

Self-Employed Borrower Fannie Mae Cash Flow Form 1084 Part I

Personal Tax Returns

January 2018



Lender Responsibility

Investors (Fannie Mae, Freddie Mac, Private Investors) require it be determined that self-employed borrowers demonstrate the financial ability to repay the mortgage.

- History
- Income calculation
- Continuance / Stability of income

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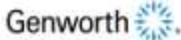
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We'll meet
you in your LOS.

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Self-Employed Calculators


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Self-Employed Borrower Tools


We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie Mac instructions or applicable guidelines.


Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.


**Fannie Mae Form 1084 Calculator (2015-2016)**
Calculate cash flow analysis to help you complete Fannie Mae Form 1084.


**Freddie Mac Form 91 Calculator (2015-2016)**
Quick reference guide and income analysis for Freddie Mac Form 91.


**Schedule Analysis Method (SAM) Calculator (2015-2016)**
Calculate qualifying income from tax returns.


**Rental Income Calculator (2015-2016)**
Assists in calculating rental income from IRS Form 1040 Schedule E.


**Quick Ratio - Liquidity Calculator (2015-2016)**
Calculates an organization's liquidity against current liabilities.

**Current Ratio - Liquidity Calculator (2015-2016)**
Calculate working capital liquidity against current liabilities.

**Fannie Mae Rental Guide (Calculator 1037)**
Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Personal Residence, 2 to 4 unit Property).

**Fannie Mae Rental Guide (Calculator 1038)**
Worksheet for calculating qualifying rental income for Fannie Mae Form 1038 (Individual Rental Income from Investment Property).

**Fannie Mae Rental Guide (Calculator 1039)**
Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property).

**Fannie Mae Comparative Analysis Guide (Form 1088)**
Calculate increases/decreases in gross income, expenses and taxable income.

Archived Calculators

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LIVE WEBINAR CALENDAR

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		2016	2015	NOTES
1	W-2 Income from Self-Employment (Line 5)	+		
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. Depletion (Line 12)	+		
	d. Depreciation (Line 13)	+		
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-		
	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)			
	X Depreciation Rate (2016 and 2015-24%)			
	= 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. Depletion (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/Depletion (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 mi.genworth.com/training.

Rev 0117

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Self-Employment Fannie Mae

B3-3.2-01: Underwriting Factors and Documentation for a Self-Employed Borrower (10/24/2016)

This topic contains general information on underwriting factors and documentation for a self-employed borrower, including:

- [Overview](#) >
- [Factors to Consider for a Self-Employed Borrower](#) >
- [Length of Self-Employment](#) >
- [Verification of Income](#) >
- [Analysis of Borrower's Personal Income](#) >
- [Analysis of Borrower's Business Income](#) >
- [Use of Business Assets](#) >
- [Income Verification for Self-Employed Co-Borrowers](#) >
- [Verbal Verification of Employment](#) >

Overview

When determining the appropriate qualifying income for a self-employed borrower, it is important to note that business income (specifically from a partnership or S corporation) reported on an individual IRS Form 1040 may not necessarily represent income that has actually been distributed to the borrower. The fundamental exercise, when conducting a self-employment income cash flow analysis, is to determine the amount of income that can be relied on by the borrower in qualifying for their personal mortgage obligation. When underwriting these borrowers, it is important to review business income distributions that have been made or could be made to these borrowers while maintaining the viability of the underlying business. This analysis includes assessing the stability of business income and the ability of the business to continue to generate sufficient income to enable these borrowers to meet their financial obligations.

Self-Employment Fannie Mae

Factors to Consider for a Self-Employed Borrower

Any individual who has a 25% or greater ownership interest in a business is considered to be self-employed.

The following factors must be analyzed before approving a mortgage for a self-employed borrower:

- the stability of the borrower's income,
- the location and nature of the borrower's business,
- the demand for the product or service offered by the business,
- the financial strength of the business, and
- the ability of the business to continue generating and distributing sufficient income to enable the borrower to make the payments on the requested mortgage.

Length of Self-Employment

Fannie Mae generally requires lenders to obtain a two-year history of the borrower's prior earnings as a means of demonstrating the likelihood that the income will continue to be received.

However, a person who has a shorter history of self-employment — 12 to 24 months — may be considered, as long as the borrower's most recent signed federal income tax returns reflect the receipt of such income as the same (or greater) level in a field that provides the same products or services as the current business or in an occupation in which he or she had similar responsibilities to those undertaken in connection with the current business. In such cases, the lender must give careful consideration to the nature of the borrower's level of experience, and the amount of debt the business has acquired.

When Is a An Analysis of Income Required?

Analysis of Borrower's Personal Income

The lender must prepare a written evaluation of its analysis of a self-employed borrower's personal income, including the business income or loss, reported on the borrower's individual income tax returns. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower. This is not required when a borrower is qualified using only salaried income (not derived from self-employment) and self-employment is a secondary and separate source of income (or loss).

The lender may use Fannie Mae's *Cash Flow Analysis* ([Form 1084](#)) or any other type of cash flow analysis that applies the same principles as Fannie Mae's form.

A copy of the written analysis must be included as part of any loan application package that the lender submits to Fannie Mae for a mortgage that is selected for a post-purchase quality control review.

Income Verification for Self-Employed Co-Borrowers

When co-borrower income that is derived from self-employment is not being used for qualifying purposes, the lender is not required to document or evaluate the co-borrower's self-employment income (or loss). Any business debt on which the borrower is personally obligated must be included in the total monthly obligations when calculating the debt-to-income ratio.

Fannie Mae 2016 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (10/24/2016)

Written Analysis of Income-Fannie Mae

Analysis of Borrower's Business Income

When a borrower is relying upon self-employed income to qualify for a mortgage and the requirements that permit the lender to waive business tax returns are not met, the lender must prepare a written evaluation of its analysis of the borrower's business income. The lender must evaluate the borrower's business through its knowledge of other businesses in the same industry to confirm the stability of the borrower's business income and estimate the potential for long-term earnings.

The purpose of this analysis is to:

- consider the recurring nature of the business income, including identification of pass-through income that may require additional evaluation;
- measure year-to-year trends for gross income, expenses, and taxable income for the business;
- determine (on a yearly or interim basis) the percentage of gross income attributed to expenses and taxable income; and
- determine a trend for the business based on the change in these percentages over time.

