

## **FAQ: No-Income-Verification Loans**

### ***Q. What is a no-income-verification loan?***

A. Under most conventional, FHA and VA underwriting guidelines an applicant's income must be verified by obtaining direct verification of employment and income from the applicant's employer, obtaining copies of the applicant's pay-stubs and W-2's and copies of the applicant's tax returns in some situations. Under our company's EZ-Doc loan program the applicant's income is not verified by any of these methods. The applicant is qualified from the income stated on his loan application. And with less money down or higher equity on refinances the applicant is qualified without the necessity of even stating his or her income.

### ***Q. Which applicants can utilize the liberal qualification standards of the EZ-Doc loan program?***

A. Applicants seeking to take advantage of the easier documentation requirements of the EZ-Doc loan program on a conforming loan (with the best possible pricing) must put a minimum of 10% down on a purchase or must have an equity of at least 10% on a refinance (i.e. the loan amount of the new loan cannot exceed 90% of the value of the property). Loan programs that do not require documentation of income are now available with no down-payment, however these programs are priced significantly higher than those NIV programs requiring a down-payment of at least 10%. Late payments or other derogatory credit which might be permitted under conventional underwriting guidelines will not be permitted under the EZ-Doc loan program's qualification guidelines.

### ***Q. Are there other reasons why an applicant would not want to utilize the EZ-Doc loan program?***

A. There are several reasons why an applicant that can qualify under our standard documentation requirements would want to do so in lieu of using the EZ-Doc program. The interest rate which an applicant will receive on an EZ-Doc loan will usually be considerably higher than the rate that could be obtained on a standard documentation program. Furthermore, an applicant applying for a loan under the EZ-Doc guidelines may be limited to only a handful of fixed-rate and adjustable-rate loan programs.

### ***Q. Will verification of all sources of an applicant's income be waived under the EZ-Doc loan program?***

A. No. Rental income, interest income, trust income, child support and other sources of "passive income" will be required to be documented in the same manner as under conventional documentation guidelines.

### ***Q. Are all no-income-verification programs the same?***

A. Most companies offering NIV programs charge significantly higher interest rates on those loans than on loans documented in the traditional manner. On NIV programs with a minimum of 10% down and with credit scores of 680 or greater, our company can usually offer a rate that is no more than .125% more than a loan with standard documentation.