

Self-Employed Borrower: Form 1084 Part I – The Personal Tax Returns

November 2020

Customer Education

Brought to you by: Genworth Customer Development and Process Consulting



YOU-CENTRIC SOLUTIONS THAT MATTER

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Lender Responsibility

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

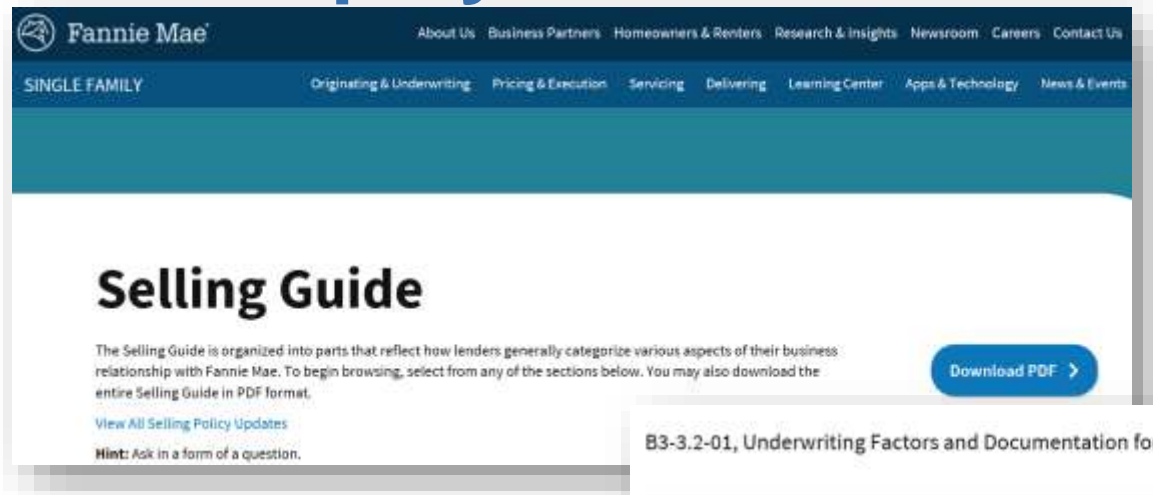
- History
- Income calculation
- Continuance / Stability of income

Objective

Learn to use the Fannie Mae Cash Flow Analysis (Form 1084) and data from tax returns to calculate supportable self-employed borrower income.

- W-2 wages from a business owned by the borrower
- Income from a Schedule C (Sole Proprietor)
- Consideration of Capital Gains & Losses Schedule D
- Net Rental Income from Schedule E

Self-Employment Fannie Mae



The screenshot shows the Fannie Mae website's 'Selling Guide' section. The header includes the Fannie Mae logo and navigation links: About Us, Business Partners, Homeowners & Renters, Research & Insights, Newsroom, Careers, and Contact Us. Below this is a sub-header for 'SINGLE FAMILY' with links for Originating & Underwriting, Pricing & Execution, Servicing, Delivering, Learning Center, Apps & Technology, and News & Events. The main heading is 'Selling Guide'. A paragraph explains that the guide is organized by lender categories and offers a 'Download PDF' button. A link for 'View All Selling Policy Updates' and a 'Hint' about asking questions are also visible.

Selling Guide

The Selling Guide is organized into parts that reflect how lenders generally categorize various aspects of their business relationship with Fannie Mae. To begin browsing, select from any of the sections below. You may also download the entire Selling Guide in PDF format.

[View All Selling Policy Updates](#)

Hint: Ask in a form of a question.

[Download PDF](#)

B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (12/04/2018)

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Introduction

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](#)

<https://www.fanniemae.com/content/guide/selling/b3/3.2/01.html>

Self-Employment Fannie Mae

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.

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/#Overview>

Fannie Mae 2020 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (12/04/2018)

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.

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/#Overview>

Fannie Mae 2020 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (12/04/2018)

Self-Employment Fannie Mae

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 income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss). Examples of income not derived from self-employment include salary and retirement income.

The lender may use Form 1084 or any other type of cash flow analysis, including automated tools, 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.

The lender may use a Fannie Mae-approved vendor tool to complete the written analysis and calculate self-employment income. The lender may receive representation and warranty enforcement relief of the calculated amount if certain requirements are met. See [A2-2-04, Limited Waiver and Enforcement Relief of Representations and Warranties for Mortgages Submitted to DU](#) and Fannie Mae's website for the list of [Approved Vendor Tools](#).

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/#Overview>

Fannie Mae 2020 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (12/04/2018)

Fannie Mae COVID-19 Resources

Fannie Mae Updates, FAQs, Fannie Mae's COVID 19 webpage



Originating & Underwriting

Innovation starts here

Policy information for originators on the impact of COVID-19

Solutions that help meet tomorrow's mortgage needs today.

With industry leading mortgage technologies, we enable lenders to successfully originate and underwrite loans with speed and efficiency. Our products are designed to:

- Help grow your business and support your borrower's needs.
- Deliver speedy and efficient underwriting recommendations intuitively aligned to your process and loan origination systems.
- Provide comprehensive credit risk assessment with fewer touchpoints and corresponding financial and operational impacts.

Lenders also can receive freedom from certain representations and warranties and help reduce manual processes and cycle times through [Day 1 Certainty](#).

If you are not yet a Fannie Mae Seller, click here to [learn more](#) about the process to become one.

Impact of COVID-19 on Originating & Underwriting

These resources provide policy information for originators related to COVID-19. Updates will be posted as they become available.

- [Lender Letter LL-2020-03, Impact of COVID-19 on Originations](#) (updated October 19, 2020) provides reminders and temporary flexibilities to support mortgage originations.
- [Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals](#) (updated October 19, 2020) provides temporary flexibilities to our appraisal requirements.
- [Lender Letter LL-2020-06, Selling Loans in Forbearance Due to COVID-19](#) (updated September 24, 2020) provides temporary liquidity options for certain loans in forbearance after loan closing.
- [Borrower Loans in Forbearance Due to COVID-19 and Representations and Warranties](#) (April 22, 2020) provides scenarios to help lenders understand and implement the temporary flexibilities described in Lender Letter LL-2020-06.
- [FAQs](#) (updated October 19, 2020)
- [Remote Ink Signed Notarization job aid](#)
- [Appraisal flexibilities resources](#)
- [Loan Delivery Information for Loans in Forbearance Due to COVID-19](#)
- [View Fannie Mae's COVID-19 update page](#) for additional information.

[Selling Guide](#)

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[Mortgage Products](#)

[Technology Solutions](#)

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COVID-19 Frequently Asked Questions - Selling

Updated: Oct. 15, 2020

In response to the COVID-19 national emergency, Fannie Mae and Freddie Mac have provided temporary guidance to lenders on several policy areas to support mortgage originations. These FAQs provide additional information on the temporary policies. We will be adding more FAQs, therefore we encourage you to check in frequently for updates - refer to the "NEW" or "UPDATED" notations after the question.

Contents

Resources

FAQs

General

Underwriting

Income and Debt - General

Income - Self-Employed

Income - Variable

Employment

Assets

Documentation

Desktop Underwriter® (DU®) Validation Service

Temporary Purchase and Refinance Eligibility

Appraisals

Power of Attorney (POA)

Notarization

Closing and Title

Quality Control

Selling Loans in Forbearance

Resources

As a reminder, we have published [Selling](#), [Appraisal](#), and [Servicing](#) Lender Letters, [delivery-related guidance](#) (including FAQs) and helpful information regarding policies related to COVID-19. Other resources are available on our [corporate site](#).

FAQs

General

Q1. **Do Fannie Mae's existing disaster policies in the Selling Guide apply to the COVID-19 pandemic?**

No, Fannie Mae's existing policies related to disasters do not apply to loans impacted by COVID-19. Instead, lenders can follow the guidance in Lender Letters [LL-2020-03, Impact of COVID-19 on Originations](#) and [LL-2020-04](#).

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<https://singlefamily.fanniemae.com/originating-underwriting#selling-promo>

Lender Letter LL-2020-03

Policy For SEB Extended To November 30, 2020 Income:



Fannie Mae

Lender Letter (LL-2020-03)

Updated: Oct. 19, 2020
Sep. 24, 2020
Aug. 27, 2020
Jul. 9, 2020
Jun. 11, 2020
May 28, 2020
May 19, 2020
May 6, 2020
2020
2020

To: All Fannie Mae Single-Family Sellers

Verification of self-employment

Effective: Lenders are encouraged to apply these updates to existing loans in process; however, they must be applied to loans with application dates on or after Apr. 14, 2020 through Jul. 31, 2020.