The lender may use Fannie Mae's *Comparative Income Analysis (Form 1088)* or any other method of trend analysis that enables it to determine a business's viability, as long as the method used fairly presents the viability of the business and results in a degree of accuracy and a conclusion that is comparable to that which would be reached by use of Form 1088.

A copy of the written analysis and conclusions must be retained in the individual mortgage file.

Fannie Mae 2016 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (10/24/2016)

Does Borrower Own 25% Or More Of A Business?

Name & Address of Employer	<input type="checkbox"/> Self Employed	Yrs. on this job
		Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)	

Can checking the Self Employed Indicator to “Yes” increase the risk of the loan when evaluated by DU?



You'll Need

ANALYSIS OF THE SELF-EMPLOYED BORROWER CASE STUDY

The Case Study

You will be working with John and Mary Homeowner who:

- Own a Schedule C business called Red Carpet Security (John)
- Have interest income earned from a partnership and personal assets
- Have capital gains/loss activity reported on a Schedule D
- Own an existing rental property shown on a Schedule E
- Own 50% of an LLC called MHI (Mary)
 - Reported on a Partnership Return Form 1065
 - Mary receives a K-1
- Own 100% of an S Corporation called Always Watching Security, Inc. (John)
 - John receives a K-1
 - John receives a W-2 Wage Statement from the business
 - Receives an 1120S Business Tax Return

Form 1040

Review for:

- Identifiers
 - Name
 - Address
 - Social Security Number
- All pages and schedules
- Any Red Flags
- Date
 - Most recent
- Signatures

Form 1040		Department of the Treasury—Internal Revenue Service		[99] 2016		OMB No. 1545-0047		IRS Use Only—Do not write or staple in this space.	
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning						2016, ending		20	
Your first name and initial						Last name		See separate instructions.	
John						Homeowner		Your social security number	
If a joint return, spouse's first name and initial						Last name		300-50-1234	
Mary						Homeowner		Spouse's social security number	
Home address (number and street). If you have a P.O. box, see instructions.						Apt. no.		300-22-1111	
7 Galloping Hill Road								▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).								Presidential Election Campaign	
Dallas TX 75432								Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> Yes <input type="checkbox"/> No	
Foreign country name						Foreign province/state/country		Foreign postal code	
Filing Status						1 <input type="checkbox"/> Single		4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶	
Check only one box.						2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income)		5 <input type="checkbox"/> Qualifying widow(er) with dependent child	
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶									
Exemptions						6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a		Boxes checked on 6a and 6b	
b <input checked="" type="checkbox"/> Spouse								2	
c Dependents:						(1) First name		(2) Dependent's social security number	
If more than four dependents, see instructions and check here <input type="checkbox"/>									
d Total number of exemptions claimed								Add numbers on lines above ▶ 2	
Income						7 Wages, salaries, tips, etc. Attach Form(s) W-2		7 5,000.	
8a Taxable interest. Attach Schedule B if required						8a		1,710.	
9a Ordinary dividends. Attach Schedule B if required						9a			
10 Taxable refunds, credits, or offsets of state and local income taxes						10			
11 Alimony received						11			
12 Business income or (loss). Attach Schedule C or C-EZ						12		8,559.	
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>						13		-3,000.	
14 Other gains or (losses). Attach Form 4797						14			
15a IRA distributions						15a		15b Taxable amount	
16a Pensions and annuities						16a		16b Taxable amount	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E						17		37,302.	
18 Farm income or (loss). Attach Schedule F						18			
19 Unemployment compensation						19			
20a Social security benefits						20a		20b Taxable amount	
21 Other income. List type and amount						21			
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶						22		49,571.	
Adjusted Gross Income						23 Educator expenses		23	
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ						24			
25 Health savings account deduction. Attach Form 8889						25			
26 Moving expenses. Attach Form 3903						26			
27 Deductible part of self-employment tax. Attach Schedule SE						27		605.	
28 Self-employed SEP, SIMPLE, and qualified plans						28			
29 Self-employed health insurance deduction						29			
30 Penalty on early withdrawal of savings						30			
31a Alimony paid b Recipient's SSN ▶						31a		31b	
32 IRA deduction						32			
33 Student loan interest deduction						33			
34 Tuition and fees. Attach Form 8817						34			
35 Domestic production activities deduction. Attach Form 8803						35			
36 Add lines 23 through 35						36		605.	
37 Subtract line 36 from line 22. This is your adjusted gross income ▶						37		48,966.	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. BAA REV 01/25/17 TTW Form 1040 (2016)

Calculator and Quick Reference Guide

Access your Quick Reference Guide 1084 Form and Case Study

For full functionality, download and save PDF first before entering data.
Please download before each calculation as calculators are updated periodically.



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		2016	2015	NOTES
→ W-2 Income from Self-Employment (Line 5)	+			*Only add back the eligible "Other" deductions, such as Amortization or Casualty Loss.
2 Schedule B - Interest and Ordinary Dividends				
a. Interest Income from Self-Employment (Line 1)	+			
b. Dividends from Self-Employment (Line 5)	+			

Does Our Applicant Have Ownership?

Is this W-2 wage for Self-Employed or Salary income?

a Employee's SSN 300-50-1234		b Employer ID No. (EIN) 27-1234567		OMB No. 1545-0008			
c Employer's name, address, and ZIP code JOHN HOMEOWNER ALWAYS WATCHING SECURITY INC. 2 CORPORATE CT DALLAS TX 75432		1 Wgs, tips, other compn 5000.00	2 Fed inc tax withheld 426.55	3 Social security wages 5000.00	Form W-2 Wage and Tax Statement 2016 Copy B To Be Filed with Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service.		
		4 SS tax withheld 310.00	5 Medicare wages & tips 5000.00	6 Medicare tax withheld 72.50			
		7 Social security tips	8 Allocated tips	9			
d Control No.		10 Depdnt care benefits	11 Nonqualified plans	12a			
e Employee's name, address, and ZIP code JOHN HOMEOWNER 7 GALLOPING HILL ROAD DALLAS TX 75432		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	14 Other	12b			
				12c			
				12d			
				15 State Employer's state ID number		16 State wages, tips, etc	17 State income tax

Department of the Treasury — IRS

Schedule E to Validate Ownership

Schedule E (Form 1040) 2018 Attachment Sequence No. **13** Page **2**

Name(s) shown on return. Do not enter name and social security number if shown on other side.
John & Mary Homeowner Your social security number **300-50-1234**

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II **Income or Loss From Partnerships and S Corporations** Note: If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. ☐ Yes ☒ No

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	MHI LLC	P	<input type="checkbox"/>	26-1234567	<input type="checkbox"/>
B	Always Watching Security Inc.	S	<input type="checkbox"/>	27-1234567	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A				10,624.
B				32,901.
C				
D				
29a Totals				43,525.
b Totals				
30 Add columns (g) and (j) of line 29a				43,525.
31 Add columns (f), (h), and (i) of line 29b				()
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below				43,525.

