

Self-Employed Borrower: Personal 1040 with Schedule F -Farm

April 2020

Customer Education

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YOU-CENTRIC SOLUTIONS THAT MATTER

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Mortgage Insurance

Objective

Understand the meaning of “Self Employed”

Discuss Who Would Complete a Schedule F

Learn to use Fannie Mae’s 1084 Cash Flow Analysis Form to calculate supportable income using tax returns.

Complete Section 6 of the 1084

– Review Schedule F

Schedule F - Profit or Loss From Farming

3 Major Types of Income Reported on a Schedule F

- Crops
- Animal Production
- Forestry & Logging

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2019** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status ☒ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
Check only one box.
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial: **Fred F** Last name: **Farmer, III** Your social security number: **223-72-3211**
If joint return, spouse's first name and middle initial: Last name: Spouse's social security number:

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. **8962 Thomas Street**
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Hale MI 48739 Foreign country name: Foreign province/state/country: Foreign postal code: Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$5 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse
If more than four dependents, see instructions and ✓ here ▶ ☐

Standard Deduction Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 2, 1955 ☐ Are blind Spouse: ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2b	1,877.
3a	Qualified dividends	3b	
4a	IRA distributions	4b	
c	Pensions and annuities	4d	
5a	Social security benefits	5b	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here	6	
7a	Other income from Schedule 1, line 9	7a	33,402.
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income	7b	35,279.
8a	Adjustments to income from Schedule 1, line 22	8a	4,750.
b	Subtract line 8a from line 7b. This is your adjusted gross income	8b	30,529.
9	Standard deduction or itemized deductions (from Schedule A)	9	23,098.
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10	1,486.
11a	Add lines 9 and 10	11a	24,584.
b	Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b	5,945.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040** (2019)

The Tax Return...

Fred Farmer III runs Little Bo Peep Sheep and Goat Farm.

His sole business income is reported on a Schedule F.

Form 1040 Department of the Treasury—Internal Revenue Service **(99)** **2019** OMB No. 1545-0047 IRS Use Only—Do not write or staple in this space.

Filing Status ☒ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
Check only one box.
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial Fred F Last name Farmer, III Your social security number 223-72-3211
If joint return, spouse's first name and middle initial _____ Last name _____ Spouse's social security number _____

Home address (number and street). If you have a P.O. box, see instructions. 8962 Thomas Street Apt. no. _____
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Hale MI 48739 Foreign country name _____ Foreign province/state/country _____ Foreign postal code _____
If more than four dependents, see instructions and ☐ here ▶ ☐

Standard Deduction Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 2, 1955 ☐ Are blind Spouse: ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> Child tax credit	(5) <input type="checkbox"/> Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	1,877.
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
4c	Pensions and annuities	4c	
5a	Social security benefits	5a	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	6	
7a	Other income from Schedule 1, line 9	7a	33,402.
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income	7b	35,279.
8a	Adjustments to income from Schedule 1, line 22	8a	4,750.
b	Subtract line 8a from line 7b. This is your adjusted gross income	8b	30,529.
9	Standard deduction or itemized deductions (from Schedule A)	9	23,098.
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10	1,486.
11a	Add lines 9 and 10	11a	24,584.
b	Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b	5,945.

Standard Deduction for—
• Single or Married filing separately, \$12,000
• Married filing jointly or Qualifying widow(er), \$24,000
• Head of household, \$18,000
• If you checked any box under Standard Deduction, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Form **1040** (2019)

Always review the Tax Return or the 4506T for any activity reported online #7a.

7a Other income from Schedule 1, line 9

Tax Return Review Schedule F

The Tax Return...

Always review the Tax Return or the 4506T for any activity reported on Schedule 1

SCHEDULE 1 (Form 1040 or 1040-SR)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040 or 1040-SR. Go to www.irs.gov/Form1040 for instructions and the latest information.		2019 Attachment Sequence No. 01	
Name(s) shown on Form 1040 or 1040-SR Fred F Farmer, III				Your social security number 223-72-3211	
At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Part I Additional Income					
1	Taxable refunds, credits, or offsets of state and local income taxes	1			
2a	Alimony received	2a			
b	Date of original divorce or separation agreement (see instructions) ▶				
3	Business income or (loss). Attach Schedule C	3			
4	Other gains or (losses). Attach Form 4797	4			
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5			
6	Farm income or (loss). Attach Schedule F	6	33,402.		
7	Unemployment compensation	7			
8	Other income. List type and amount ▶	8			
9	Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a	9	33,402.		
Part II Adjustments to Income					
10	Educator expenses	10			
11	Health savings account deduction. Attach Form 8889	11			
12	Moving expenses for members of the Armed Forces. Attach Form 3903	12			
13	Deductible part of self-employment tax. Attach Schedule SE	13			
14	Self-employed SEP, SIMPLE, and qualified plans	14	2,360.		
15	Self-employed health insurance deduction	15			
16	Penalty on early withdrawal of savings	16	2,390.		
17	Alimony paid	17			
18a	Alimony paid	18a			
b	Recipient's SSN ▶				
c	Date of original divorce or separation agreement (see instructions) ▶				
19	IRA deduction	19			
20	Student loan interest deduction	20			
21	Tuition and fees. Attach Form 8917	21			
22	Add lines 10 through 21. These are your adjustments to income. Enter here and on Form 1040 or 1040-SR, line 8a	22	4,750.		