When a borrower is using self-employment income to qualify, the lender must verify the existence of the borrower's business within 120 calendar days prior to the note date. Due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record, lenders must take additional steps to confirm that the borrower's business is open and operating. The lender must confirm this within 10 business days of the note date (or after closing but prior to delivery).

Below are examples of methods the lender may use to confirm the borrower's business is currently operating:

- evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment);
- evidence of current business receipts within 10 days of the note date (payment for services performed);
- lender certification the business is open and operating (lender confirmed through a phone call or other means); or
- business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).

See [B3-3.1-07](#), Verbal Verification of Employment for our existing requirements.

**Updated to
business 20 days**

Fannie Mae LL-2020-03 Effective June 11, 2020 And Remains Effective Until Further Notice

Due to the pandemic's continuing impact on businesses throughout the country, lenders are now required to obtain the following additional documentation to support the decision that the self-employed income meets Fannie's requirements:

- An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; or
- An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and two business depository account(s) statements no older than the latest two months represented on the year-to-date profit and loss statement. Lenders must review the two most recent depository account statements to support and/or not conflict with the information presented in the current year-to-date profit and loss statement. Otherwise, the lender must obtain additional statements or other documentation to support the information from the current P & L.

Note: The year-to-date profit and loss statement must be no older than 60 days as of the note date consistent with current Age of Documentation requirements in LL-2020-03

Fannie Mae LL-2020-03 Effective June 11, 2020 And Remains Effective Until Further Notice

Lenders must review the profit and loss statement, and business depository accounts, if required, and other relevant factors to determine the extent to which a business has been impacted by COVID-19. LL-2020-03 addresses:

- Business Operations
- Business Income
- Business Stability
- Business Income Calculation Adjustments

Assessing the Impact of COVID-19

Business operations

- Have business operations been maintained or modified to support continued business income?
For example, review an updated business plan.
- Is the business continuing to operate in the current location or an alternate location suitable for business operations?
For example, perform an Internet search or verify through a third-party source.
- Is there a demand for the product or service currently offered by the business?

Assessing the Impact of COVID-19

The impact of the COVID 19 pandemic on current business income results in a 50% decline from historical levels. See [Business Income Calculation Adjustment](#) below for next steps.

*Form 1084 or any other type of cash flow analysis form that applies the same principles.

Business Stability

- Does the profit and loss identify a significant imbalance between expenses and revenue that may impact financial stability? Or have modifications to current business operations been made to correct this imbalance? (Consider documenting with an updated business plan)
- Do prior year business tax returns demonstrate ample financial liquidity due to a history of retained earnings?
- Do current business account balances (excluding Paycheck Protection Program (PPP) or other similar COVID-19 related loans or grants) support the financial ability of the business to operate given current market and economic conditions?

A current balance sheet may be used to support the lender's determination of business stability, in conjunction with the profit loss statement.

Business Income

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Information for details.

Example

Historical monthly self-employment income calculated using Form 1084 = \$2,000

Current level of stable monthly self-employment income as determined by the lender using details from the year-to-date profit and loss statement and other supplemental documentation = \$1,000

Business Income Calculation Adjustment

Business Income Calculation Adjustment

When the lender determines current year net business income has been impacted by the COVID-19 pandemic and is


- less than the historical monthly income calculated using Form 1084, but is stable at its current level, the lender must reduce the amount of qualifying income calculated using Form 1084 to no more than the current level of stable income as determined by the lender (see Business Income above).
- more than the historical income calculated using Form 1084, the lender must use no more than the currently stable level of income calculated using Form 1084 to qualify the borrower.

In all cases, qualifying income must be supported by documentation, including any supplemental documentation obtained by the lender.

LL-2020-03

COVID-19 Tools and Resources

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 (2018-2019) Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. UPDATED	 Fannie Mae Form 1084 Calculator XLS (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	 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). UPDATED
 Fannie Mae Rental Guide Calculator (1038) UPDATED	 Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property). UPDATED	 Fannie Mae Form 1088 Cheat Sheet (2017-2018) Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088). UPDATED
 Fannie Mae Comparative Analysis Form 1088 (2017-2018) Calculate increases/decreases in gross income, expenses and taxable income. UPDATED	 Income Calculation Worksheet Use this form to calculate income. UPDATED	 P&L Calculator (2020) Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic. UPDATED
 Business Stability and Income Worksheets (2020) Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic. UPDATED		

Available Training Courses

COVID-19 Updates For Self-Employment Through September 2020

Highlights the self-employed policy changes for Fannie Mae and Freddie Mac as a result of the COVID-19 pandemic. Covers Freddie Mac Bulletin 2020-19, Bulletin 2020-23, and Fannie Mae Lender Letter 2020-03.



Basic

50 mins



MORE

Watch Now

<https://new.mi.genworth.com/training/course/COVID-19-Self-Employed-Borrower-Updates>

How to Use the Business Stability and Income Calculator for Self-Employed Borrowers

This brief session provides instructions on how to use the new Business Stability and Income Calculator as well as the P&L Calculator for your self-employed borrowers. The tools were created as a result of GSE guideline changes due to the COVID-19 pandemic.



Intermediate

20 mins



MORE

Watch Now

<https://new.mi.genworth.com/training/course/how-use-business-stability-and-income-calculator>

Lender Letter 2020-03

Policy For SEB Extended To July 31, 2020 Income:



Fannie Mae

Lender Letter (LL-2020-03)

Updated: Jun. 11, 2020

May 28, 2020

May 19, 2020

May 5, 2020

Mar. 31, 2020

Mar. 23, 2020

To: All Fannie Mae Single-Family Sellers
Impact of COVID-19 on Originations

Verification of self-employment

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When a borrower is using self-employment income to qualify, the lender must verify the existence of the borrower's business within 120 calendar days prior to the note date. Due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record, lenders must take additional steps to confirm that the borrower's business is open and operating. The lender must confirm this within 10 business days of the note date (or after closing but prior to delivery).

Below are examples of methods the lender may use to confirm the borrower's business is currently operating:

- evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment);
- evidence of current business receipts within 10 days of the note date (payment for services performed);
- lender certification the business is open and operating (lender confirmed through a phone call or other means); or
- business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).

See [B3-3.1-07](#), Verbal Verification of Employment for our existing requirements.

Fannie Mae LL-2020-03 Effective June 11, 2020 And Remains Effective Until Further Notice

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- An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; or
- An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and two business depository account(s) statements no older than the latest two months represented on the year-to-date profit and loss statement. Lenders must review the two most recent depository account statements to support and/or not conflict with the information presented in the current year-to-date profit and loss statement. Otherwise, the lender must obtain additional statements or other documentation to support the information from the current P & L.

Note: The year-to-date profit and loss statement must be no older than 60 days as of the note date consistent with current Age of Documentation requirements in LL-2020-03

Fannie Mae LL-2020-03 Effective June 11, 2020 And Remains Effective Until Further Notice

Lenders must review the profit and loss statement, and business depository accounts, if required, and other relevant factors to determine the extent to which a business has been impacted by COVID-19. LL-2020-03 addresses:

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The impact of the COVID 19 pandemic on current business income results in a 50% decline from historical levels. See [Business Income Calculation Adjustment](#) below for next steps.

*Form 1084 or any other type of cash flow analysis form that applies the same principles.

Business Stability

- Does the profit and loss identify a significant imbalance between expenses and revenue that may impact financial stability? Or have modifications to current business operations been made to correct this imbalance? (Consider documenting with an updated business plan)
- Do prior year business tax returns demonstrate ample financial liquidity due to a history of retained earnings?
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A current balance sheet may be used to support the lender's determination of business stability, in conjunction with the profit loss statement.

Business Income

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Information for details.

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Business Income Calculation Adjustment

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- more than the historical income calculated using Form 1084, the lender must use no more than the currently stable level of income calculated using Form 1084 to qualify the borrower.

In all cases, qualifying income must be supported by documentation, including any supplemental documentation obtained by the lender.

LL-2020-03

Profit and Loss Statements

Analyzing Profit and Loss Statements

The lender may use a profit and loss statement—audited or unaudited—for a self-employed borrower's business to support its determination of the stability or continuance of the borrower's income. A typical profit and loss statement has a format similar to IRS Form 1040, Schedule C.

