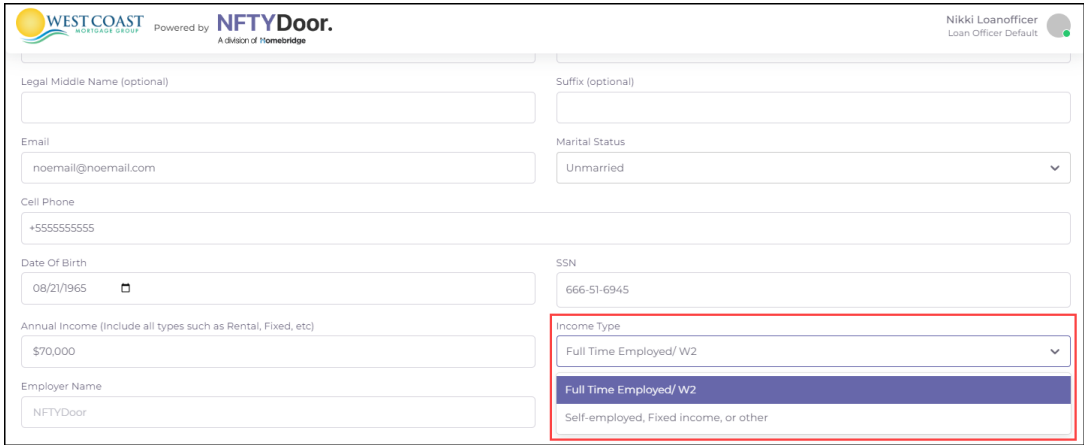
Four Methods of Income Verification

1.	The Work Number, by Equifax <ul style="list-style-type: none"> Instant payroll verification for W-2 employees
2.	Truv <ul style="list-style-type: none"> Instant payroll verification for W-2 employees
3.	Plaid CRA <ul style="list-style-type: none"> Instant bank income verification via connecting a personal bank account
4.	Tax Returns <ul style="list-style-type: none"> Manual review of tax returns

Things to Know

1.	Values are verified by third parties; therefore, the results cannot be altered.
2.	No rebuttals are allowed when it comes to the income values reported by any individual vendor.
3.	Borrowers can edit their DTI by: <ul style="list-style-type: none"> Paying down of personal debts Adding a co-borrower Adding addition income sources

Selecting the Income Type

Step	Action
1.	The MLO selects Income Type from the list on the Prequalification application
2.	<p>Full Time Employed/W-2: This option is to be used if the borrower’s income is 100% from W-2 employment.</p> <p>Self-Employed, Fixed income, or other: This option is to be used if the borrower is self-employed, has mixed income sources (e.g. W-2 income plus rental income) or if there are joint borrowers.</p> <div style="border: 1px solid #ccc; padding: 10px; margin: 10px 0;">  <p>The screenshot shows a prequalification form for West Coast Mortgage Group, powered by NFTYDoor. The form includes fields for Legal Middle Name (optional), Suffix (optional), Email (noemail@noemail.com), Marital Status (Unmarried), Cell Phone (+5555555555), Date Of Birth (08/21/1965), SSN (666-51-6945), Annual Income (\$70,000), and Employer Name (NFTYDoor). The 'Income Type' dropdown menu is highlighted with a red box, showing 'Full Time Employed/ W2' as the selected option.</p> </div>
3.	The MLO selection for Income Type during Prequalification, determines if the income analysis will process as W-2 or Self-Employed.

W-2 Income Verification – TWN (The Work Number)

1.	<p>If the income type is selected as Full Time Employed/W2, TWN (The Work Number by Equifax) will be pulled.</p> <ul style="list-style-type: none"> • If it comes back successful, the income figure will be as reported by Equifax. <p>NOTE: The reported income value cannot be altered.</p>
2.	<p>Successful TWN & DTI <50%</p> <p>If TWN’s income figure and the borrower’s debts result in a DTI <i>less</i> than 50%, the income step is considered approved, and they can move on to the title and closing steps of the loan.</p>
3.	<p>Successful TWN & DTI >50%</p> <p>If TWN’s income figure and the borrower’s debts result in a DTI <i>greater</i> than 50%, the borrower has three options (if applicable):</p> <ol style="list-style-type: none"> 1. They can request a paydown(s) 2. And/or add a Co-borrower 3. And/or add additional non-W-2 income via Plaid CRA <p>NOTE: If the above options do not work, and the DTI is still above 50%, the loan will be denied.</p>
4.	<p>Unsuccessful TWN & DTI <50%</p> <p>If TWN does not have success in pulling income information, the borrower will have the ability to connect their personal bank account via Plaid CRA or connect to their payroll provider via Truv.</p>