1120S K-1

Page 25

Schedule K-1
(Form 1120S)
Department of the Treasury
Internal Revenue Service

2016

For calendar year 2016, or tax year beginning _____, 2016, ending _____, 2016

Shareholder's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Corporation

A. Corporation's employer identification number **27-1234567**

B. Corporation's name, address, city, state, and ZIP code
Always Watching Security Inc.
2 Corporate Court
Dallas, TX 75432

C. IRS Center where corporation filed return
e-filed

Part II Information About the Shareholder

D. Shareholder's identifying number
300-50-1234

E. Shareholder's name, address, city, state, and ZIP code
John Homeowner
7 Gullwing Hill Road
Dallas, TX 75432

F. Shareholder's percentage of stock ownership for tax year **100 %**

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1. Ordinary business income (loss)	32,901	13. Credits
2. Net rental real estate income (loss)		
3. Other net rental income (loss)		
4. Interest income		
5a. Ordinary dividends		
5b. Qualified dividends		14. Foreign transactions
6. Negative		
7. Net short-term capital gain (loss)		
8a. Net long-term capital gain (loss)		
8b. Collectible (PTN) gain (loss)		
8c. Unrecaptured section 1250 gain		
9. Net section 1231 gain (loss)		
10. Other income (loss)		15. Alternative minimum tax (AMT) loss
11. Section 179 deduction		16. Items affecting shareholder basis
12. Other deductions		C. 339
		D. 78,801
		17. Other information

* See attached statement for additional information.

For IRS Use Only

For Paperwork Reduction Act Notice, see Instructions for Form 1120S. irs.gov/form1120s Cat. No. 1120S-01 Schedule K-1 (Form 1120S) 2015

Any Other W-2 Wages?

Review Form 1040, Line 7 for any additional W-2 Wages

- Review each W-2
- Determine if applicant owns 25% or more of the business
 - If yes it is considered self-employed income
 - If no, calculate that income on a different form or separately

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	5,000.
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Calculator and Quick Reference Guide: Fannie Mae Cash Flow Analysis

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

IRS Form 1040 - Individual Income Tax Return			2016	2015	NOTES
1	W-2 Income from Self-Employment (Line 5)	+	5,000.00		*Only add back the eligible "Other" deductions, such as Amortization or Casualty Loss.
➔ 2	Schedule B - Interest and Ordinary Dividends				
	a. Interest Income from Self-Employment (Line 1)	+			
	b. Dividends from Self-Employment (Line 5)	+			

Interest and Dividends

Don't use unless needed for qualifying

- Two year history of stable receipt and likelihood of continuance required
- Only use when earned from assets owned by “a business only”
- Typically will say “From K-1” or from the business the borrower owns
- Check investor overlays before using

[illegible]

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
→ A	MOLE LLC	P	<input type="checkbox"/>	26-1234567	<input type="checkbox"/>

2	Schedule B - Interest and Ordinary Dividends			
	a. Interest Income from Self-Employment (<i>Line 1</i>)	+	0.00	
	b. Dividends from Self-Employment (<i>Line 5</i>)	+	0.00	

Schedule C

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0046
Department of the Treasury Internal Revenue Service (IRS)		* Information about Schedule C and its separate instructions is at www.irs.gov/schedulec . * Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.		2016 Attachment Sequence No. 00
Name of proprietor John Homeowner		Social security number (SSN) 300-50-1234		
A Principal business or profession, including product or service (see instructions) body guard/personal security		B Enter code from instructions 156100		
C Business name. If no separate business name, leave blank. Red Carpet Security		D Employer ID number (EIN) (see instructions)		

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. Depletion (Line 12)	+		54,900.
	d. Depreciation (Line 13)	+		54,900.
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-		54,900.
	f. Business Use of Home (Line 30, Check applicable guidelines)	+		5,000.
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+		19,900.
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562)			600.
	X Depreciation Rate (2015- 24¢; 2014-22¢)			2,190.
	= Total Mileage Depreciation	+	0.00	600.
	Subtotal Schedule C	=	0.00	13,786.
				2,571.
				1,788.
				4,000.
				49,841.
				30,059.

Method Worksheet in the instructions to figure the amount to enter on line 30.

31 Net profit or (loss). Subtract line 30 from line 29.

- If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 5.
- If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

- If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 5.
- If you checked 32b, you must attach Form 6198. Your loss may be limited.


32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. **DAA** REV 01/07/17 TTB Schedule C (Form 1040) 2016