Review Line 6 to determine if a Schedule F has been filed

Always review the Tax Return or the 4506T for any activity reported on Schedule F

Review Line 34 to determine if just 1 Schedule F has been filed

Income Worksheets/Calculator

The screenshot shows the Genworth Mortgage Insurance website. The header includes the Genworth logo, contact information (800 444.5664), a search bar, and a 'LOG IN TO:' button with links for 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. The navigation bar contains links for 'MI & RATES', 'UNDERWRITING & GUIDES', 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', 'TRAINING', 'OUR BLOG', and 'ABOUT US'. A red arrow points to the 'Self-Employed Borrower Calculators' option in the 'TRAINING' dropdown menu. Below the navigation bar, a message states: 'Due to various internet browser versions, please download the latest version of the calculator before entering data. Please note, calculators are updated periodically.' The main content area features three calculator cards: 'Fannie Mae Form 1084 Calculator (2018-2019)', 'Freddie Mac Form 91 Calculator (2018-2019)', and 'Freddie Mac Form 92 Calculator (2018-2019)'. Each card includes a calculator icon, a 'PDF' label, and a description of the calculator's purpose. A 'Recorded webinars' section is also visible on the right side of the page.

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Training FAQs

Due to various internet browser versions, please download the latest version of the calculator before entering data. Please note, calculators are updated periodically.

Fannie Mae Form 1084 Calculator (2018-2019)

Calculate and analyze cash flow to help you complete Fannie Mae form 1084. **UPDATED**

Freddie Mac Form 91 Calculator (2018-2019)

Quick reference guide and income analysis for Freddie Mac Form 91. **UPDATED**

Freddie Mac Form 92 Calculator (2018-2019)

Form 92 Net Rental Income Calculations – Schedule E. **UPDATED**

Recorded webinars

Explore and watch on your time!

Income Worksheets/Calculator

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Fannie Mae Form 1084 Calculator (2018-2019)
Calculate and analyze cash flow to help you complete Fannie Mae form 1084. **UPDATED**

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Freddie Mac Form 92 Calculator (2018-2019)
Form 92 Net Rental Income Calculations - Schedule E. **UPDATED**

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Genworth Mortgage Insurance

Borrower Name: _____ Loan Number: _____
Property Address: _____

Calculator and Quick Reference Guide: Fannie Mae Cash Flow Analysis

Please use the following quick reference guide to assist you in completing Fannie Mae Form 1084. It provides suggested guidance only and does not replace Fannie Mae instructions or applicable guidelines.
Note: For entries with the marker (+/-) type a "-" for entering a negative amount. Example: -12,345.67

IRS Form 1040 - Individual Income Tax Return	2019	2018	NOTES
1 W-2 Income from Self-Employment	+		
2 Schedule B - Interest and Ordinary Dividends			
a. Interest Income from Self-Employment (Line 1)	+		
b. Dividends from Self-Employment (Line 5)	+		
3 Schedule C - Profit or Loss from Business: Sole Proprietorship			
a. Net Profit or Loss (Line 31)	+/-		
b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-		
c. Depreciation (Line 12)	+		
d. Depreciation (Line 13)	+		
e. Non-deductible Meals and Entertainment Expenses (Line 24c)	-		
f. Business Use of Home (Line 30, Check applicable guidelines)	+		
g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+		
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)			
X Depreciation Rate (2019-26%; 2018-25%)		0.25	0.25
- Total Mileage Depreciation	+	0.00	0.00
Subtotal Schedule C	-	0.00	0.00
4 Schedule D - Capital Gains and Losses			
a. Recurring Capital Gains (from Self-Employment)	+		
5 Schedule E - Supplemental Income and Loss			
Note: A lender may use Fannie Mae Rental Income Worksheets (Form 1037 or Form 1038) or a comparable form to calculate individual rental income (loss) reported on Schedule E.			
a. Royalties Received (Line 4)	+		
b. Total Expenses (Line 20)	-		
c. Depreciation (Line 18)	+		
Subtotal Schedule E	-	0.00	0.00
6 Schedule F - Profit or Loss from Farming			
a. Net Farm Profit or Loss (Line 34)	+/-		
b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a-b))	+/-		
c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-		
d. Depreciation (Line 14)	+		
e. Amortization/Casualty Loss/Depreciation (Line 32*)	+		
f. Business Use of Home (Line 32, Check applicable guidelines)	+		
Subtotal Schedule F	-	0.00	0.00
Note: IRS Form 4797 (Sales of Business Property) is not included on this worksheet due to its infrequent use. If applicable, a lender may include analysis of the sale and related recurring capital gains.			

This calculator can be found at <https://newmi.genworth.com/self-employed-borrower-calculators>

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Income Worksheets/Calculator

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Calculate and analyze cash flow to help you complete Fannie Mae form 1084. **UPDATED**

Freddie Mac Form 91 Calculator (2018-2019)
Quick reference guide and income analysis for Freddie Mac Form 91. **UPDATED**

Freddie Mac Form 92 Net Income Calculator (2018-2019)
Form 92 Net Income Calculator

Genworth Mortgage Insurance

Borrower(s) Name(s) _____ Loan Number _____

Property Address _____

Calculator and Quick Reference Guide: Form 91 Income Calculations

Please use the following quick reference guide to assist you in completing Freddie Mac Form 91. This form is for suggested guidance and does not replace Freddie Mac instructions or applicable guidelines.

