Coaching for the Qualification Snapshot: building income, payment, DTI, cash and reserves one supported number at a time.

A reading guide to keep beside the worksheet. Read it before your first real conversations, and come back to it when a borrower's story gets complicated.

01 · USE WITH THE QUALIFICATION SNAPSHOT

How to use this companion

Build a working model that another reviewer can follow, test and revise. Use the Snapshot to show the numbers; use this guide to explain the choices behind them.

Start with the borrower's goal and the loan options from the Decision Map and the Program Decision Tree. Record the as-of date and the path you're testing. A ratio belongs to a set of inputs and assumptions; it can't establish an underwriting decision on its own.

Keep a calculation assumption explicitly labeled as an assumption. Don't mark it V simply because the arithmetic is correct. Show the source, period, method, excluded amount and unresolved treatment.

STORY → MATH → PRESSURE TEST → VERIFY → STRUCTURE
If a necessary input is missing, record the missing input. You may run a labeled what-if scenario to learn its effect, but keep it separate from the supported working model.

02 · SNAPSHOT SECTION 01

Build income source by source

Separate what was reported from what the selected path can support.

Use one row per borrower and income type. Record the amount reported, frequency, period reviewed, calculation, working amount and evidence state. Show income excluded or pending separately so a reviewer can see what the model depends on.

Pay frequency	Monthly conversion only
Annual base salary	Annual amount ÷ 12
Weekly fixed gross pay	Weekly amount × 52 ÷ 12
Every two weeks	Biweekly amount × 26 ÷ 12
Twice each month	Semimonthly amount × 2

These are arithmetic conversions for a supported pay basis. They don't prove hours, history, stability or eligibility. Verify the actual payroll schedule; biweekly and semimonthly are different.

Find the judgment in the calculation

Variable pay: separate overtime, bonus, commission and fluctuating hours. Examine the relevant history and current trend using the rule for that income type. A recent slowdown needs analysis; don't choose the most favorable average merely to lower DTI.

Self-employment and rental income: use the applicable analysis of income, expenses, ownership and required adjustments. Gross business receipts, gross rent and net bank deposits aren't interchangeable with qualifying income.

Other income: identify the source and applicable evidence before choosing a taxability, continuation or gross-up treatment. Before a general income inquiry, use the approved optional-support-income disclosure. [S01]

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Pressure test
Compare a supported base-only model with a clearly labeled scenario that includes unresolved income. Record why you did or didn’t rely on the extra source. Don’t omit a material business loss or required analysis.

03 · SNAPSHOT SECTION 02

Build the payment and DTI

Use qualifying amounts for the chosen path, then compare the result with the borrower’s comfort target.

H is the total qualifying housing expense: principal and interest, property taxes, homeowners and flood insurance, mortgage insurance or program charges, association dues, and other required housing amounts. Identify any subordinate payment included in H. **I** is the supported monthly qualifying income. **D** is the other qualifying monthly debt. Keep housing out of D when it’s already counted in H.

Measure	Calculation
Housing ratio	H ÷ I × 100
Total DTI	(H + D) ÷ I × 100
Payment comfort gap	Modeled total housing − borrower comfort target

Use positive income and consistent monthly amounts. A missing denominator makes the ratio unavailable or explicitly provisional. Agency limits and underwriting methods vary; the same DTI doesn’t produce the same result on every path. [S05]

Explain each debt treatment

Student loans, business-paid or co-signed debts, tax or support obligations, collections and debts near payoff can require different treatment by program. Record the exact issue and current source. Don’t substitute a remembered payment or a generic online rule.

For a proposed omission or payoff, identify the required evidence and its effect on cash to close. A debt removed from D may create a cash need elsewhere. If a new debt appears, revisit the working model and the applicable review or resubmission process.

Keep comfort separate from eligibility

“What changes if insurance, dues or the income amount comes in differently?”

Change one input at a time and record the result. Discuss the effect on monthly cash flow in plain language. A borrower may prefer a lower payment even if a path remains eligible.

Watch out
An automated underwriting system (AUS) finding depends on the data submitted and has conditions. Record the system, date, relevant result and unresolved requirements. Don’t describe an unreviewed result as final approval.

04 · SNAPSHOT SECTION 03

Reconcile cash and reserves

Count funds by usable amount and timing, then explain what remains after closing.

For each source, record owner, balance date, access, intended use and the open evidence question. Gifts, assistance, retirement or business funds, sale proceeds and borrowed funds may have different eligibility and documentation requirements. A balance isn’t automatically available closing cash.

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“Has this amount moved between accounts we already counted?”

Trace relevant transfers so one dollar is counted once. Determine the evidence required for the specific facts and program; not every transfer has identical treatment.

Use a dated cash bridge

Remaining cash needed = down payment + costs and prepaids − allowable credits − supported deposit already paid, adjusted for transaction-specific items. Include relevant payoffs or other cash requirements; reconcile the estimate to official transaction figures.