Schedule C

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074 2016 Attachment Sequence No. 00	
Department of the Treasury Internal Revenue Service (IRS)		<p>Information about Schedule C and its separate instructions is at www.irs.gov/schedulec.</p> <p>Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.</p>			
Name of proprietor John Somowest		Social security number (SSN) 300-50-1234		B Enter code from instructions: 561000	
A Principal business or profession, including product or service (see instructions) body guard/personal security		C Business name. If no separate business name, leave blank. Red Carpet Security		D Employer ID number (EIN) (see instructions)	
E Business address (including suite or room no.) City, town or post office, state, and ZIP code 7 Galloping Hill Road Dallas, TX 75432					
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____					
G Did you "materially participate" in the operation of this business during 2016? If "No," see instructions for limit on losses				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
H If you started or acquired this business during 2016, check here				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I Did you make any payments in 2016 that would require you to file Form(s) 1099? (see instructions)				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
J If "Yes," did you or will you file required Form(s) 1099?				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Part I Income					
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked	1	54,900		
2	Returns and allowances	2			
3	Subtract line 2 from line 1	3	54,900		
4	Cost of goods sold (from line 40)	4			
5	Gross profit. Subtract line 4 from line 3	5	54,900		
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	5,000		
7	Gross income. Add lines 5 and 6	7	59,900		
Part II Expenses. Enter expenses for business use of your home only on line 30.					
8	Advertising	8	6,999	18	Office expenses (see instructions)
9	Car and truck expenses (see instructions)	9	13,333	19	Pension and profit-sharing plans
10	Commissions and fees	10		20	Rent or lease (see instructions):
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment
12	Depreciation	12		b	Other business property
13	Depreciation and section 179 expense deduction (not included in Part II) (see instructions)	13	1,476	21	Repairs and maintenance
14	Employee benefit programs (other than on line 13)	14		22	Supplies (not included in Part II)
15	Insurance (other than health)	15		23	Taxes and licenses
				24	Travel, meals, and entertainment:
				a	Travel
				b	Deductible meals and entertainment (see instructions)
				24a	13,786
				24b	2,571
31 Net profit or (loss). Subtract line 30 from line 29.					
<p>• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3.</p>					
		31	8,559		
<p>32a If you have a loss, check the box that describes your investment in this activity (see instructions).</p> <p>• If you checked 32a, enter the loss on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3.</p> <p>• If you checked 32b, you must attach Form 6198. Your loss may be limited.</p>					
		32a	<input type="checkbox"/> All investment is at risk.		
		32b	<input type="checkbox"/> Some investment is not at risk.		
For Paperwork Reduction Act Notice, see the separate instructions. DAA REV 01/01/17 TTB Schedule C (Form 1040) 2016					

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	
	c. Depletion (Line 12)	+	
	d. Depreciation (Line 13)	+	
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	
	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)		
	X Depreciation Rate (2016 and 2015-24¢)		
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	-	8,559.00

Schedule C

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service (IRS)

Profit or Loss From Business
(Sole Proprietorship)

Information about Schedule C and its separate instructions is at www.irs.gov/schedulec.
Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074
2016
Attachment
Sequence No. 00

Name of proprietor
John Homeowner

Social security number (SSN)
300-50-1234

A Principal business or profession, including product or service (see instructions)
body guard/personal security

B Enter code from instructions:
5 6 1 0 0 0

C Business name. If no separate business name, leave blank.
Red Carpet Security

D Employer ID number (EIN) (see instructions)

E Business address (including suite or room no.)
7 Galloping Hill Road
City, town or post office, state, and ZIP code
Dallas, TX 75432

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

G Did you "materially participate" in the operation of this business during 2016? If "No," see instructions for limit on losses. ☒ Yes ☐ No

H If you started or acquired this business during 2016, check here ☐ Yes ☐ No

I Did you make any payments in 2016 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☒ No

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

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	54,900.
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	54,900.
4	Cost of goods sold (from line 40)	4	
5	Gross profit. Subtract line 4 from line 3	5	54,900.
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	5,000.
7	Gross income. Add lines 5 and 6	7	59,900.

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8	6,999.	18	Office expenses (see instructions)	18	600.
9	Contract labor (see instructions)	9		19	Other business property	19	
10	Commissions	10		20	Repairs and maintenance	20	
11	Depreciation and section 179 expense deduction (see instructions)	11		21	Supplies (not included in Part III)	21	2,100.
12	Interest	12		22	Taxes and licenses	22	600.
13	Insurance	13		23a		23a	13,788.
14	Travel	14		23b		23b	2,571.
15	Utilities	15		24		24	1,788.
16	Wages and salaries	16		25		25	
17	Workers' compensation, disability benefits, and pension or annuity	17		26a		26a	4,000.
18	Other expenses	18		26b		26b	49,641.
19	Other expenses	19		27		27	10,059.
20	Other expenses	20		28		28	
21	Other expenses	21		29		29	
22	Other expenses	22		30		30	3,500.
23	Other expenses	23		31		31	8,559.


6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) **6** 5,000.

Examples include:

- Profit from postage, shipping or handling, if you **track it separately**
- **Interest** earned on notes or accounts receivable
- **Bad debts** you deducted in a previous year that were repaid (whole or in part) this year
- **Cash prizes and awards** that your business received, such as a \$500 prize from your local Chamber of Commerce for "Business of the Year"

For Paperwork Reduction Act Notice, see the separate instructions. **DAA** REV 01/03/17 TTB Schedule C (Form 1040) 2016


Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	
	d. Depreciation (Line 13)	+	
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	
	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)		
	X Depreciation Rate (2016 and 2015-24s)		
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	-	3,559.00

Schedule C

Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8	6,999.	18	Office expense (see instructions)	18	600.
9	Car and truck expenses (see instructions).	9	13,331.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	1,476.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	2,190.
15	Insurance (other than health)	15		23	Taxes and licenses	23	600.
16	Interest:			24	Travel, meals, and entertainment:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	13,786.
b	Other	16b		b	Deductible meals and entertainment (see instructions)	24b	2,571.
17	Legal and professional services	17	2,500.	25	Utilities	25	1,788.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	4,000.
				b	Reserved for future use	27b	


Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	
	d. Depreciation (Line 13)	+	
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	
	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)		
	X Depreciation Rate (2016 and 2015-24s)		
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	-	3,559.00

Schedule C

Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8	6,999.	18	Office expense (see instructions)	18	600.
9	Car and truck expenses (see instructions).	9	13,331.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	1,476.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	2,190.
15	Insurance (other than health)	15		23	Taxes and licenses	23	600.
16	Interest:			24	Travel, meals, and entertainment:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	13,786.
b	Other	16b		b	Deductible meals and entertainment (see instructions)	24b	2,571.
17	Legal and professional services	17	2,500.	25	Utilities	25	1,788.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	4,000.
				b	Reserved for future use	27b	

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	1,476.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	
	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)		
	X Depreciation Rate (2016 and 2015-24c)		
	- Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	5,035.00

Schedule C

Meals and Entertainment: 50% Limit

Meals while traveling for business, entertaining your business associates at sporting events, shows, nightclubs

Meals and Entertainment: 100% Limit

Company parties and picnics, charitable events, meals for children at a daycare facility

Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8	6,999.	18	Office expense (see instructions)	18	600.
9	Car and truck expenses (see instructions).	9	13,331.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	1,476.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	2,190.
15	Insurance (other than health)	15		23	Taxes and licenses	23	600.
16	Interest:			24	Travel, meals, and entertainment:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	13,786.
b	Other	16b		b	Deductible meals and entertainment (see instructions)	24b	2,571.
17	Legal and professional services	17	2,500.	25	Utilities	25	1,788.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	4,000.
				b	Reserved for future use	27b	

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	1,476.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,571.00
→	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)		
	X Depreciation Rate (2016 and 2015-24¢)		
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	2,464.00

Schedule C

30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: <u>4200</u> and (b) the part of your home used for business: <u>300</u> . Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	<u>1,500.</u>
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Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	1,476.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,571.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	1,500.00
	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)		
	X Depreciation Rate (2016 and 2015-24¢)		
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	3,964.00

Schedule C

Only the \$2,500 amortization is added back on the form or calculator.