A year-to-date profit and loss statement is not required for most businesses, but if the borrower's loan application is dated more than 120 days after the end of the business's tax year, the lender may choose to require this document if it believes that it is needed to support its determination of the stability or continuance of the borrower's income.

If the lender did not count the borrower's year-to-date salary or draws in determining the borrower's qualifying income, it may add them to the net profit shown on the profit and loss statement as well as adding any of the allowable adjustments it used in analyzing the tax returns for the business, such as nonrecurring income and expenses, depreciation, and depletion.

However, only the borrower's proportionate share of these items may be considered in determining the amount of income from the business that the borrower can use for qualifying purposes.

B3-3.4-04, Analyzing Profit and Loss Statements (04/01/2009)

Fannie Mae COVID-19 Resources

Fannie Mae Updates, FAQs, Fannie Mae's COVID 19 webpage



Originating & Underwriting

Innovation starts here

Policy information for originators on the impact of COVID-19

Solutions that help meet tomorrow's mortgage needs today.

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Selling Guide

Guide Communications & Forms

Mortgage Products

Technology Solutions

Help & Training

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- [Lender Letter LL-2020-06, Selling Loans in Forbearance Due to COVID-19](#) (updated June 11, 2020) provides temporary liquidity options for certain loans in forbearance after loan closing.
- [Simplified Loans in Forbearance Due to COVID-19 and Representations and Warranties](#) (April 22, 2020) provides scenarios to help lenders understand and implement the temporary flexibilities described in Lender Letter LL-2020-06.
- [FAQs](#) (updated June 11, 2020)
- [Remote Ink-Signed Materialization job aid](#)
- [Appraisal Booth/Notes resources](#)
- [Loan Delivery Information for Loans in Forbearance Due to COVID-19](#)
- [View Fannie Mae's COVID-19 update page for additional information](#)



COVID-19 Frequently Asked Questions - Selling

Updated: June 11, 2020

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Contents

Resources

FAQs

- General
- Underwriting
- DU Validation Service
- Temporary Purchase and Refinance Eligibility
- Appraisals
- Power of Attorney (POA)
- Materialization
- Closing and Title
- Quality Control
- Selling Loans in Forbearance

Resources

As a reminder, we have published [Selling](#), [Appraisals](#), and [Simplified](#) Lender Letters, [delivers related guidance](#) (including FAQs) and helpful information regarding policies related to COVID-19. Other resources are available on our [corporate site](#).

FAQs

General

Q1. Do Fannie Mae's existing disaster policies in the Selling Guide apply to the COVID-19 pandemic?

No, Fannie Mae's existing policies related to disasters do not apply to loans impacted by COVID-19. Instead, lenders can follow the guidance in Lender Letters [LL-2020-03, Impact of COVID-19 on Originations](#) and [LL-2020-04, Impact of COVID-19 on Appraisals](#). All guidance specific to COVID-19 will be communicated through Lender Letters and FAQ documents such as this.

Also, note that loans in forbearance due to COVID-19 are not subject to the disaster-related forbearance policies in [52-3.2-03, Enforcement Relief for Breaches of Certain Representations and Warranties Related to Underwriting and Eligibility](#).

Q2. Will Fannie Mae be extending the implementation timeline for the revised Form 1003 and related data set?

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<https://singlefamily.fanniemae.com/originating-underwriting#selling-promo>

Does Borrower Own 25% Or More Of A Business?

1b. Current Employment/Self Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name <input type="text"/>		Phone (<input type="text"/>) <input type="text"/> - <input type="text"/>
Address <input type="text"/>		
City <input type="text"/>		State <input type="text"/> Zip <input type="text"/>
Position or Title <input type="text"/>		Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
Start Date <input type="text"/> / <input type="text"/> (mm/yyyy)		
How long in this line of work? <input type="text"/> Years <input type="text"/> Months		
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed		<input type="radio"/> I have an ownership share of less than 25%. <input type="radio"/> I have an ownership share of 25% or more.
		Monthly Income (or Loss) \$ <input type="text"/>

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



Training Tools and Information



800 444.5664 |  | 

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- MANAGE MI
- VIEW ACCOUNT

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UNDERWRITING & GUIDES

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YOU-CENTRIC SOLUTIONS THAT MATTER

Genworth Mortgage Insurance

It's a YOU year!

Rate Quote Sweepstakes

We're celebrating YOU in 2020 with opportunities to WIN

Gift cards include: Wayfair, Target, Amazon, DSW, Home Depot | Prize levels: \$500, \$250, \$100, \$50

Course Catalog

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Self-Employed Borrower Calculators

Our Trainers

That MI Guy

Training FAQs

Learn More 



Underwriting
Innovate Underwriting

KNOW MORE



Rate ExpressSM
Find Rates Quick

GET A QUOTE NOW



LOS
Streamline Your Systems

LET'S GO

Training Tools and Information

Course Catalog

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.

Browse by Topic

Mortgage Industry
 Professional
 Technology
 Compliance

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 (2018-2019) Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. <small>UPDATED</small>	Fannie Mae Form 1084 Calculator XLS (2018-2019) Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. <small>UPDATED</small>	Freddie Mac Form 91 Calculator (2018-2019) Quick reference guide and income analysis for Freddie Mac Form 91. <small>UPDATED</small>
Freddie Mac Form 92 Calculator (2018-2019) Form 92 Rent Rental Income Calculations - Schedule E. <small>UPDATED</small>	Schedule Analysis Method (SAM) Calculator (2018-2019) Calculate qualifying income from tax returns. <small>UPDATED</small>	Rental Income Calculator (2018-2019) Assist in calculating rental income from IRS Form 1040 Schedule E. <small>UPDATED</small>
Current Ratio - Liquidity Calculator (2018-2019) Calculate working capital liquidity against current liabilities. <small>UPDATED</small>	Quick Ratio - Liquidity Calculator (2018-2019) Calculate an organization's liquidity against current liabilities. <small>UPDATED</small>	Fannie Mae Rental Guide (Calculator 1037) Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Personal Residence, 3- to 4-unit Property). <small>UPDATED</small>
Fannie Mae Rental Guide Calculator (1038) <small>UPDATED</small>	Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property). <small>UPDATED</small>	Fannie Mae Form 1088 Cheat Sheet (2017-2018) Use this quick-reference guide for Fannie Mae's Comparative Analysis Form (Form 1088). <small>UPDATED</small>
Fannie Mae Comparative Analysis Form 1088 (2017-2018) Calculate increases/decreases in gross income, expenses and taxable income. <small>UPDATED</small>	Income Calculation Worksheet Use this form to calculate income. <small>UPDATED</small>	P&L Calculator (2020) Created as result of changes made by the IRS to adapt to the COVID-19 pandemic. <small>UPDATED</small>
Business Stability and Income Worksheet (2020) Created as result of changes made by the IRS to adapt to the COVID-19 pandemic. <small>UPDATED</small>		

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Self-Employed Borrower Tools



Income Calculation Tools and Reference Guides

Fannie Mae's 1084



Cash Flow Analysis (Form 1084)

Borrower Name: _____

Business Name (optional): _____

This worksheet may be used to prepare a written evaluation of the analysis of income related to self-employment. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower for loan qualifying purposes.

IRS Form 1040 – Individual Income Tax Return	Year _____	Year _____
1. W-2 Income from Self-Employment	(+/-) _____	(+/-) _____
2. Schedule B – Interest and Ordinary Dividends		
a. Interest Income from Self-Employment	(+/-) _____	(+/-) _____
b. Dividends from Self-Employment	(+/-) _____	(+/-) _____
3. Schedule C – Profit or Loss from Business: Sole Proprietorship		
a. Net Profit or (Loss)	(+/-) _____	(+/-) _____
b. Nonrecurring Other (Income) Loss/Expenses	(+/-) _____	(+/-) _____
c. Depreciation	(+/-) _____	(+/-) _____
d. Depreciation	(+/-) _____	(+/-) _____
e. Non-deductible Travel and Meals Expenses	(+/-) _____	(+/-) _____
f. Business Use of Home	(+/-) _____	(+/-) _____
g. Amortization/Casualty Loss	(+/-) _____	(+/-) _____
4. Schedule D – Capital Gains and Losses		
a. Recurring Capital Gains	(+/-) _____	(+/-) _____
5. Schedule E – Supplemental Income and Loss		
Note: A lender may use Fannie Mae Rental Income Worksheets (Form 1037 or Form 1038) to calculate individual rental income (loss) reported on Schedule E.		
a. Royalties Received	(+/-) _____	(+/-) _____
b. Total Expenses	(+/-) _____	(+/-) _____
c. Depreciation	(+/-) _____	(+/-) _____
6. Schedule F – Profit or Loss from Farming		
a. Net Farm Profit or (Loss)	(+/-) _____	(+/-) _____
b. Non-Tax Portion Ongoing Coop and CCC Payments	(+/-) _____	(+/-) _____
c. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
d. Depreciation	(+/-) _____	(+/-) _____
e. Amortization/Casualty Loss/Depreciation	(+/-) _____	(+/-) _____
f. Business Use of Home	(+/-) _____	(+/-) _____

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.