Note: For entries with the marker (+/-) type a '-' for entering a negative amount. Example: -12,345.67

I. Income Calculations from IRS Form 1040

IRS Form 1040 Federal Individual Income Tax Return

1	W-2 Income from self-employment (reported on IRS Forms 1040 and 1120 or 1120S)	2019	2018	NOTES
Name of Business:				
W-2 Income, Section 5304.1 (d)	+			
Subtotal of W-2 Income From Self-employment		\$ 0.00	\$ 0.00	Validate with business returns and IRS Form 1125-E, Compensation of Officers, as applicable

2	Schedule B - Interest and Ordinary Dividends	2019	2018	NOTES
Recurring interest income (Chapter 5305) (Line 1)	+			
Recurring dividend income (Chapter 5305) (Line 5)	+			
Dividend income from self-employment reported on IRS Form 1120	-			
Subtotal of Dividends and Interest		\$ 0.00	\$ 0.00	

3	Schedule C - Profit or Loss from Business (Sole Proprietorship) (Chapter 5304)	2019	2018	NOTES
Name of Business #1:				
Net profit or loss (Line 31)	+/-			
Non-recurring other income or loss, or expenses (Line 6)	+/-			
Depletion (Line 12)	+			
Depreciation - See three lines below for additional vehicle depreciation (Line 13)	+			
Meals and entertainment exclusion (Line 24b)	-			
Amortization or casualty loss - Only add back Amort/CL (Review C, Page 2, Part V)	+			
Business use of home - Follow investor credit policy (Line 30, Form 8829 or Simplified Method Worksheet)	+			
Business Miles (Page 2, Part IV, Line 44a or Related 4562, Line 30)				
x Depreciation Rate (2019-26% and 2018-25%)		\$ 0.26	\$ 0.25	
= Total Mileage Depreciation	+	\$ 0.00	\$ 0.00	
Subtotal from Schedule C, Business #1		\$ 0.00	\$ 0.00	

This calculator can be found at <https://new.mi.genworth.com/self-employed-borrower-calculators>

Page 1 of 6

Fannie Mae's Form 1084 Or Freddie Mac's Form 91

6	Schedule F - Profit or Loss from Farming			
	a. Net Farm Profit or Loss (Line 34)	+/-		
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-		
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-		
	d. Depreciation (Line 14)	+		
	e. Amortization/Casualty Loss/Depletion (Line 32*)	+		
	f. Business Use of Home (Line 32, Check applicable guidelines)	+		
	Subtotal Schedule F	=	0.00	0.00

7	Schedule F – Profit or Loss from Farming (Chapter 5304)		2019	2018
	Net Farm Profit of Loss (Line 34)	+/-		
	Non-taxable portion of recurring cooperative & CCC payments (Lines 3, 4, 6a-b)	+		
	Non-recurring other income or loss (Lines 5c and 8)	+/-		
	Depreciation (Line 14)	+		
	Amortization/Casualty loss/Depletion only if listed (Line 32)	+		
	Business use of home only if listed (Line 32)	+		
	Subtotal from Schedule F, Farming		\$0.00	\$0.00

Fannie Mae Selling Guide

B3-3.3-06, Income or Loss Reported on IRS Form 1040, Schedule F (04/01/2009)

Introduction

This topic contains information on income or loss reported on IRS Form 1040, Schedule F.

Income or Loss Reported on IRS Form 1040, Schedule F

Income received from farming is calculated on IRS Form 1040, Schedule F, and transferred to IRS Form 1040.

Note: Other income on Schedule F may represent income that is not obtained from the borrower's farming operations.

The lender may need to make certain adjustments to the net income amount that was transferred to IRS Form 1040. For example, certain federal agricultural program payments, co-op distributions, and insurance or loan proceeds are not fully taxable, so they would not be reported on IRS Form 1040. These income sources may or may not be stable or continuous and could be a one-time occurrence.

<https://selling-guide.fanniemae.com>

Schedule F

SCHEDULE F (Form 1040 or 1040-SR)		Profit or Loss From Farming		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (IRS)		2019 Attachment Sequence No. 14			
Name of proprietor Fred F Farmer, III		Social security number (SSN) 223-72-3211			
A Principal crop or activity Sheep & goats		B Enter code from Part IV 1 1 2 4 0 0		C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	
		D Employer ID number (EIN) (see instr.)			
E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
G If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)					
1a Sales of livestock and other resale items (see instructions)		1a 0.			
b Cost or other basis of livestock or other items reported on line 1a		1b 36,555.			
c Subtract line 1b from line 1a		1c -36,555.			
2 Sales of livestock, produce, grains, and other products you raised		2 119,622.			
3a Cooperative distributions (Form(s) 1099-PATR)		3a 8,000.		3b Taxable amount 3b 3,000.	
4a Agricultural program payments (see instructions)		4a 4,000.		4b Taxable amount 4b 4,000.	
5a Commodity Credit Corporation (CCC) loans reported under election		5a		5c Taxable amount 5c	
b CCC loans forfeited		5b		5c	
6 Crop insurance proceeds and federal crop disaster payments (see instructions):		6a		6b Taxable amount 6b	
a Amount received in 2019		6a		6d Amount deferred from 2018 6d	
c If election to defer to 2020 is attached, check here <input type="checkbox"/>		6d		7	
7 Custom hire (machine work) income		7		8	
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		8		9	
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 5d. See instructions		9 90,067.			
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.					
10 Car and truck expenses (see instructions). Also attach Form 4562		10 2,629.		23 Pension and profit-sharing plans 23	
11 Chemicals		11 299.		24 Rent or lease (see instructions):	
12 Conservation expenses (see instructions)		12		a Vehicles, machinery, equipment 24a	
13 Custom hire (machine work)		13 5,444.		b Other (land, animals, etc.) 24b	
14 Depreciation and section 179 expense (see instructions)		14 6,916.		25 Repairs and maintenance 25 6,700.	
15 Employee benefit programs other than on line 23		15		26 Seeds and plants 26	
16 Feed		16 8,298.		27 Storage and warehousing 27	
17 Fertilizers and lime		17		28 Supplies 28 6,490.	
18 Freight and trucking		18 1,409.		29 Taxes 29 2,222.	
19 Gasoline, fuel, and oil		19 1,288.		30 Utilities 30 4,766.	
20 Insurance (other than health)		20 2,311.		31 Veterinary, breeding, and medicine 31 1,955.	
21 Interest (see instructions):		21a		32 Other expenses (specify):	
a Mortgage (paid to banks, etc.)		21a		a Legal fees 32a 5,938.	
b Other		21b		b 32b	
22 Labor hired (less employment credits)		22		c 32c	
23 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions		23 56,665.		d 32d	
34 Net farm profit or (loss). Subtract line 33 from line 9		34 33,402.		e 32e	
35 Reserved for future use		35		f 32f	
36 Check the box that is 34 Net farm profit or (loss). Subtract line 33 from line 9		34 33,402.			
a <input type="checkbox"/> All investment is a					