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.	
gym membership	500.
membership gun club	1,000.
Amortization	2,500.
Miscellaneous Expenses	
This is where you should list any other business-related expenses.	
Examples include:	
<ul style="list-style-type: none">- Answering services- Bad debts (only if you use the accrual method)- Bank service charges- Bankruptcy filings- Books, magazines, newspapers, subscriptions for business- Conferences, conventions- Continuing education expenses- Credit and collections costs- Credit card fees- Dues to professional organizations- Employment agency- Gifts- Memberships for business- Outside services- Pension plan administrative costs (not contributions)- Printing and copies- Prizes to customers and suppliers- Publications and subscriptions to trade magazines- Shipping and postage- Small tools- Startup costs (\$5,000 maximum allowed)- Tax return software (business portion)- Uniforms and their maintenance	
Do not include:	
<ul style="list-style-type: none">- Charitable contributions- Political contributions	
48 Total other expenses. Enter here and on line 30.	48 4,000.

Schedule C-Line 9 Car and Truck Expenses

3		Schedule C - Profit or Loss from Business: Sole Proprietorship			
		a. Net Profit or Loss (Line 31)		+/-	8,559.00
Part II Expenses. Enter expenses for business use of your vehicle.					
8	Advertising	8	6,999.00	Loss/Expenses (Line 6)	+/- (5,000.00)
9	Car and truck expenses (see Instructions).	9	13,331.00		+ 0.00
		d. Depreciation (Line 13)		+	1,476.00
		e. Non-deductible Meals and Entertainment Expenses (Line 24b)		-	2,571.00
		f. Business Use of Home (Line 30, Check applicable guidelines)		+	1,500.00
		g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)		+	2,500.00
		Business Miles (Page 2, Part IV, Line 44a OR Related 4562)			
		X Depreciation Rate (2016 and 2015-24¢)			
		= Total Mileage Depreciation		+	0.00
		Subtotal Schedule C		=	6,464.00

Use This Depreciation Adjustment Option Only When Investor Policy Allows And The Adjustment Is Needed To Qualify.

Schedule C

Additional depreciation can be found by multiplying business miles on 44a x IRS depreciation factor for that year.

Part IV **Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ _____

44 Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your vehicle for:

→ a Business _____ b Commuting (see instructions) _____ c Other _____

45 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use?. ☐ Yes ☐ No

47a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	1,476.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,571.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	1,500.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,500.00
	Business Miles (Page 2, Part IV, Line 44a  OR Related 4562)		
	X Depreciation Rate (2016 and 2015-24¢)		
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	6,464.00

Use This Depreciation Option Only When Investor Policy Allows And The Adjustment Is Needed To Qualify

Schedule C

Verify 4562 is for the Schedule C



Business or activity to which this form relates

Sch C body guard/personal security

Identifying number

300-50-1234

4562		Depreciation and Amortization (Including Information on Listed Property)		OMB No. 1545-0047	
Name Department or business return preparer (see instructions)		Business or activity to which this form relates		2016 Attachment Sequence No. 179	
John & Mary Jones		Sch C body guard/personal security		Identifying number 300-50-1234	
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)	2	Total cost of section 179 property placed in service (see instructions)	3	Threshold cost of section 179 property before reduction in limitation (see instructions)
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -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	6	(a) Description of property
7	(b) Total business use only	8	(c) Listed cost	9	(d) Depreciation deduction
10	(e) Section 179 expense deduction. Add lines 6 and 7, but don't enter more than line 1.	11	Carryover of disallowed deduction to 2017. Add lines 8 and 10, less line 12.	12	
Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.) (See instructions.)					
13	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	Property subject to section 168(f)(1) election	15	Other depreciation (including ACRS)
Part III MACRS Depreciation (Don't include listed property.) (See instructions.)					
Section A					
16	MACRS deductions for assets placed in service in tax years beginning before 2018	17	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		
Section B—Assets Placed in Service During 2016 Tax Year Using the General Depreciation System					
(a) Classification of property	(b) Placed in service	(c) Business use only—see instructions	(d) Recovery period	(e) Convention	(f) Method
10a 3-year property					
b 5-year property					
c 7-year property		5,295	7.0	20%	200 DB
d 10-year property					
e 15-year property					
f 20-year property					
g 25-year property			25 yrs.		S/L
h Residential rental property			27.5 yrs.	MM	S/L
i Nonresidential real property			39 yrs.	MM	S/L
Section C—Assets Placed in Service During 2016 Tax Year Using the Alternative Depreciation System					
20a Class life					
b 12-year			12 yrs.		S/L
c 40-year			40 yrs.	MM	S/L
Part IV Summary (See instructions.)					
21	Listed property. Enter amount from line 20	22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (d), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions		
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs				

Schedule C

26 Property used more than 50% in a qualified business use:							
Range Rover	01/03/2015	53.82 %					
		%					
		%					
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.							
30 Total business/investment miles driven during the year (don't include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6	
31 Total commuting miles driven during the year	7,899						
32 Total other personal (noncommuting) miles driven	6,778						
33 Total miles driven during the year. Add lines 30 through 32	14,677						

Page 14

Business miles of 7899 x .24 cents = \$1,895 in additional depreciation that could be added back.