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<https://singlefamily.fanniemae.com/media/7746/display>

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	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 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, Line 30)			
X. Depreciation Rate (2019: .26; 2018: .25)	0.26	0.25	
- Total Mortgage 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) - 6(f))	+/-		
c. Nonrecurring Other (Income) or Loss (Lines 5c & 6)	+/-		
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	

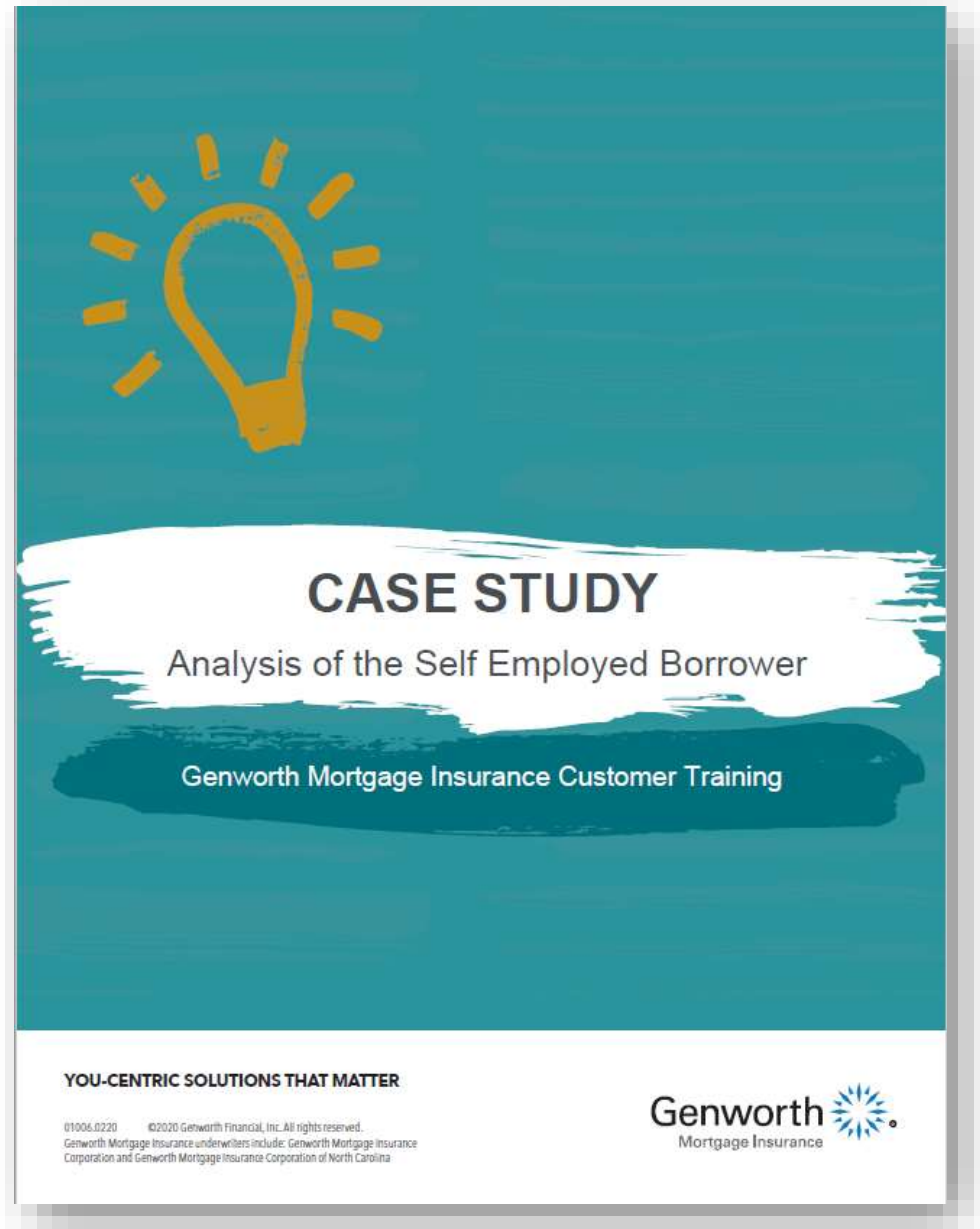
Note: IRS Form 4797 (Sales of Business Property) is not included on this worksheet due to its infrequent use. If applicable, a lender may include analysis of the sale and related recurring capital gains.

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

Page 1 of 4

<https://new-content.mortgageinsurance.genworth.com/documents/calculators/8608510.Training.CashFlow.WEB.0220.pdf>

You'll Need



The Case Study

You will be working with John and Mary Homeowner who:

- Own a Schedule C business called Impressive Images (John)
- Have Schedule B interest and dividend income
- Have capital gains/loss activity reported on a Schedule D
- Own an existing rental property shown on a Schedule E
- **Own 95% of an LLC Rehab Addict (Mary)*
 - *Mary receives a K-1*
 - *Reported on a Partnership Return 1065*
- **Own 40% of an S Corporation called DaVinci Residential Painting, Inc. (John)*
 - *John receives a W-2 Wage Statement from the business*
 - *John receives a K-1*
 - *1120S Business Tax Return*

*This is covered in case study part II

Form 1040

Review for:

– Identifiers

- Name
- Address
- Social Security Number

– All pages and schedules

- Line 2b & 3b \geq \$1,500 - Schedule B
- Line 6- Schedule D
- Line 7a- Schedule 1
- Line 9- Schedule A?

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: John Last name: Homeowner Your social security number: XXX-XX-XXXX
 If joint return, spouse's first name and middle initial: Mary Last name: Homeowner Spouse's social security number: XXX-XX-XXXX
 Home address (number and street). If you have a P.O. box, see instructions. 7 Galloping Hill Road Apt. no.: _____
 City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Dallas TX 75432
 Foreign country name: _____ Foreign province/state/country: _____ Foreign postal code: _____
 If more than four dependents, see instructions and ✓ have ☐

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	172,579.
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
c	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	-3,000.
7a	Other income from Schedule 1, line 9	7a	287,399.
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income	7b	458,965.
8a	Adjustments to income from Schedule 1, line 22	8a	7,487.
b	Subtract line 8a from line 7b. This is your adjusted gross income	8b	451,478.
9	Standard deduction or itemized deductions (from Schedule A)	9	63,332.
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10	28,523.
11a	Add lines 9 and 10	11a	91,855.
b	Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b	359,623.

Standard Deduction for:
 • Single or Married filing separately, \$12,000
 • Married filing jointly or Qualifying widow(er), \$18,000
 • Head of household, \$18,350
 • 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)

Does Your Borrower Have Additional Sources Income?

Review Schedule 1 line 5 for Schedule e activity

Is it rental or partnership or S Corp or both??

Verify you have the K-1s if applicable

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 John & Mary Homeowner			Your social security number XXX-XX-XXXX		
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		77,770.	
4	Other gains or (losses). Attach Form 4797	4			
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5		209,629.	
6	Farm income or (loss). Attach Schedule F	6			
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		287,399.	
Part II Adjustments to Income					
10	Educator expenses	10			
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11			
12	Health savings account deduction. Attach Form 8889	12			
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13			
14	Deductible part of self-employment tax. Attach Schedule SE	14		7,487.	
15	Self-employed SEP, SIMPLE, and qualified plans	15			
16	Self-employed health insurance deduction	16			
17	Penalty on early withdrawal of savings	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		7,487.	