Line 34 represents the profit or loss for the business activity. This taxable income or loss is our starting point in calculating qualifying income.

Net Farm Profit of Loss (Line 34)

+/-

Income Analysis Form 1084

6	Schedule F - Profit or Loss from Farming		
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	
	d. Depreciation (Line 14)	+	
	e. Amortization/Casualty Loss/Depletion (Line 32*)	+	
	f. Business Use of Home (Line 32, Check applicable guidelines)	+	
	Subtotal Schedule F	=	33,402.00

Schedule F

SCHEDULE F
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service (IRS)

Profit or Loss From Farming

OMB No. 1545-0074
2019
Attachment
Sequence No. **14**

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.
▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.

Name of proprietor
Fred F Farmer, III

Principal crop or activity
Sheep & goats

Enter code from Part IV
1 1 2 4 0 0

Accounting method:
☒ Cash ☐ Accrual

Social security number (SSN)
223-72-3211

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions) 1a 0.

1b Cost or other basis of livestock or other items reported on line 1a 1b 36,555.

2 Subtract line 1b from line 1a 2c -36,555.

3 Sales of livestock, produce, grains, and other products you raised 3 119,622.

3a Cooperative distributions (Form(s) 1099-PATR) 3a 8,000.

3b Taxable amount 3b 3,000.

4a Agricultural program payments (see instructions) 4a 4,000.

4b Taxable amount 4b 4,000.

5a Commodity Credit Corporation (CCC) loans reported under election 5a

5b CCC loans forfeited 5b

5c Taxable amount 5c

6 Crop insurance proceeds and federal crop disaster payments (see instructions):

a Amount received in 2019 6a

6b Taxable amount 6b

10 Car 10 2,629.

11 Chemicals 11 299.

12 Conservation expenses (see instructions) 12

13 Custom hire (machine work) 13 5,444.

14 Depreciation and section 179 expense (see instructions) 14 6,916.

15 Employee benefit programs other than on line 23 15

16 Feed 16 8,298.

17 Fertilizers and lime 17

18 Freight and trucking 18 1,409.

19 Gasoline, fuel, and oil 19 1,288.

20 Insurance (other than health) 20 2,311.

21 Interest (see instructions):

a Mortgage (paid to banks, etc.) 21a

b Other 21b

22 Labor hired (less employment credits) 22

24 Rent or lease (see instructions):

a Vehicles, machinery, equipment 24a

b Other (land, animals, etc.) 24b

25 Repairs and maintenance 25 6,700.

26 Seeds and plants 26

27 Storage and warehousing 27

28 Supplies 28 6,490.

29 Taxes 29 2,222.

30 Utilities 30 4,766.

31 Veterinary, breeding, and medicine 31 1,955.

32 Other expenses (specify):

a Legal fees 32a 5,938.

b 32b

c 32c

d 32d

e 32e

f 32f

33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions 33 56,665.

34 Net farm profit or (loss). Subtract line 33 from line 9 34 33,402.

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss:

a ☐ All investment is at risk. b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate Instructions. BAA REV 04/05/20 TTW Schedule F (Form 1040 or 1040-SR) 2019

b. Non-Tax Portion Ongoing Coop and CCC Payments
(Line 3, 4, 6(a - b))

+/-

$$\$8,000 - \$3,000 = \$5,000$$

$$\$4,000 - \$4,000 = \$0$$

$$\$5,000 + \$0 = \$5,000 \text{ of non-taxable income}$$

$$*\$5,000 \times 125\% = \$6,250$$

*Non-taxable income can typically be grossed-up using a calculation of 125%

Income Analysis Form 1084

6	Schedule F - Profit or Loss from Farming				
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00		
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	6,250.00		
					<i>\$5,000 Ongoing CCC payments @125%= \$6,250</i>