IRS Publication 463



Department
of the
Treasury
Internal
Revenue
Service

Publication 463
Cat. No. 11081L

Travel, Entertainment, Gift, and Car Expenses

For use in preparing
2016 Returns



Get forms and other information faster and easier at:
• IRS.gov/English • IRS.gov/Korean (한국어)
• IRS.gov/Spanish (Español) • IRS.gov/Russian (Русский)
• IRS.gov/Chinese (中文) • IRS.gov/Vietnamese (Tiếng Việt)

Dec 30, 2016

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Methods	34
Transition Rules	34

Rate of Depreciation Allowed in Standard Mileage Rate

<u>Year(s)</u>	<u>Depreciation Rate per Mile</u>
2015–2016	\$0.24
2014	0.22
2012–2013	0.23
2011	0.22
2010	0.23
2008–2009	0.21
2007	0.19
2005–2006	0.17
2003–2004	0.16
2001–2002	0.15
2000	0.14

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	8,559.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,000.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	1,476.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,571.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	1,500.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,500.00
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562)		7,899.00
	X Depreciation Rate (2016 and 2015-24¢)		0.24
	= Total Mileage Depreciation	+	1,895.76
	Subtotal Schedule C	=	8,359.76

Schedule D Capital Gains

Don't use unless needed for qualifying

- Two year history, stable receipt and likely to continue
- Check investor overlays before using
- Let's Review the 1040 Line 13

If you did not get a W-2

→ 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ 13 -3,000.

14 Other gains or (losses). Attach Form 4797 14

9 Totals for all transactions reported on Form(s) 8949 with Box E checked

10 Totals for all transactions reported on Form(s) 8949 with Box F checked

11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824 11

12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 12

13 Capital gain distributions. See the instructions 13

14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions 14

15 Net long-term capital gain or (loss). Combine lines 9a through 14 in column (h). Then go to Part III on the back 15

For Paperwork Reduction Act Notice, see your tax return instructions. BAA REV 01/25/17 TTW Schedule D (Form 1040) 2016

Pages 2, 8, 9

Schedule D

SCHEDULE D (Form 1040) <small>Department of the Treasury Internal Revenue Service (IRS)</small>	Capital Gains and Losses ▶ Attach to Form 1040 or Form 1040NR. ▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled . ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2016</div> Attachment Sequence No. 12		
Name(s) shown on return John & Mary Homeowner		Your social security number 300-50-1234		
Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less				
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b.				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 (16,554.)
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7 -16,554.

Where Did The \$16,544 Loss On Line 6 Come From? The 1040 Showed A \$3,000 Loss.

Schedule D

Schedule D (Form 1040) 2015 Page **2**

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	-16,554.
<ul style="list-style-type: none"> If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 			
17	Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions	18	
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions	19	

4	Schedule D - Capital Gains and Losses		
	a. Recurring Capital Gains (from Self-Employment)	+	0.00

	<input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21	If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of: <ul style="list-style-type: none"> The loss on line 16 or (\$3,000), or if married filing separately, (\$1,500) 	21	(3,000.)
Note: When figuring which amount is smaller, treat both amounts as positive numbers.			
22	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input checked="" type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

REV 12/09/15 TTW Schedule D (Form 1040) 2015

Genworth Rental Income Calculator

- Locate Calculator and Quick Reference Guide for Rental Income
- Turn to Schedule E, Part I, Rentals
- Rental Income has been removed from the Cash Flow Analysis Form

For full functionality, download PDF first before entering data. Please download before each calculation as calculations are updated periodically.

Genworth

Calculator and Quick Reference Guide: Rental Income

Please use the following calculator and quick reference guide to assist in calculating rental income from IRS Form 1040 Schedule E. It provides suggested guidance only and does not replace Fannie Mae or Freddie Mac instructions or applicable guidelines. This method should not be used when calculating rental income on a borrower's primary residence. Check applicable guidelines when rental income is declining year to year. Please check with your own legal advisors for interpretations of legal and compliance principles applicable to your business.

Property 1

Rental Income Calculation	2014	2015	NOTES
1 Gross Rents (Line 3)			
2 Expenses (Line 20)	-		*Only include if using the full PITI payment on Line 12 of this calculator or qualifying rates.
3 Depreciation (Line 18)	+		
4 Amortization/Casualty Loss/Nonrecursing Expenses (Line 19)	+		**Net rental income are typically included with business when calculating the debt ratio.
5 Insurance (Line 9)	+		
6 Mortgage Interest (Line 12)	+		
7 Taxes (Line 10)	+		***Check applicable guidelines if not using 12 months.
8 Other	+		
9 Annual Rental Income/Loss	-	\$ 0.00	\$ 0.00
10 Number of Months Considered (Line 21)**	/		
11 Monthly Income/Loss	-	\$ 0.00	\$ 0.00
12 Monthly Mortgage Payment (Worked)	-		
13 Monthly Net Rental Income/Loss**	-	\$ 0.00	\$ 0.00

SCHEDULE E (Form 1040) Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)
Department of the Treasury Internal Revenue Service (IRS) Attachments Sequence No. 13
OMB No. 1545-0074
2016

John & Mary Homeowner
Your social security number 300-50-1234

Part I Income or Loss From Rental Real Estate and Royalties Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A Did you make any payments in 2016 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☒ No
B If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☒ No

1a Physical address of each property (street, city, state, ZIP code)
A 234C Condo Court, Dallas TX 75432
B
C

1b Type of Property (from list below)
A 1
B
C

2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the Q/J/V box only if you meet the requirements to file as a qualified joint venture. See instructions.

	Fair Rental Days	Personal Use Days	Q/J/V
A	366	0	<input type="checkbox"/>
B			<input type="checkbox"/>
C			<input type="checkbox"/>

Type of Property:
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3	26,540.		
4 Royalties received	4			
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7	2,655.		
8 Commissions	8			
9 Insurance	9	1,466.		
10 Legal and other professional fees	10			
11 Management fees	11	450.		
12 Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13 Other interest	13			
14 Repairs	14	800.		
15 Supplies	15	1,200.		
16 Taxes	16	8,102.		
17 Utilities	17	777.		
18 Depreciation expense or depletion	18	7,127.		
19 Other (list) Association Dues	19	1,987.		
20 Total expenses. Add lines 5 through 19	20	32,763.		
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a loss, see instructions to find out if you must file Form 6199.	21	-6,223.		
22 Deductible rental real estate loss after limitation, if any, on Form 8562 (see instructions)	22	-6,223.		
23a Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b Total of all amounts reported on line 4 for all royalty properties	23b	8,199.		
c Total of all amounts reported on line 12 for all properties	23c	7,127.		
d Total of all amounts reported on line 18 for all properties	23d	32,763.		
e Total of all amounts reported on line 20 for all properties	23e			
24 Income. Add positive amounts shown on line 21. Do not include any losses	24			
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	6,223.		
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 01/25/17 TTW Schedule E (Form 1040) 2016