For Paperwork Reduction Act Notice, see your tax return instructions. REV 02/23/20 TTW Schedule 1 (Form 1040 or 1040-SR) 2019

Calculator and Quick Reference Guide

Access Your Quick Reference Guide 1084 Form and Case Study

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	+			*Only add back the eligible

Form 1040

Review for:

- Wages are reported on line 1 but this could be from multiple sources or for different borrowers
- You must review the actual W-2s

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2019** U.S. Individual Income Tax Return 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: **John** Last name: **Homeowner** Your social security number: **XXX-XX-XXXX**
If joint return, spouse's first name and middle initial: **Mary** Last name: **Homeowner** Spouse's social security number: **XXX-XX-XXXX**

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.: **7 Galloping Hill Road**
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Dallas TX 75432

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 Your: ☐ 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 **172,579.**
2a Tax-exempt interest **2b** Taxable interest. Attach Sch. B if required **2b** 1,987.
3a Qualified dividends **3b** Ordinary dividends. Attach Sch. B if required **3b**
4a IRA distributions **4b** Taxable amount **4b**

1 Wages, salaries, tips, etc. Attach Form(s) W-2 **172,579.**

7a Other income from Schedule 1, line 9 **7a** 287,399.
b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income **7b** 458,965.
8a Adjustments to income from Schedule 1, line 22 **8a** 7,487.
b Subtract line 8a from line 7b. This is your adjusted gross income **8b** 451,478.
9 Standard deduction or itemized deductions (from Schedule A) **9** 63,332.
10 Qualified business income deduction. Attach Form 8995 or Form 8995-A **10** 28,523.
11a Add lines 9 and 10 **11a** 91,855.
b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0- **11b** 359,623.

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

Do Our Applicants Have Ownership?

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

a Employee's SSN XXX-XX-XXXX		b Employer ID No. (EIN) 22-1234567		OMB No. 1545-0008	
c Employer's name, address, and ZIP code DAVINCI RESIDENTIAL PAINTING INC. 1200 SISTINE CHAPEL DRIVE WACO TX 76701		1 Wgs, tips, other compn 172579.15	2 Fed inc tax withheld 17642.61	3 Social security wages 132900.00	
		4 SS tax withheld 8239.80	5 Medicare wages & tips 183709.41	6 Medicare tax withheld 2663.79	
		7 Social security tips	8 Allocated tips	9	
d Control No.		10 Depdnt care benefits	11 Nonqualified plans	12a D 24500.00	
e Employee's name, address, and ZIP code Suff. JOHN HOMEOWNER 7 GALLOPING HILL ROAD DALLAS TX 75432		13 Statutory employee . <input type="checkbox"/>	14 Other personal use 2756.79	12b	
		Retirement plan . . <input checked="" type="checkbox"/>	s/h health 13369.74	12c	
		Third-party sick pay <input type="checkbox"/>		12d	
15 State	Employer's state ID number	16 State wages, tips, etc	17 State income tax	18 Local wages, tips, etc	19 Local income tax
20 Locality name					

Department of the Treasury — IRS

Form **W-2**
**Wage and
Tax
Statement
2019**

**Copy B To Be Filed with
Employee's FEDERAL
Tax Return**
This information is being
furnished to the Internal
Revenue Service.

Form 1040

Review for:

– Is there an Entry on Line 7a?

- Review Schedule 1

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2019** U.S. Individual Income Tax Return 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: **John** Last name: **Homeowner** Your social security number: **XXX-XX-XXXX**
 If joint return, spouse's first name and middle initial: **Mary** Last name: **Homeowner** Spouse's social security number: **XXX-XX-XXXX**

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.:
7 Galloping Hill Road
Dallas TX 75432

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Foreign country name: Foreign province/state/country: Foreign postal code: If more than four dependents, see instructions and ✓ here ☐

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

Age/Blindness Your: ☐ 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

7a Other income from Schedule 1, line 9

7a 287,399.

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.

3a Qualified dividends **3a** **3b** Ordinary dividends. Attach Sch. B if required **3b**
4a IRA distributions **4a** **4b** Taxable amount **4b**
4c Pensions and annuities **4c** **4d** Taxable amount **4d**
5a Social security benefits **5a** **5b** Taxable amount **5b**

6 Capital gain or (loss). Attach Schedule D if required. If not required, check here **6** -3,000.

7a Other income from Schedule 1, line 9 **7a** 287,399.
7b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income **7b** 458,965.
8a Adjustments to income from Schedule 1, line 22 **8a** 7,487.
8b Subtract line 8a from line 7b. This is your adjusted gross income **8b** 451,478.

9 Standard deduction or itemized deductions (from Schedule A) **9** 63,332.
10 Qualified business income deduction. Attach Form 8995 or Form 8995-A **10** 28,523.
11a Add lines 9 and 10 **11a** 91,855.
11b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0- **11b** 359,623.

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

Does Your Borrower Have Additional Sources Income?

Review Schedule 1

- Alimony**
- Sole Proprietorship income**
- Rental Income**
- Partnerships**
- S Corps**
- Farm Income**
- Other Income**

SCHEDULE 1 (Form 1040 or 1040-SR)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		<p>► Attach to Form 1040 or 1040-SR.</p> <p>► Go to www.irs.gov/Form1040 for instructions and the latest information.</p>		<p>2019</p> <p>Attachment Sequence No. 01</p>	
Name(s) shown on Form 1040 or 1040-SR John & Mary Homeowner			Your social security number XXX-XX-XXXX		
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		77,770.	
4	Other gains or (losses). Attach Form 4797	4			
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5		209,629.	
6	Farm income or (loss). Attach Schedule F	6			
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		287,399.	
Part II Adjustments to Income					
10	Educator expenses	10			
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11			
12	Health savings account deduction. Attach Form 8889	12			
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13			
14	Deductible part of self-employment tax. Attach Schedule SE	14		7,487.	
15	Self-employed SEP, SIMPLE, and qualified plans	15			
16	Self-employed health insurance deduction	16			
17	Penalty on early withdrawal of savings	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		7,487.	

Schedule E Has Two Parts

SCHEDULE E
(Form 1040 or 1040-SR)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

2019
Attachment Sequence No. 13

Department of the Treasury
Internal Revenue Service (IRS)

Go to www.irs.gov/ScheduleE for instructions and the latest information.

Form 1040-SS (10-18-19)

John & Mary Henderson

Four social security numbers
XXXX-XX-XXXX

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 (see instructions). If you are an individual, report farm rental income or loss from Form 4562 on page 2, line 40.

A Did you make any payments in 2019 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 listed, city, state, ZIP code:

A 3340 Condo Court Dallas TX 75433

B

C

	1b Type of Property (from list below)	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	1		365	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	33,199.		
4 Royalties received	4			
Expenses:				
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7	2,220.		
8 Commissions	8			
9 Insurance	9	2,032.		
10 Legal and other professional fees	10	500.		
11 Management fees	11	800.		
12 Mortgage interest paid to banks, etc. (see instructions)	12	8,000.		
13 Other interest	13			
14 Repairs	14	2,812.		
15 Supplies	15	1,677.		
16 Taxes	16	3,622.		
17 Utilities	17	2,233.		
18 Depreciation expense or depletion	18	7,127.		
19 Other (list) ▶ Amortization: Dues	19	2,998.		
20 Total expenses. Add lines 5 through 19	20	43,149.		
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	-7,950.		
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	0.		
23a Total of all amounts reported on line 3 for all rental properties	23a	33,199.		
23b Total of all amounts reported on line 4 for all royalty properties	23b			
23c Total of all amounts reported on line 12 for all properties	23c	8,000.		
23d Total of all amounts reported on line 18 for all properties	23d	7,127.		
23e Total of all amounts reported on line 20 for all properties	23e	43,149.		
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			
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 Schedule 1 (Form 1040 or 1040-SR), line 5, or Form 1040-NR, line 18. Otherwise, include this amount in the total on line 41 on page 2.	26			

For Paperwork Reduction Act Notice, see the separate instructions. **B-2** REV 08/2019 TFW Schedule E (Form 1040 or 1040-SR) 2019

13

Schedule E Partnerships and S Corps

Schedule E (Form 1040 or 1040-SR) 2019

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

XXX-XX-XXXX

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, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. 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 (f) 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 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 basis computation is required	(f) Check if any amount is not at risk
A	Rehab Addict LLC	P	<input type="checkbox"/>	46-1234567	<input type="checkbox"/>	<input type="checkbox"/>
B	DaVinci Residential Painting Inc.	S	<input type="checkbox"/>	22-1234567	<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss

Nonpassive Income and Loss

	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A					91,230.
B				14,189.	132,588.
C					
D					
29a Totals					223,818.
b Totals				14,189.	
30	Add columns (h) and (k) of line 29a.				30 223,818.
31	Add columns (g), (i), and (j) of line 29b.				31 (14,189.)
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31				32 209,629.