Schedule F

SCHEDULE F (Form 1040 or 1040-SR)		Profit or Loss From Farming		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		2019 Attachment Sequence No. 14			
Name of proprietor Fred F Farmer, III A Principal crop or activity Sheep & goats		Social security number (SSN) 223-7- D Employee		c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	
B Enter code from Part IV 1 1 2 4 0 0		C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		+/-	
E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)					
1a Sales of livestock and other resale items (see instructions)		1a 0.			
b Cost or other basis of livestock or other items reported on line 1a		1b 36,555.			
c Subtr					
2 Sales					
3a Coop					
4a Agric					
5a Comm					
b CCC					
6 Crop					
a Amol.					
c If election to defer to 2020 is attached, check here <input type="checkbox"/> 6d Amount deferred from 2018		6d			
7 Custom hire (machine work) income		7			
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		8			
9 Gross income		9			
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.					
10 Car and truck expenses (see instructions). Also attach Form 4562		10 2,629.			
11 Chemicals		11 299.			
12 Conservation expenses (see instructions)		12			
13 Custom hire (machine work)		13 5,444.			
14 Depreciation and section 179 expense (see instructions)		14 6,916.			
15 Employee benefit programs other than on line 23		15			
16 Feed		16 8,298.			
17 Fertilizers and lime		17			
18 Freight and trucking		18 1,409.			
19 Gasoline, fuel, and oil		19 1,288.			
20 Insurance (other than health)		20 2,311.			
21 Interest (see instructions):					
a Mortgage (paid to banks, etc.)		21a			
b Other		21b			
22 Labor hired (less employment credits)		22			
23 Pension and profit-sharing plans		23			
24 Rent or lease (see instructions):					
a Vehicles, machinery, equipment		24a			
b Other (land, animals, etc.)		24b			
25 Repairs and maintenance		25 6,700.			
26 Seeds and plants		26			
27 Storage and warehousing		27			
28 Supplies		28 6,490.			
29 Taxes		29 2,222.			
30 Utilities		30 4,766.			
31 Veterinary, breeding, and medicine		31 1,955.			
32 Other expenses (specify):					
a Legal fees		32a 5,938.			
b		32b			
c		32c			
d		32d			
e		32e			
f		32f			
33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions		33 56,665.			
34 Net farm profit or (loss). Subtract line 33 from line 9. If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.		34 33,402.			
35 Reserved for future use. 36 Check the box that describes your investment in this activity and see instructions for where to report your loss: a <input type="checkbox"/> All investment is at risk. b <input type="checkbox"/> Some investment is not at risk.					
For Paperwork Reduction Act Notice, see the separate Instructions. BAA REV 04/05/20 TTW Schedule F (Form 1040 or 1040-SR) 2019					

Income Analysis Form 1084

6	Schedule F - Profit or Loss from Farming		
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	6,250.00
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	0.00

Schedule F

SCHEDULE F
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service (IRS)

Profit or Loss From Farming

► Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.
► Go to www.irs.gov/ScheduleF for instructions and the latest information.

Name of proprietor
Fred F Farmer, III

A Principal crop or activity
Sheep & goats

B Enter code from Part IV
1 1 2 4 0 0

C Accounting method:
☒ Cash ☐ Accrual

D Employer ID number (EIN) (see instr.)

E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses ☒ Yes ☐ No

F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions ☐ Yes ☒ No

G If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☒ No

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a	Sales of livestock and other resale items (see instructions)	1a	0.
1b	Cost or other basis of livestock or other items reported on line 1a	1b	36,555.
2	Subtract line 1b from line 1a	2	-36,555.
3	Sales of livestock, produce, grains, and other products you raised	3	119,622.
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	8,000.
3b	Taxable amount	3b	3,000.
4a	Agricultural program payments (see instructions)	4a	4,000.
4b	Taxable amount	4b	4,000.
5a	Commodity Credit Corporation (CCC) loans reported under election	5a	
5b	CCC loans forfeited	5b	
5c	Taxable amount	5c	
6	Crop insurance proceeds and federal crop disaster payments (see instructions):		
a	Amount received in 2019	6a	
b	Taxable amount	6b	
c	If election to defer to 2020 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2018
7	Custom hire (machine work) income	7	
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	
9	Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 5d. See instructions	9	90,067.

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10	Car and truck expenses (see instructions). Also attach Form 4562	10	2,629.
11	Chemicals	11	299.
12	Conservation expenses (see instructions)	12	
13	Custom hire (machine work)	13	5,444.
14	Depreciation and section 179 expense (see instructions)	14	6,916.
15	Employee benefit programs other than on 1		
16	Fee	16	
17	Fert	17	
18	Frel	18	
19	Gasoline, fuel, and oil	19	1,288.
20	Insurance (other than health)	20	2,311.
21	Interest (see instructions):		
a	Mortgage (paid to banks, etc.)	21a	
b	Other	21b	
22	Labor hired (less employment credits)	22	
23	Pension and profit-sharing plans	23	
24	Rent or lease (see instructions):		
a	Vehicles, machinery, equipment	24a	
b	Other (land, animals, etc.)	24b	
25	Repairs and maintenance	25	6,700.
26	Seeds and plants	26	
27	Storage and warehousing	27	
28	Supplies	28	6,490.
29	Legal fees	29a	5,938.
30	Insurance (other than health)	30b	
31	Interest (see instructions):		
a	Mortgage (paid to banks, etc.)	31a	
b	Other	31b	
32	Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions	32	56,665.
33	Net farm profit or (loss). Subtract line 32 from line 9	33	33,402.

14 Depreciation and section 179 expense
(see instructions) **14** **6,916.**

For Paperwork Reduction Act Notice, see the separate Instructions. BAA REV 04/00/20 T1W Schedule F (Form 1040 or 1040-SR) 2019

d. Depreciation (Line 14)

+

Form 4562 Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (IRS)

► Attach to your tax return.
► Go to www.irs.gov/Form4562 for instructions and the latest information.