W-2 Income Verification – Plaid CRA

Step	Action
1.	<p>Plaid CRA allows the borrower to connect to their personal bank account.</p> <p>NOTE: Business accounts and Savings accounts are not allowed.</p>
2.	<p>Plaid CRA & DTI <50%</p> <p>If a successful connection is established and the DTI is below 50%, this step is approved, allowing the borrower to proceed to the title and closing stages.</p>
3.	<p>Plaid CRA & DTI >50%</p> <p>If a successful connection is established and the DTI is greater than 50%, then the borrower has two options (if applicable):</p> <ol style="list-style-type: none"> 1. Request a paydown 2. And/or add a co-borrower <p>NOTE: If the above two options do not work, and the DTI is still above 50%, the loan will be denied.</p>
4.	<p>If a successful connection via Plaid CRA is not established, the borrower can proceed through Truv.</p>

W-2 Income Verification – Truv

Step	Action
1.	If a successful connection via Plaid CRA is not established, the borrower can proceed through Truv .
2.	<p>Truv & DTI < 50%</p> <p>If a successful connection is established to their payroll provider via Truv, and the DTI is less than 50%, the step is considered approved, and the borrower can continue to title and closing steps.</p>
3.	<p>Truv & DTI > 50%</p> <p>If the connection through Truv is successful, but the DTI is greater than 50%, the borrower has two options (if applicable):</p> <ol style="list-style-type: none"> 1. They can request a paydown 2. And/or add a co-borrower <p>NOTE: If the above two options do not work, and the DTI is still above 50%, the loan will be denied.</p>
4.	<p>Additional Things to Know</p> <ul style="list-style-type: none"> • If the borrower doesn't have their login credentials for their payroll provider, they will have the option to upload the most recent two paystubs and recent W-2 • Truv scans the documents and produces an income value <ul style="list-style-type: none"> ○ The resulting income value CANNOT be altered • Truv CANNOT read handwritten paystubs and W-2's • If the documents uploaded cannot be "read" by the system, and no other methods were successful, the application will be denied

Self-Employed Income Verification – Plaid CRA

1.	<p>For Self-Employed borrowers, they have two options:</p> <ol style="list-style-type: none"> 1. Plaid CRA 2. Tax Return Upload
2.	<p>Plaid CRA</p> <ul style="list-style-type: none"> • If the connection is successful, and the DTI is <50%, the borrower can move on to the title and closing steps. • If the connection is successful, the retrieval of income is instant, if the income shows up in their account. • If there is NO successful connection via Plaid CRA, they can upload tax returns
3.	<p>Plaid CRA & DTI >50%</p> <p>If the DTI is still greater than 50%, the borrower has two options (if applicable):</p> <ol style="list-style-type: none"> 1. They can request paying down some of their debts 2. And/ or add a co-borrower <p>NOTE: If the above two options do not work, and the DTI is still above 50%, the loan will be denied.</p>

Self-Employed Income Verification – Tax Returns

1.	<p>Tax Returns</p> <p>If the borrower selects Tax Returns, they will be prompted to manually upload their most recent two (2) years' worth of tax returns (e.g. 2023 and 2022).</p> <ul style="list-style-type: none"> • The tax returns are sent to a third-party vendor that specializes in tax return analysis <ul style="list-style-type: none"> ○ The analysis will follow Fannie Mae Guidelines
2.	<p>Tax Return Time Frame</p> <ul style="list-style-type: none"> • The review of the tax returns can take several business days upon receipt of the uploaded documents. • Please set proper expectations regarding the turnaround time. <ul style="list-style-type: none"> ○ Generally, loans requiring review of tax documents take a few weeks to close due to the tax return analysis process. • To alleviate unnecessary back and forth questions during the analysis, have the borrower(s) submit all pages of their tax returns, including all schedules. <p>NOTE: Once the tax return income analysis is done, we cannot alter the value.</p>
3.	<p>Tax Return & DTI <50%</p> <ul style="list-style-type: none"> • If the DTI result is less than 50%, the borrower can move on to the title and closing steps.
4.	<p>Tax Return & DTI >50%</p> <p>If the DTI is still greater than 50%, the borrower has two options (if applicable):</p> <ol style="list-style-type: none"> 1. They can request paying down some of their debts 2. And/ or add a co-borrower <p>NOTE: If the above two options do not work, and the DTI is still above 50%, the loan will be denied.</p>