S Corp K-1

671119
OMB No. 1545-0123

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

2019

For calendar year 2019, or tax year
beginning / / 2019 ending / /

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
22-1234567

B Corporation's name, address, city, state, and ZIP code
DaVinci Residential Painting, Inc.
1200 Sistine Chapel Drive
Waco, TX 76701

C Principal office where corporation filed return
e file

Part II Information About the Shareholder

D Shareholder's identifying number
XXX-XX-XXXX

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

F Shareholder's percentage of stock ownership for tax year 40 %

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

1	Ordinary business income (loss)	13	Credits
2	Net rental real estate income (loss)	M	1,872
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	166
11	Section 179 deduction	16	Items affecting shareholder basis
	14,189	C	17,214
12	Other deductions		
A	4,160	D	63,634
		17	Other information
		V	118,398
		W	867,417
		X	267,548
18	<input type="checkbox"/> More than one activity for at-risk purposes*		
19	<input type="checkbox"/> More than one activity for passive activity purposes*		

F Shareholder's percentage of stock ownership for tax year 40 %

Any Other W-2 Wages?

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

- Review all W-2's filed
- 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

Form W-2 Wage and Tax Statement 2019

a Employee's SSN: XXX-XX-XXXX **b** Employer ID No. (EIN): 22-1234567 **c** Employer's name, address, and ZIP code: DAVINCI RESIDENTIAL PAINTING INC., 1200 SISTINE CHAPEL DRIVE, WACO, TX 76701

1 Wages, tips, other comp: 172,579.15 **2** Fed inc tax withheld: 17,642.61 **3** Social security wages: 132,900.00

4 SS tax withheld: 8,237.00 **5** Medicare wages & tips: 183,709.41 **6** Medicare tax withheld: 2,663.79

7 Social security tips: **8** Allocated tips: **9** **10** Dependent care benefits: **11** Nonqualified plans: **12a** D: 24,500.00

d Control No.: **e** Employee's name, address, and ZIP code: JOHN HOMEOWNER, 7 GALLOPING HILL ROAD, DALLAS, TX 75432

13 Statutory employee: ☐ **14** Other: ☒ personal use 27,567.79 **12b** **12c** **12d** s/h health 13,369.74

15 State: **16** State wages, tips, etc.: **17** State income tax: **18** Local wages, tips, etc.: **19** Local income tax: **20** Locality name:

Department of the Treasury — IRS

IRS Form 1040 - Individual Income Tax Return

2019

2018

1 W-2 Income from Self-Employment

+

183,709.00

*Use of the W-2 wages is subject to the viability of the business

Schedule E to Validate Ownership

Schedule E (Form 1040 or 1040-SR) 2019

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

XXX-XX-XXXX

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, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. 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 (f) 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 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

	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A	Rehab Addict LLC	P	<input type="checkbox"/>	46-1234567	<input type="checkbox"/>	<input type="checkbox"/>
B	DaVinci Residential Painting Inc.	S	<input type="checkbox"/>	22-1234567	<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss			Nonpassive Income and Loss		
	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A					91,230.
B				14,189.	132,588.
C					
D					
29a Totals					223,818.
b Totals				14,189.	
30	Add columns (h) and (k) of line 29a.				30 223,818.
31	Add columns (g), (i), and (j) of line 29b.				31 (14,189.)
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31				32 209,629.

Don't forget to ask for both K-1's. Who has ownership in Rehab Addict, LLC?

Partnership K-1

Mary is 95% owner

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	95 %	95 %
Loss	95 %	95 %
Capital	95 %	95 %

Check if decrease is due to sale or exchange of partnership interest ☐

Page 20

Schedule K-1 (Form 1065) 2019
 Department of the Treasury Internal Revenue Service
 For calendar year 2019, or tax year beginning / / 2019 ending / /

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

1	Ordinary business income (loss)	15	Credits
		91,230	
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)		
11	Other income (loss)	19	Distributions
12	Section 179 deduction		
13	Other deductions		
A		23,750	
14	Self-employment earnings (loss)		
A		91,230	
C		1,376,354	
21	More than one activity for at-risk purposes*		
22	More than one activity for passive activity purposes*		
*See attached statement for additional information.			

Part I Information About the Partnership

A Partnership's employer identification number
46-1234567

B Partnership's name, address, city, state, and ZIP code
Rehab Addict LLC
334566 103rd Street
Dallas, TX 75432

C This Partner's share of partnership loss return ☐ Enter

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See inst.)
XXX-XX-XXXX

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
Mary Homeowner
7 Galloping Hill Road Dallas, TX 75432

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

H What type of entity is this partner? Individual

H2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	95 %	95 %
Loss	95 %	95 %
Capital	95 %	95 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$	\$

☐ Check this box if item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account	\$	0
Capital contributed during the year	\$	56,050
Current year net income (loss)	\$	
Other increase (decrease) (attach explanation)	\$	
Withdrawals & distributions	\$	
Ending capital account	\$	56,050

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Not Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

For Paperwork Reduction Act Notice, see Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11304R Schedule K-1 (Form 1065) 2019

Interest Income From S Corps/Partnerships

Standard	1	Wages, salaries, tips, etc. Attach Form(s) W-2		1	172,579.	
	2a	Tax-exempt interest	2a	b Taxable interest. Attach Sch. B if required	2b	1,987.
	3a	Qualified dividends	3a	b Ordinary dividends. Attach Sch. B if required	3b	

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

Page 6

All Dividend And Interest Income Appears On 1040 Lines 2b And 3b
Review Schedule B For Specific Sources, Before Using To Qualify

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

SCHEDULE B
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service (99)

Interest and Ordinary Dividends

► Go to www.irs.gov/ScheduleB for instructions and the latest information.
► Attach to Form 1040 or 1040-SR.

OMB No. 1545-0074

2019
Attachment
Sequence No. 08

Name(s) shown on return
John & Mary Homeowner

Your social security number
XXX-XX-XXXX

Part I

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ►

Interest

(See instructions and the instructions for Forms 1040 and 1040-SR, line 2b.)

Note: If you received a Form 1099-INT, Form 1099-DIV, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Community Bank

American Credit Union

2 Add the amounts on line 1 **2** **1,987.**

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 **3**

4 Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b **4** **1,987.**

Note: If line 4 is over \$1,500, you must complete Part III.

Part II

5 List name of payer ►

Ordinary Dividends

(See instructions and the instructions for

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

Schedule C

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, Line 30)			
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26	0.25
	= Total Mileage Depreciation	+	0.00	0.00
	Subtotal Schedule C	=	0.00	0.00

Is There a Schedule C?

SCHEDULE 1 (Form 1040 or 1040-SR) Department of the Treasury Internal Revenue Service	Additional Income and Adjustments to Income ▶ Attach to Form 1040 or 1040-SR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2019</div> Attachment Sequence No. 01
Name(s) shown on Form 1040 or 1040-SR John & Mary Homeowner		Your social security number XXX-XX-XXXX
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 77,770.
4	Other gains or (losses). Attach Form 4797	4
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5 209,629.
6	Farm income or (loss). Attach Schedule F	6
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	9 287,399.


Check for multiple Schedule C's...

31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, 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 .	<div style="border: 1px solid black; padding: 5px; width: 100%;"> 31 77,770. </div>
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Schedule C