Name (shown on return) Fred F Farmer, III Business or activity to which this form relates Sch F Little So Peep's Sheep & Goat Farm

OMB No. 1545-0172 2019 Attachment Sequence No. 179

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	1,020,000.
2	Total cost of section 179 property placed in service (see instructions)	2	4,899.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,550,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	1,020,000.

6 (a) Description of property (b) Cost (business use only) (c) Elected cost

Feeding trough	4,899.	4,899.
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7 Listed property. Enter the amount from line 29

7	4,899.
---	--------

8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7

8	4,899.
---	--------

9 Tentative deduction. Enter the smaller of line 5 or line 8

9	4,899.
---	--------

10 Carryover of disallowed deduction from line 13 of your 2018 Form 4562

10	
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11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions

11	38,301.
----	---------

12 Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11

12	4,899.
----	--------

13 Carryover of disallowed deduction to 2020. Add lines 9 and 10, less line 12

13	0.
----	----

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions

14	
----	--

15 Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions

15	
----	--

16 Other depreciation (including ACRS)

16	
----	--

Part III MACRS Depreciation (Don't include listed property. See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2019

17	2,017.
----	--------

Section B—Assets Placed in Service During 2019 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	5-year property					
19b	7-year property					
19c	10-year property					
19d	15-year property					
19e	20-year property					
19f	25-year property		25 yrs.		S/L	
19g	Residential rental property		27.5 yrs.	MM	S/L	
19h	Nonresidential real property		27.5 yrs.	MM	S/L	
19i	Nonresidential real property		39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2019 Tax Year Using the Alternative Depreciation System

20a	Class life	(b) Basis for depreciation (business investment use only—see instructions)	(c) Recovery period	(d) Convention	(e) Method	(f) Depreciation deduction
20a	12 yrs.		12 yrs.		S/L	
20b	30 yrs.		30 yrs.		MM	
20c	40 yrs.		40 yrs.		MM	

Part IV Summary (See instructions.)

21 Listed property. Enter amount from line 28

21	
----	--

22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions

22	6,916.
----	--------

23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs

23	
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For Paperwork Reduction Act Notice, see the separate Instructions. BAA REV 04/00/20 T1W Form 4562 (2019)

Income Analysis Form 1084

6	Schedule F - Profit or Loss from Farming		
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	6,250.00
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	0.00
	d. Depreciation (Line 14)	+	6,916.00

Schedule F

SCHEDULE F (Form 1040 or 1040-SR)		Profit or Loss From Farming		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (IRS)		▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065. ▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.		2019 Attachment Sequence No. 14	
Name of proprietor Fred F Farmer, III				Social security number (SSN) 223-72-3211	
A Principal crop or activity Sheep & goats		B Enter code from Part IV 1 1 2 4 0 0		C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	
				D Employer ID number (EIN) (see instr.)	
E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)					
1a Sales of livestock and other resale items (see instructions)		1a 0.		1c -36,555.	
b Cost or other basis of livestock or other items reported on line 1a		1b 36,555.		2 119,622.	
2 Sales of livestock, produce, grains, and other products you raised				3b 3,000.	
3a Cooperative distributions (Form(s) 1099-PATR)		3a 8,000.		4b 4,000.	
4a Agricultural program payments (see instructions)		4a 4,000.		5a	
5a Commodity Credit Corporation (CCC) loans reported under election		5b		5c	
b CCC loans forfeited		5b		6b	
6 Crop insurance proceeds and federal crop disaster payments (see instructions):				6d	
a Amount received in 2019		6a		7	
c If election to defer to 2020 is attached, check here <input type="checkbox"/>		6d		8	
7 Custom hire (machine work) income				9	
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)				90,067.	
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.					
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.					
10 Car and truck expenses (see instructions). Also attach Form 4562		10 2,629.		23 Pension and profit-sharing plans	
11 Chemicals		11 299.		24 Rent or lease (see instructions):	
12 Conservation expenses (see instructions)		12		a Vehicles, machinery, equipment	
13 Custom hire (machine work)		13 5,444.		b Other (land, animals, etc.)	
14 Depreciation and section 179 expense (see instructions)		14 6,916.		25 Repairs and maintenance	
15 Employee benefit programs other than on line 23		15		26 Seeds and plants	
16 Feed		16 8,298.		27 Storage and warehousing	
17 Fertilizers and lime		17		28 Supplies	
18 Freight and trucking		18 1,409.		29 Taxes	
19 Gasoline, fuel, and oil		19 1,288.		30 Utilities	
20 Insurance (other than health)		20 2,311.		31 Veterinary, breeding, and medicine	
21 Interest (see instructions):				32 Other expenses (specify):	
a Mortgage (paid to banks, etc.)		21a		a Legal Fees	
b Other		21b		32a 5,938.	
22 Labor hired (less employment credits)		22		32b	
33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions				32c	
34 Net farm profit or (loss). Subtract line 33 from line 9				32d	
If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.				32e	
35 Reserved for future use.				32f	
36 Check the box that describes your investment in this activity and see instructions for where to report your loss:				33 56,665.	
a <input type="checkbox"/> All investment is at risk.		b <input type="checkbox"/> Some investment is not at risk.		34 33,402.	

