



Understanding No Income Verification Mortgages

Being able to do a mortgage without verification of income has been around for a while, and it provides some excellent options that would otherwise not be available. Now there is a wide variety of options for first mortgages in which documentation is not required for other key information. These programs are very useful for self employed borrowers and other individuals who do not wish to disclose their employment or assets. There are several variations, and each have key differences in underwriting and documentation. The less the documentation, the more rates and fees increase, or the loan to value is reduced. These are NOT "hard money" mortgages. Here is a summary:

	Program Description	Underwriting Guidelines	Things to Watch For	Pricing Impact
No Income Verification or N.I.V.	The borrowers income is written on the application, but is not verified.	The income as indicated on the application is used to calculate the ratios, but no tax returns, paystubs, or W-2's are needed to underwrite this type of mortgage. Assets are verified.	Some lenders require an IRS 4506 T form (see below) with the loan package, and some will verify the relative pay level with industry standard salaries for the area of employment.	Low - with a 720+ credit score it can be as little as .125% in loan fee on FNMA programs. Can go to 100% LTV with higher rates.
No Ratio	The borrowers income is not stated anywhere on the application.	No debt to income ratio is calculated. The employment and liquid assets such as savings, stocks or money market accounts are verified.	No 4506 T is usually required. The liquid assets should be commensurate with the payment level - 6 months PITI or more.	Add around .50% to the fee or .25% to the rate at 80% Loan to Value. Add about 2.00% for 95% Loan to Value.
No Income No Asset	Sometimes referred to as a N.I.N.A. or Stated Income Stated Assets.	No verification of income or liquid assets that are written on the loan application.	Some Lenders require an IRS 4506 T. Stated assets should be commensurate with the income.	Add 1.00% to the fee or .25% to the rate with an 80% LTV. Add 2.375% to rate for 95%.
No Income No Asset No Employment (No Doc)	This program is used when no employment can be verified in combination with no asset and no income verification.	No Income, Assets, or Employment information is on the application, and none is verified.	The credit report and appraisal is reviewed in great detail. No IRS 4506 T is required.	Loan to value usually 70% then add to rate. Max 95% LTV - only the rate about 3 points higher. Call us for rate!

Sound complicated? It certainly can be with so many variables.....each borrower has a different financial "fingerprint" and specific mortgage needs. However by understanding what the borrower desires, combined with knowing the underwriting and documentation requirements, one can find the best possible combination. At Federal Mortgage Company, we have been specializing in loans of this type for over

Confused ? Call us !

15 years now. We use several new automated underwriting systems that provide very fast approvals and accurate pricing. We also have a network of appraisers with experience in unique homes, such as large homes or waterfront properties, which we can use to obtain the lowest possible loan to value and the best pricing without prepayment penalties. Call Garret, Andy, Ryan or Conrad on (206) 325-8400 to discuss any of the program parameters and the rates and fees for you or your clients. Even if the credit score is less than 580 there still are some programs available at a reduced loan to value. Call and we will be happy to help you and your clients.

Always ask for a detailed **Good Faith Estimate**

This written estimate should outline all of the fees and explain all the terms. Always ask about any prepayment penalty. For an ARM, be sure to find out the Index, the Margin, any rate change Caps, and how the payments change over the term of the loan. Get it locked in writing then take it to closing !

What is an IRS 4506 T Form?

This form is an authorization to obtain copies of the borrowers tax returns. For an example see www.fedmtg.com and click on Application then 4506 T Form. Is your client reluctant to sign this form? Call and ask about the programs that do NOT need an IRS 4506 T.

How does the lender verify self employment?

Most mortgages require at least two years in business as verified by business licenses or a letter from their CPA. If less than that call us on (206) 325-8400 - there still are some good financing options.

How are liquid assets verified?

Providing the monthly statements covering the prior 60 days will usually work. Or we can sometimes use a Verification of Deposit.

Federal Mortgage Company, Inc. is a member in good standing of the **Washington Association of Mortgage Brokers**, the **Seattle Mortgage Bankers Association**, and the **National Mortgage Bankers Association**. We are licensed and bonded to originate mortgage loans in **Washington, Oregon, and Idaho**. See www.fedmtg.com

Please call Ryan, Garret, Andy or Conrad on 206-325-8400 or email us at info@fedmtg.com for a detailed Good Faith Estimate on any program