SCHEDULE C (Form 1040 or 1040-SR)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)		Go to www.irs.gov/ScheduleC for instructions and the latest information.		2019 Attachment Sequencing No. 09
Name of proprietor John Homeowner		Social security number (SSN) XXX-XX-XXXX		
A Principal business or profession, including product or service (see instructions) Photographer		B Enter code from instructions 5 6 1 6 0 0		
C Business name. If no separate business name, leave blank. Impressive Images		D Employer ID number (EIN) (see instr.)		
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) <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 2019? 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 2019, check here		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I 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		
J If "Yes," did you or will you file required Forms 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	149,655.	
2	Returns and allowances	2		
3	Subtract line 2 from line 1	3	149,655.	
4	Cost of goods sold (from line 42)	4		
5	Gross profit. Subtract line 4 from line 3	5	149,655.	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	5,111.	
7	Gross income. Add lines 5 and 6	7	154,766.	
Part II Expenses. Enter expenses for business use of your home only on line 30.				
8	Advertising	8	9,651.	
9	Car and truck expenses (see instructions)	9	19,648.	
10	Commissions and fees	10		
11	Contract labor (see instructions)	11		
12	Depreciation	12		
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	2,831.	
14	Employee benefit programs (other than on line 19)	14		
15	Insurance (other than health)	15		
16	Interest (see instructions):			
a	Mortgage (paid to banks, etc.)	16a		
b	Other	16b		
17	Legal and professional services	17	1,799.	
18	Office expense (see instructions)	18		
19	Pension and profit-sharing plans	19		
20	Rent or lease (see instructions):			
a	Vehicles, machinery, and equipment	20a		
b	Other business property	20b		
21	Repairs and maintenance	21		
22	Supplies (not included in Part III)	22	5,334.	
23	Taxes and licenses	23	850.	
24	Travel and meals:			
a	Travel	24a	14,963.	
b	Deductible meals (see instructions)	24b	6,061.	
25	Utilities	25	4,110.	
26	Wages (less employment credits)	26		
27a	Other expenses (from line 48)	27a	11,749.	
b	Reserved for future use	27b		
28	Total expenses before expenses for business use of home. Add lines 8 through 27a	28	76,996.	
29	Tentative profit or (loss). Subtract line 28 from line 7	29	77,770.	
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: 4200			
31 Net profit or (loss). Subtract line 30 from line 29.		31	77,770.	77,770.
<ul style="list-style-type: none"> If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, 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. 				
32 If you have a loss, check the box that describes your investment in this activity (see instructions):				
<ul style="list-style-type: none"> If you checked 32a, enter the loss on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, 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. 		32a <input type="checkbox"/> All investment is at risk.		
		32b <input type="checkbox"/> Some investment is not at risk.		

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	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, Line 30)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	77,770.00

Schedule C

SCHEDULE C (Form 1040 or 1040-SR)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		Go to www.irs.gov/ScheduleC for instructions and the latest information.		2019 Attachment Sequence No. 09	
Name of proprietor John Homeowner		Social security number (SSN) XXX-XX-XXXX			
A Principal business or profession, including product or service (see instructions) Photographer		B Enter code from instructions 5 6 1 6 0 0			
C Business name. If no separate business name, leave blank. Impressive Images		D Employer ID number (EIN) (see instr.)			
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) <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 2019? 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 2019, check here		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
I 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			
J If "Yes," did you or will you file required Forms 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	149,655.		
2	Returns and allowances	2			
3	Subtract line 2 from line 1	3	149,655.		
4	Cost of goods sold (from line 42)	4			
5	Gross profit. Subtract line 4 from line 3	5	149,655.		
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	5,111.		
7	Gross income. Add lines 5 and 6	7	154,766.		
Part II Expenses. Enter expenses for business use of your home only on line 30.					
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	5,111.		
10	Commissions and fees	10		20	Rent or lease (see instructions)
11	Contract labor (see instructions)	11		20a	Vehicles, machinery, and equipment
12	Depletion	12		20b	Other business property
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	2,831.	21	Repairs and maintenance
14	Employee benefit programs	14		22	Supplies (not included in Part III)
				23	Taxes and licenses
				24	Travel and meals:
				24a	Travel
				4b	
				5	
				6	
				7a	
				7b	
				8	
				9	
				10	
				31	
				32a	All investment is at risk.
				32b	Some investment is not at risk.

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"

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
→	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, Line 30)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	72,659.00

Schedule C

Part II Expenses. Enter expenses for business use of you			
8	Advertising	8	9,651.
9	Car and truck expenses (see instructions).	9	19,648.
10	Commissions and fees	10	
11	Contract labor (see instructions)	11	
12	Depletion	12	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	2,831.
14	Employee benefit programs (other than on line 19)	14	
15	Insurance (other than health)	15	
16	Interest (see instructions):		
a	Mortgage (paid to banks, etc.)	16a	
b	Other	16b	
17	Legal and professional services	17	1,799.


Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
→	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, Line 30)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	72,659.00

Schedule C

Part II Expenses. Enter expenses for business use of you			
8	Advertising	8	9,651.
9	Car and truck expenses (see instructions).	9	19,648.
10	Commissions and fees .	10	
11	Contract labor (see instructions)	11	
12	Depletion	12	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	2,831.
14	Employee benefit programs (other than on line 19) . .	14	
15	Insurance (other than health)	15	
16	Interest (see instructions):		
a	Mortgage (paid to banks, etc.)	16a	
b	Other	16b	
17	Legal and professional services	17	1,799.

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	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, Line 30)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	75,490.00

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	9,651.	18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions).	9	19,648.	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	2,831.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19).	14		22	Supplies (not included in Part III)	22	5,334.
15	Insurance (other than health)	15		23	Taxes and licenses	23	850.
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	14,963.
b	Other	16b		b	Deductible meals (see instructions)	24b	6,061.
17	Legal and professional services	17	1,799.	25	Utilities	25	4,110.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	11,749.
				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)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	6,061.00
	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, Line 30)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	69,429.00

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	0 .
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Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	6,061.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	0.00
→	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)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	69,429.00

Schedule C

27a	Other expenses (from line 48)	27a	11,749.
b	Reserved for future use	27b	

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

Shipping & Postage	1,433.
Outside Services	3,887.
Amortization	1,200.
Printing	3,474.
Casualty Loss/Theft Claim	1,755.
48 Total other expenses. Enter here and on line 27a	48 11,749.

Only the \$1,200 Amortization and Casualty Loss of \$1,755 is added back.

Miscellaneous Expenses

This is where you should list any other business-related expenses.

Examples include:

- 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:

- Charitable contributions
- Political contributions

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	6,061.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	0.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,955.00
➔	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
	Subtotal Schedule C	=	72,384.00

Schedule C Line 9 - Car and Truck Expenses

9	Car and truck expenses (see instructions).	9	19,648.
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3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	6,061.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	0.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,955.00
	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
	Subtotal Schedule C	=	72,384.00

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 the year, 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

If blank there is typically a 4562

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	6,061.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	0.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2 Part V*)	+	2,955.00
	Business Miles (Page 2, Part IV, Line 44  DR Related 4562, Line 30)		
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	72,384.00

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

- Review Page 2 of the worksheet
- Line #30

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

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

Department of the Treasury Internal Revenue Service (99) ▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

▶ Attach to your tax return.

Name(s) shown on return: John & Mary Homeowner Business or activity to which this form relates: Sch C Photographer Identifying number: XXX-XX-XXXX

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	
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	
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	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2018 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2020. Add lines 9 and 10, less line 12	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

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	14	
15		15	
16		16	

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

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

Department of the Treasury Internal Revenue Service (99) ▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

▶ Attach to your tax return.

Name(s) shown on return: John & Mary Homeowner Business or activity to which this form relates: Sch C Photographer Identifying number: XXX-XX-XXXX

Section A Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis or depreciation (Business investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		3,996.	7.0	HY	200 DB	571.
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	
				MM	S/L	

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

(a) Class life	(b) Month and year placed in service	(c) Basis or depreciation (Business investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 30-year			30 yrs.	MM	S/L	
d 40-year			40 yrs.	MM	S/L	

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	2,831.
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	

For Paperwork Reduction Act Notice, see separate instructions. BAA 16 REV 02/20/20 TTY Form 4562 (2019)

Schedule C

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:								
Range Rover	01/03/2015	67.32 %						
		%						
		%						
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) .	7,554					
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven	3,667					
33 Total miles driven during the year. Add lines 30 through 32	11,221					
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					

Page 17

Business Miles Of 7,554 x 26¢ Is \$1,964 In Additional Depreciation That Could Be Added Back.