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 04/05/20 TW Schedule F (Form 1040 or 1040-SR) 2019

e. Amortization/Casualty Loss/Depletion (Line 32*)

32	Other expenses (specify):		
a	Legal Fees	32a	5,938.
b		32b	
c		32c	

Income Analysis Form 1084

6	Schedule F - Profit or Loss from Farming		
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a-b))	+/-	6,250.00
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	0.00
	d. Depreciation (Line 14)	+	6,916.00
	e. Amortization/Casualty Loss/Depletion (Line 32*)	+	0.00

Schedule F

SCHEDULE F (Form 1040 or 1040-SR)		Profit or Loss From Farming		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (IRS)		▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1042 ▶ Go to www.irs.gov/ScheduleF for instructions and to file.		
Name of proprietor Fred F Farmer, III				
A Principal crop or activity Sheep & goats		B Enter code from Part IV 1 1 2 4 0 0	C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN) (see Instr.) 223-72-3211
E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
G If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)				
1a	Sales of livestock and other resale items (see instructions)	1a	0.	
b	Cost or other basis of livestock or other items reported on line 1a	1b	36,555.	
c	Subtract line 1b from line 1a	1c	-36,555.	
2	Sales of livestock, produce, grains, and other products you raised	2	119,622.	
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	8,000.	
3b	Taxable amount	3b	3,000.	
4a	Agricultural program payments (see instructions)	4a	4,000.	
4b	Taxable amount	4b	4,000.	
5a	Commodity Credit Corporation (CCC) loans reported under election	5a		
b	CCC loans forfeited	5b		
5c	Taxable amount	5c		
6	Crop insurance proceeds and federal crop disaster payments (see instructions):			
a	Amount received in 2019	6a		
b	Taxable amount	6b		
c	If election to defer to 2020 is attached, check here <input type="checkbox"/> 6d Amount deferred from 2018	6d		
7	Custom hire (machine work) income	7		
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8		
9	Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.	9	90,067.	
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.				
10	Car and truck expenses (see instructions). Also attach Form 4562	10	2,629.	
11	Chemicals	11	299.	
12	Conservation expenses (see instructions)	12		
13	Custom hire (machine work)	13	5,444.	
14	Depreciation and section 179 expense (see instructions)	14	6,916.	
15	Employee benefit programs other than on line 23	15		
16	Feed	16	8,298.	
17	Fertilizers and lime	17		
18	Freight and trucking	18	1,409.	
19	Gasoline, fuel, and oil	19	1,288.	
20	Insurance (other than health)	20	2,311.	
21	Interest (see instructions):			
a	Mortgage (paid to banks, etc.)	21a		
b	Other	21b		
22	Labor hired (less employment credits)	22		
23	Pension and profit-sharing plans	23		
24	Rent or lease (see instructions):			
a	Vehicles, machinery, equipment	24a		
b	Other (land, animals, etc.)	24b		
25	Repairs and maintenance	25	6,700.	
26	Seeds and plants	26		
27	Storage and warehousing	27		
28	Supplies	28	6,490.	
29	Taxes	29	2,222.	
30	Utilities	30	4,766.	
31	Veterinary, breeding, and medicine	31	1,955.	
32	Other expenses (specify):			
a	Legal Fees	32a	5,938.	
b		32b		
c		32c		
d		32d		
e		32e		
f		32f		
33	Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions.	33	56,665.	
34	Net farm profit or (loss). Subtract line 33 from line 9. If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.	34	33,402.	
35 Reserved for future use.				
36 Check the box that describes your investment in this activity and see instructions for where to report your loss:				
a	<input type="checkbox"/> All investment is at risk.	b	<input type="checkbox"/> Some investment is not at risk.	

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 04/05/20 TW Schedule F (Form 1040 or 1040-SR) 2019

f. Business Use of Home (Line 32, Check applicable guidelines)

+

32 Other expenses (specify):

a Legal Fees

32a

5,938.

b

32b

c

32c

Income Analysis Form 1084

6	Schedule F - Profit or Loss from Farming				<i>\$5,000 Ongoing CCC payments @125%= \$6,250</i>
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00		
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	6,250.00		
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	0.00		
	d. Depreciation (Line 14)	+	6,916.00		
	e. Amortization/Casualty Loss/Depletion (Line 32*)	+	0.00		
	f. Business Use of Home (Line 32, Check applicable guidelines)	+	0.00		
	Subtotal Schedule F	=	46,568.00	0.00	

Schedule F

6	Schedule F - Profit or Loss from Farming		
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	6,250.00
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	0.00
	d. Depreciation (Line 14)	+	
	e. Amortization/Casualty Loss/Depletion (Line 32*)	+	
	f. Business Use of Home (Line 32, Check applicable guidelines)	+	
	Subtotal Schedule F	=	46,568.00

**Taxable
Income**

**Qualifying
Income**

Is this enough income to qualify?

Are there any additional cash flow adjustments that can be made?

Schedule F

SCHEDULE F
(Form 1040 or 1040-SR)

Profit or Loss From Farming

OMB No. 1545-0074

2019
Attachment Sequence No. 14

Department of the Treasury
Internal Revenue Service (IRS)

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.
▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.

Name of proprietor
Fred F Farmer, III

A Principal crop or activity
Sheep & goats

B Enter code from Part IV
1 1 2 4 0 0

C Accounting method:
☒ Cash ☐ Accrual

D Employer ID number (EIN) (see Instr.)

E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses. ☒ Yes ☐ No

F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions. ☐ Yes ☒ No

G If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☒ No

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method, complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions) **1a** 0.

b Cost or other basis of livestock or other items reported on line 1a **1b** 36,555.

c Subtract line 1b from line 1a **1c** -36,555.

2 Sales of livestock, produce, grains, and other products you raised **2** 119,622.

3a Cooperative distributions (Form(s) 1099-PATR) **3a** 8,000.