Check	Reason
Deposit already paid	It reduces remaining closing cash. If the current bank balance already reflects it, don’t subtract it from that balance again.
Credits	Confirm amount, eligibility, permitted use and limits; an offered credit isn’t automatically usable for every cost.
Funds not yet received	Show the timing and conditions. A pending sale or promised transfer isn’t the same as available funds.
Payoffs and fees	Place each item once in the cash bridge and show its source. Avoid duplicate deductions.

Separate three different questions

1. Can eligible funds meet the remaining cash needed?
2. Do eligible remaining assets satisfy the selected path’s reserve requirement?
3. Does the household still keep its desired cash cushion?

These answers can differ. Use the applicable rule for reserve eligibility and any months-of-reserves calculation. Don’t label all money left over as qualifying reserves or assume it meets a requirement.

Next move: if a source remains open, show its effect with a labeled sensitivity case, then ask for the evidence needed to resolve it. Holding out an amount in a conservative exercise is not a universal program rule.

05 · SNAPSHOT SECTIONS 02–04

Compare leverage and structure

Confirm both the value basis and the lien exposure. Then compare the whole transaction.

LTV uses the first-loan amount divided by the applicable value basis. Confirm the transaction’s denominator and any program-specific adjustments before using the percentage for an eligibility or pricing decision.

For the Fannie Mae framework, CLTV includes the first loan, applicable closed-end subordinate balances and drawn HELOC debt. HCLTV uses the full HELOC line exposure. Check the exact rule, denominator, exceptions and limits. [S06–S07]

This illustration teaches the distinction; it doesn’t establish eligibility or an allowable maximum. Don’t count the HELOC’s drawn balance again on top of its full line in HCLTV.

For refinance or equity requests

Compare current and proposed first-loan balance, rate, remaining term, other liens, total payments, net proceeds, cash-paid and financed costs, and balance or cost at the expected exit date. Show debts paid off and debts that remain. Consider keeping the first loan, a different second-lien structure, a smaller request, or no change. For variable-rate debt, explain the payment uncertainty using approved product terms.

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Simple cost recovery: relevant incremental costs ÷ comparable monthly savings, when savings are positive and comparable. For an assumed $6,000 cost and $200 monthly savings, the simple result is 30 months. This doesn't capture full lifetime cost, term reset, financed costs, rate changes, tax effects or a future refinance.

Decision point
A smaller payment alone doesn't demonstrate a better outcome. Explain which borrower goal the proposed structure serves and what trade-off it introduces.

06 · SNAPSHOT SECTION 05

Test what could change the answer

A useful working conclusion names the strengths, the fragile inputs and the next action.

Name the facts supporting a potential path: a supported income source, available funds or a clear borrower objective. Then identify the two or three unresolved items most likely to change cash, payment, eligibility or timing. Keep property and credit questions visible alongside the math. Useful extra tags are program-sensitive, structure-sensitive and time-sensitive; they explain the kind of dependency and don't replace R, D, V or O.

Change one fact and show the effect

Choose a plausible change: remove unresolved overtime, revise an insurance estimate, hold out an unsourced amount for a conservative scenario, include a newly discovered payment, or change the proposed loan amount. Keep other inputs constant so the effect is visible. Record the before-and-after result, the assumption you changed, and what would resolve it. Don't turn a what-if result into the new supported model until the facts and treatment are established.

Record	What the next reviewer needs
SOURCE and RULE	Authority, section or link, effective date, checked date, and the transaction facts that make it applicable.
OVERLAY CHECK	Lender-specific requirement and source; confirm whether it changes the loan option.
ESCALATE	Exact unresolved question, relevant evidence, reviewer and needed-by date.
NEXT MOVE	Action, owner, due date, and when the borrower will hear back.

"We're testing [path] for [goal]. The model uses [income basis] and [housing/debt treatment]. [Open facts] could change the result. [Owner] will resolve [question] by [date], then we'll update [number or path]."

Move evidence requests to the Document Roadmap. Reconcile the working model with the application, credit, property review and relevant underwriting findings. A status such as "potential path, verify" communicates the work still required; it's neither an approval nor a denial.

Before leaving
Can you explain every income source used, every debt treatment, the cash timing, the most important uncertainty, and the next action?

Sources

[S01] CFPB · Regulation B, 12 CFR 1002.5 · Information requests and optional support income · https://www.consumerfinance.gov/rules-policy/regulations/1002/5/

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[S04] Fannie Mae · B3-3.1-01 · General income information · https://selling-guide.fanniemae.com/sel/b3-3.1-01/general-income-information

[S05] Fannie Mae · B3-6-02 · Debt-to-income ratios · https://selling-guide.fanniemae.com/sel/b3-6-02/debt-income-ratios

[S06] Fannie Mae · B2-1.2-02 · Combined loan-to-value ratios · https://selling-guide.fanniemae.com/sel/b2-1.2-02/combined-loan-value-cltv-ratios

[S07] Fannie Mae · B2-1.2-03 · Home equity combined loan-to-value ratios · https://selling-guide.fanniemae.com/sel/b2-1.2-03/home-equity-combined-loan-value-hcltv-ratios

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