Mortgage Statement/Payment Coupon

A mortgage statement/payment coupon can verify:

- If loan is impounded or escrowed
- What property is associated with the mortgage payment
- Current tax and insurance information
- Current HOA dues: most investors want verification PUD, Condo or Coop

YOUR MORTGAGE COMPANY

Return Mail Operations
PO Box 12345
Any Town, USA 12345-0000

Quarterly Mortgage Statement

Statement Date 03/15/09
Payment Due Date 04/01/09
Loan Number 01234567890

Customer Service
Online
yourmortgagecompany.com

Telephone
(888) 012-3456

Fax
(888) 012-0123

Payments
PO Box 01234
Big City, USA 01234

Correspondence
PO Box 56789
Any Town, USA 56789

01234567 1 AT 1.123 (12345678901234 012 01 ABCDEFGH 012)

JOE HOMEOWNER
1234 MAIN STREET
SMALLTOWN USA 00000-1234

Summary

Payment (Principal and/or Interest, Escrow)	\$1,033.50
Optional Product(s)	\$0.00
Current Monthly Payment	\$1,033.50
Overdue Payments	\$0.00
Unpaid Late Charge(s)	\$0.00
Other Charges	\$0.00
TOTAL PAYMENT	\$1,033.50

Property Address
1234 MAIN STREET
SMALLTOWN USA 00000-1234

Unpaid Principal Balance \$128,522.58
(Contact Customer Service for pre-paid interest)

Interest Rate 5.875%
Interest Paid Year-to-Date \$1,893.00
Taxes Paid Year-to-Date \$0.00
Escrow Balance \$910.97

Activity Since Your Last Statement

Date	Description	Total	Principal	Interest	Escrow	Late Charge	Other
03/01	PAYMENT	\$1,033.50	\$299.18	\$626.03	\$111.29		
02/01	PAYMENT	\$1,033.50	\$290.84	\$631.27	\$111.29		
01/01	PAYMENT	\$1,033.50	\$288.70	\$633.58	\$111.29		

Mortgage Statement/Payment Coupon

Payment Information Below Is From a Borrower Provided Mortgage Statement And HOA Coupon.

– Taxes, Insurance and HOA Dues are Impounded

Mortgage Liabilities (HELOC, Mortgage)

To indicate which mortgage and HELOC liabilities are associated with the subject property and/or a rental property, click Subject Property Lien and Rental Property Lien, as appropriate. If you need to enter REO information for your purposes or for a government loan, please use the Full 1003.

Omit	Paid By Close	Account Owner	Creditor Name	Liability Type	Monthly Payment	Balance	Subject Property Lien	Rental Property Lien
<input type="checkbox"/>	<input type="checkbox"/>	JOHN H <input type="text"/>	mortgage on rental	Mortgage <input type="text"/>	\$1,687	\$100,000.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	HOA DUES <input type="text"/>	\$165	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Non-Impounded Loans: Obtain Tax And Insurance Information.

Property 1

Calculator Use

Rental Income Calculation			2016
1	Gross Rents (Line 3)		
2	Expenses (Line 20)	-	
3	Depreciation (Line 18)	+	
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)*	+	
6	Mortgage Interest (Line 12)*	+	
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	-	\$ 0.00
10	Number of Months Considered (Line 2)***	/	
11	Monthly Income/Loss	-	
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	-	\$ 0.00



Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions.	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest.	13			
14	Repairs.	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities.	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ► Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	8,199.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	32,763.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(6,223.)		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1 <input type="text"/>		Calculator Use	
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	
3	Depreciation (Line 18)	+	
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)*	+	
6	Mortgage Interest (Line 12)*	+	
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	=	\$ 26,540.00

Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions.	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest.	13			
14	Repairs.	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities.	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ▶ Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a		26,540.	
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c		8,199.	
d	Total of all amounts reported on line 18 for all properties	23d		7,127.	
e	Total of all amounts reported on line 20 for all properties	23e		32,763.	
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25		(6,223.)	
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26			-6,223.

2016 Schedule E Rental Income

Property 1 Calculator Use

Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
3	Depreciation (Line 18)	+	
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)*	+	
6	Mortgage Interest (Line 12)*	+	
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	=	(\$ 6,223.00)

Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest	13			
14	Repairs	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ▶ Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	8,199.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	32,763.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(6,223.)		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1		Calculator Use	
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
→ 3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)*	+	
6	Mortgage Interest (Line 12)*	+	
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	=	\$ 904.00

Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest	13			
14	Repairs	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ▶ Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	8,199.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	32,763.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(6,223.)		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1 <input type="text"/>			Calculator Use
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
3	Depreciation (Line 18)	+	7,127.00
→ 4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)*	+	
6	Mortgage Interest (Line 12)*	+	
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	=	\$ 904.00



Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions.	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest.	13			
14	Repairs.	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities.	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ► Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	8,199.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	32,763.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(6,223.)		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1 <input type="text"/>			Calculator Use
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
→ 5	Insurance (Line 9)*	+	1,466.00
6	Mortgage Interest (Line 12)*	+	
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	=	\$ 2,370.00

Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest	13			
14	Repairs	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ▶ Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	8,199.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	32,763.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(6,223.)		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1 <input type="text"/>			Calculator Use
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)*	+	1,466.00
→ 6	Mortgage Interest (Line 12)*	+	8,199.00
7	Taxes (Line 16)*	+	
8	Other:	+/-	
9	Annual Rental Income/Loss	=	\$ 10,569.00

Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions.	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest.	13			
14	Repairs.	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities.	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ▶ Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	8,199.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	32,763.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(6,223.)		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1 <input type="text"/>			Calculator Use
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)*	+	1,466.00
6	Mortgage Interest (Line 12)*	+	8,199.00
→ 7	Taxes (Line 16)*	+	8,102.00
8	Other:	+/-	
9	Annual Rental Income/Loss	=	\$ 18,671.00

Income:		Properties:	A	B	C
3	Rents received	3	26,540.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	2,655.		
8	Commissions	8			
9	Insurance	9	1,466.		
10	Legal and other professional fees	10			
11	Management fees	11	450.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	8,199.		
13	Other interest	13			
14	Repairs	14	800.		
15	Supplies	15	1,200.		
16	Taxes	16	8,102.		
17	Utilities	17	777.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ▶ Association Dues	19	1,987.		
20	Total expenses. Add lines 5 through 19	20	32,763.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-6,223.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-6,223.)	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a	26,540.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
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24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
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26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	-6,223.		