3b Taxable amount **3b** 3,000.

4a Agricultural program payments (see instructions) **4a** 4,000.

4b Taxable amount **4b** 4,000.

5a Commodity Credit Corporation (CCC) loans reported under election **5a**

b CCC loans forfeited **5b**

5c Taxable amount **5c**

6 Crop insurance proceeds and federal crop disaster payments (see instructions):

a Amount received in 2019 **6a**

b Taxable amount **6b**

7 Custom hire (machine work) income **7**

8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) **8**

9 **Gross income.** Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 7, and 8). See instructions. **9**

Part II Farm Expenses—Cash and Accrual Method. Do not include personal expenses.

10 Car and truck expenses (see instructions). Also attach Form 4562 **10** 2,629.

11 Chemicals **11** 299.

12 Conservation expenses (see instructions) **12**

13 Custom hire (machine work) **13** 5,444.

14 Depreciation and section 179 expense (see instructions) **14** 6,916.

15 Employee benefit programs other than on line 23 **15**

16 Feed **16** 8,298.

17 Fertilizers and lime **17**

18 Freight and trucking **18** 1,409.

19 Gasoline, fuel, and oil **19** 1,288.

20 Insurance (other than health) **20** 2,311.

21 Interest (see instructions):

a Mortgage (paid to banks, etc.) **21a**

b Other **21b**

22 Labor hired (less employment credits) **22**

23 Pension plan contributions **23**

24 Rent or lease (see instructions):

a Vehicles, machinery, equipment **24a**

b Other (land, animals, etc.) **24b**

25 Repairs and maintenance **25** 6,700.

26 Seeds and plants **26**

27 Storage and warehousing **27**

28 Supplies **28** 6,490.

29 Taxes **29** 2,222.

30 Utilities **30** 4,766.

31 Veterinary, breeding, and medicine **31** 1,955.

32 Other expenses (specify):

a Legal fees **32a** 5,938.

b **32b**

c **32c**

d **32d**

e **32e**

f **32f**

33 **Total expenses.** Add lines 10 through 32f. If line 32f is negative, see instructions. **33** 56,665.

34 **Net farm profit or (loss).** Subtract line 33 from line 9. **34** 33,402.

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss:

a ☐ All investment is at risk. **b** ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 04/05/20 TWT Schedule F (Form 1040 or 1040-SR) 2019

g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
X Depreciation Rate (2019-26%; 2018-25%)		0.26
= Total Mileage Depreciation	+	0.00

Where can I find the itemized miles on Schedule F?

Is there a 4562?

Itemized Miles On Schedule F

Form 4562 (2019) Page **2**

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☒ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☒ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions . 25								
26 Property used more than 50% in a qualified business use:								
John Deere	01/01/2014	100.00 %						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .						29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (don't include commuting miles) .	4,533											
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven	0											
33 Total miles driven during the year. Add lines 30 through 32	4,533											
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	X											
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	X											
36 Is another vehicle available for personal use?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	X											

Itemized Miles On Schedule F

g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		4,533.00
X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
= Total Mileage Depreciation	+	1,178.58
Subtotal Schedule C	=	1,178.58

Schedule F

6	Schedule F - Profit or Loss from Farming		
	a. Net Farm Profit or Loss (Line 34)	+/-	33,402.00
	b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a -b))	+/-	6,250.00
	c. Nonrecurring Other (Income) or Loss (Lines 5c & 8)	+/-	0.00
	d. Depreciation (Line 14)	+	6,916.00
	e. Amortization/Casualty Loss/Depletion (Line 32*)	+	0.00
	f. Business Use of Home (Line 32, Check applicable guidelines)	+	0.00
	Subtotal Schedule F	=	46,568.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		4,533.00
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	1,178.58
	Subtotal Schedule C	=	1,178.58

\$47,746

IRS Form 1040 - Individual Income Tax Return	2019	2018
--	------	------



If a two-year average must be considered, you must complete both years.

Income Trending

- After the monthly year-to-date income amount is calculated, it must be compared to prior years' earnings using the borrower's W-2's or signed federal income tax returns (or a standard Verification of Employment completed by the lender or third-party employment verification vendor)
 - If the trend in the amount of income is stable or increasing, the income amount should be averaged
 - If the trend was declining, but has since stabilized and there is no reason to believe that the borrower will not continue to be employed at the current level, the current, lower amount of variable income must be used
 - If the trend is declining, the income may not be stable. Additional analysis must be conducted to determine if any variable income should be used, but in no instance may it be averaged over the period when the declination occurred

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	Schedule Analysis Method (SAM) Calculator (2018-2019) Calculate qualifying income from tax returns. UPDATED		Rental Income Calculator (2018-2019) Assists in calculating rental income from IRS form 1040 Schedule E. UPDATED		Current Ratio – Liquidity Calculator (2018-2019) Calculate working capital liquidity against current liabilities. UPDATED
	Quick Ratio – Liquidity Calculator (2018-2019) Calculate an organization's liquidity against current liabilities. UPDATED		Fannie Mae Rental Guide (Calculator 1037) Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2- to 4-unit Property)		Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property)
	Fannie Mae Form 1088 Cheat Sheet (2017-2018) Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088)		Fannie Mae Comparative Analysis Form 1088 (2017-2018) Calculate increases/decreases in gross income, expenses and taxable income.		Income Calculation Worksheet Use this form to calculate income. UPDATED

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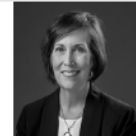
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