2016 Schedule E Rental Income

Property 1				Calculator Use
Rental Income Calculation				2016
1	Gross Rents (Line 3)			\$ 26,540.00
2	Expenses (Line 20)	-		32,763.00
3	Depreciation (Line 18)	+		7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+		0.00
5	Insurance (Line 9)*	+		1,466.00
6	Mortgage Interest (Line 12)*	+		8,199.00
7	Taxes (Line 16)*	+		8,102.00
8	Other: HOA Fees	+/-		1,987.00
9	Annual Rental Income/Loss	=		\$ 20,658.00

2016 Schedule E Rental Income

Property 1 <input type="text"/>			Calculator Us
Rental Income Calculation			2016
1	Gross Rents (Line 3)		\$ 26,540.00
2	Expenses (Line 20)	-	32,763.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)*	+	1,466.00
6	Mortgage Interest (Line 12)*	+	8,199.00
7	Taxes (Line 16)*	+	8,102.00
8	Other: HOA Fees	+/-	1,987.00
9	Annual Rental Income/Loss	=	\$ 20,658.00
10	Number of Months Considered (Line 2)***	/	12
11	Monthly Income/Loss	=	\$ 1,721.50
12	Monthly Mortgage Payment (Verified)	-	\$ 1,852.00
13	Monthly Net Rental Income/Loss**	=	(\$ 130.50)

Net Rental Income

Compare “rental income” figure with loan application (Fannie Mae Form 1003)

- Most systems calculate rental income from the REO section of the 1003
- Review the 1003 to verify what appears as rental income/rental loss
- If the number is different, override your system to reflect the true income/loss based on the tax returns

Monthly Income and Combined Housing Expense

Gross Monthly Income

	JOHN H	MARY H
Base Income	\$5,200.00	\$0.00
Overtime	\$0.00	\$0.00
Bonuses	\$0.00	\$0.00
Commissions	\$0.00	\$0.00
Dividends/Interest	\$0.00	\$0.00
Other	\$0.00	\$0.00
Subtotal	\$5,200.00	\$0.00
Net Rental	\$-131	
Subject Net Cash	\$0.00	\$0.00
Total	\$5,200.00	\$0.00

Net Rental Income

Do not use leases; Use the “Cash Flow” from the property.

- Flag the mortgage payment in your system as a rental property lien so that it will NOT count it in the debt ratio
- You may need to override your REO Section

Schedule of Real Estate Owned (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
44 Renters Way	R	\$225,000	\$180,400	\$3,500	\$2,500	\$875	\$-131


Mortgage Liabilities (HELOC, Mortgage)



To indicate which mortgage and HELOC liabilities are associated with the subject property and/or a rental property, click Subject Property Lien and Rental Property Lien, as appropriate. If you need to enter REO information for your purposes or for a government loan, please use the Full 1003.


Omit	Paid By Close	Account Owner	Creditor Name	Liability Type	Monthly Payment	Balance	Subject Property Lien	Rental Property Lien
<input type="checkbox"/>	<input type="checkbox"/>	JOHN H	mortgage on rental	Mortgage	\$1,852	\$100,000.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>

Training Tools and Information

The screenshot displays the Genworth website's navigation and promotional content. At the top, the Genworth logo is on the left, and contact information (800 444.5664) and a search bar are on the right. A navigation bar contains links for MI & RATES, UNDERWRITING & GUIDES, LOS & CONNECTIONS, GENWORTH TOOLKIT, and TRAINING. The TRAINING link is highlighted with a red box. Below the navigation bar, a banner features a couple in front of a house with the text: "Let's help someone buy a house today. Genworth Mo The dream of **HOMEOWNERSHIP**. It's alive and well with **MORTGAGE INSURANCE**." Below the banner are three colored boxes: "Underwriting" (blue), "Rate *Express*" (green), and "LOS" (orange). Each box contains an icon, a brief description, and a "GET A QUOTE NOW" or "LET'S GO" link. On the right side, a dropdown menu is open from the TRAINING link, showing a list of resources: "Browse Course Catalog", "View Live Webinar Calendar", "Self-Employed Borrower Calculators", "Get to Know Our Trainers", "Learn About That MI Guy", and "Get Answers to FAQs". Two red arrows point to the first two items in the dropdown menu.

Genworth 

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Training Tools and Information


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Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 90 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you.

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We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie Mac instructions or applicable guidelines. Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.


 Fannie Mae Form 1084 Calculator (2015-2016) Calculator with flow analysis to help you complete Fannie Mae Form 1084. <small>UPDATED</small>	 Freddie Mac Form 91 Calculator (2015-2016) Quick reference guide with income analysis for Freddie Mac Form 91. <small>UPDATED</small>	 Schedule Analysis Method (SAM) Calculator (2015-2016) Calculator quantifying income from tax returns. <small>UPDATED</small>
 Rental Income Calculator (2015-2016) Guide to estimating rental income from Form 1040 (Schedule E). <small>UPDATED</small>	 Quick Ratio - Liquidity Calculator (2015-2016) A calculator to help you determine if your borrower's liquidity is sufficient. <small>UPDATED</small>	 Current Ratio - Liquidity Calculator (2015-2016) Calculator to help you determine if your borrower's liquidity is sufficient. <small>UPDATED</small>
 Fannie Mae Rental Guide (Calculator 1037) Use this document to calculate qualifying rental income for Fannie Mae Form 1037 (Financial Statement, 2, on 4 and Appendix).	 Freddie Mac Rental Guide (Calculator 1038) Worksheet for calculating qualifying rental income for Freddie Mac Form 1038 (Financial Statement, 2, on 4 and Appendix).	 Fannie Mae Rental Guide (Calculator 1039) Calculator quantifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property).
 Fannie Mae Comparative Analysis Guide (Form 1088) Calculator to help you determine gross income, net income and 28/36 ratio.		

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Income Calculation Tools
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- Training
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Homebuyer
Market Report

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Valuable income calculation tools and reference guides for calculating self-employed borrower income.




Fannie Mae Form 1084 Calculator
(2015-2016)



Rental Income Calculator (2015-2016)



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RICHMOND, Va., Oct. 19, 2017 /PRNewswire/ - Genworth Mortgage Insurance, an operating unit of Genworth Financial, announced today that it has launched a new website, mktinsider.com.

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