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	77,770.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(5,111.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	2,831.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	6,061.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	0.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,955.00
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		7,554.00
	X Depreciation Rate (2019-26¢; 2018-25¢)		0.26
	= Total Mileage Depreciation	+	1,964.04
	Subtotal Schedule C	=	74,348.04

Schedule C

Pages 18 and 19

Car and Truck Expenses Worksheet

2019

► Keep for your records

Name(s) Shown on Return John & Mary Homeowner Social Security Number XXX-XX-XXXX

Activity: Sch C Photographer

Part I – Vehicle Information

1 Make and model of vehicle Range Rover Example: Ford Taurus
 2 Date vehicle acquired 01/03/2015 If converted from personal use
 3 Date placed in service 01/03/2015 Example: 06/15/2019
 4 Type of vehicle B2 - Heavy SUV
 5 a Ending mileage reading _____ Enter mileage readings, or
 b Beginning mileage reading _____ enter total miles on line 5c
 c Total miles vehicle was driven during 2019 11,221 Line 5a less line 5b
 6 Number of miles driven for business 7,554
 7 Number of miles driven for commuting _____ Travel between home and work
 8 Number of miles driven for personal purposes 3,667 Line 5c less line 6 and 7
 9 Percent of business use 67.32 % Line 8, divided by 5c
 10 a Have record of personal mileage for full year? ☐ Yes ☐ No
 b Months for special allocation _____ See Tax Help
 11 Do you have another vehicle available for personal use? ☒ Yes ☐ No
 12 Was the vehicle available for personal use during off duty hours? ☒ Yes ☐ No
 13 Was the vehicle used primarily by a more than 5% owner of the business or related person? ☒ Yes ☐ No
 14 a Do you have evidence to support the business use claimed? ☒ Yes ☐ No
 b If Yes, is the evidence written? ☒ Yes ☐ No

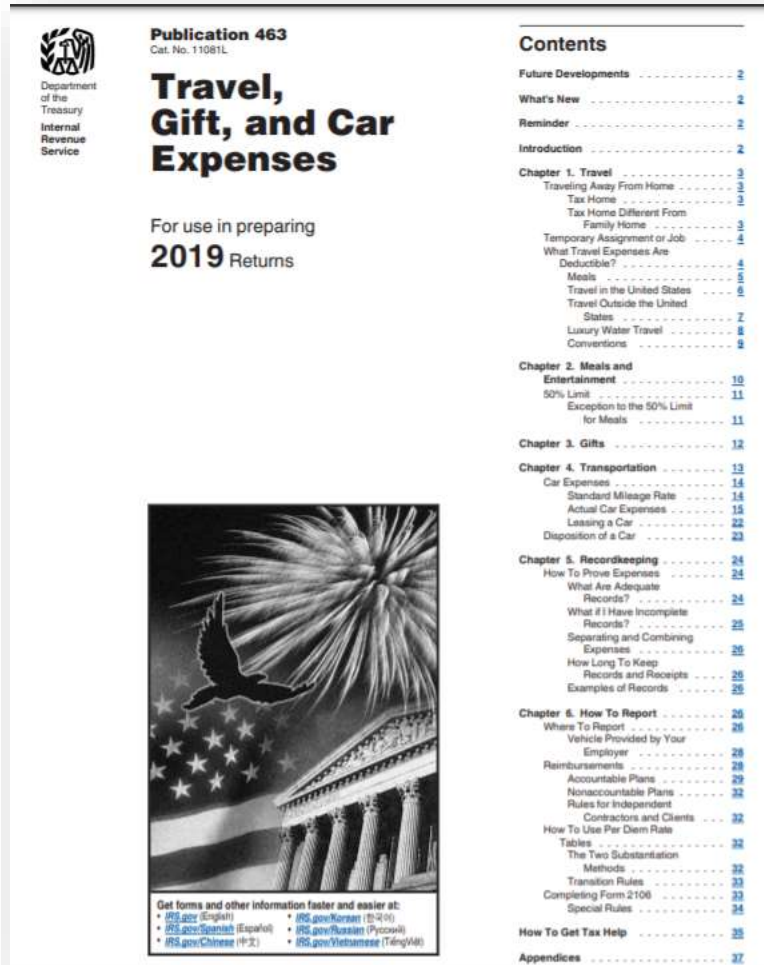
Part II – Standard Mileage Rate

15 Did you own this vehicle, lease this vehicle, or was it not your vehicle? ☒ Own ☐ Lease
 ☐ Not my vehicle
 16 Did you use this vehicle for hire? ☐ Yes ☒ No Example: taxicab
 17 Did you use less than 5 vehicles for business at a time? ☒ Yes ☐ No
 18 If you owned this vehicle, did you use the standard mileage rate for this vehicle's first year, OR if you leased this vehicle, did you use the standard mileage rate for the portion of the lease period after 1997? ☒ Yes ☐ No prior years
 If you answered Own or Lease to line 15, and Yes to lines 17 and 18 you can take standard mileage for this vehicle (note: Line 16, vehicle for hire, is now allowed):
 19 Standard mileage deduction 4,381. line 5 times .545

Part III – Actual Expenses

20 a Gasoline _____
 b Oil _____
 c Tires _____
 d Repairs _____
 e Vehicle insurance _____
 f Vehicle registration, license (excluding property tax) _____
 g Garage rent _____
 h Vehicle lease or rental fees:
 1 30 days or more _____
 2 29 days or less _____
 3 Total vehicle lease/rental fees _____
 i Leased vehicle inclusion amount:
 1 Year lease began _____
 2 FMV of leased vehicle _____
 3 Number of lease days in year _____
 4 Inclusion amount _____
 j Other _____
 21 Expenses subtotal _____ Sum of lines 20a thru 20j
 22 Expenses applicable to business _____ Line 21 times line 9
 23 Vehicle depreciation and Section 179 37,935. From Part VI

IRS Publication 463



Rate of Depreciation Allowed in Standard Mileage Rate

<u>Year(s)</u>	<u>Depreciation Rate per Mile</u>
2019	\$0.26
2017–2018	0.25
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

Personal Debt Paid by Business

B3-6-05, Monthly Debt Obligations (02/05/2020)

When can business debt be excluded from the DTI ratio?



When a self-employed borrower claims that a monthly obligation that appears on his or her personal credit report (such as a Small Business Administration loan) is being paid by the borrower's business, the lender must confirm that it verified that the obligation was actually paid out of company funds and that this was considered in its cash flow analysis of the borrower's business.

The account payment does not need to be considered as part of the borrower's DTI ratio if:

- the account in question does not have a history of delinquency,
- the business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and
- the lender's cash flow analysis of the business took payment of the obligation into consideration.

The account payment must be considered as part of the borrower's DTI ratio in any of the following situations:

- If the business does not provide sufficient evidence that the obligation was paid out of company funds.
- If the business provides acceptable evidence of its payment of the obligation, but the lender's cash flow analysis of the business does not reflect any business expense related to the obligation (such as an interest expense—and taxes and insurance, if applicable—equal to or greater than the amount of interest that one would reasonably expect to see given the amount of financing shown on the credit report and the age of the loan). It is reasonable to assume that the obligation has not been accounted for in the cash flow analysis.
- If the account in question has a history of delinquency. To ensure that the obligation is counted only once, the lender should adjust the net income of the business by the amount of interest, taxes, or insurance expense, if any, that relates to the account in question.

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B3-Underwriting-Borrowers/Chapter-B3-3-Income-Assessment/Section-B3-3-1-Employment-and-Other-Sources-of-Income/1736864541/B3-3-1-07-Verbal-Verification-of-Employment-10-02-2018.htm>

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 IRS Form 1040, Line 13 to see what was reported
- Our 2019 example show \$3,000 loss

1 Wages, salaries, tips, etc. Attach Form(s) W-2		1 172,579.	
2a Tax-exempt interest	2a	b Taxable interest. Attach Sch. B if required	2b 1,987.
3a Qualified dividends	3a	b Ordinary dividends. Attach Sch. B if required	3b
4a IRA distributions	4a	b Taxable amount	4b
c Pensions and annuities	4c	d Taxable amount	4d
5a Social security benefits	5a	b Taxable amount	5b
6 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>		6	-3,000.
7a Other income from Schedule 1, line 9		7a	287,399.
b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income		7b	458,965.
8a Adjustments to income from Schedule 1, line 22		8a	7,487.
b Subtract line 8a from line 7b. This is your adjusted gross income		8b	451,478.
9 Standard deduction or itemized deductions (from Schedule A)		9	63,332.
10 Qualified business income deduction. Attach Form 8995 or Form 8995-A		10	28,523.
11a Add lines 9 and 10		11a	91,855.
b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-		11b	359,623.

SCHEDULE D (Form 1040 or 1040-SR)		Capital Gains and Losses ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/ScheduleD for instructions and the latest information. ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 6b, 9, and 10.		OMB No. 1545-0074 2019 Attachment Sequence No. 12	
Department of the Treasury Internal Revenue Service (IRS)		Name(s) shown on return John & Mary Homeowner		Your social security number XXX-XX-XXXX	
Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.					
Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)					
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 (10,554.)
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital loss carryover from Part III on the back					7 -10,554.

Pages 2 and 11

Schedule D

SCHEDULE D
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

► Attach to Form 1040, 1040-SR, or 1040-NR.
► Go to www.irs.gov/ScheduleD for instructions and the latest information.
► Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2019
Attachment Sequence No. 12

Name(s) shown on return
John & Mary Homeowner

Your social security number
XXX-XX-XXXX

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? ☐ Yes ☐ No
If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.

Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)

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 (10,554.)
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 -10,554.

Opportunity fund during the tax year? ☐ Yes ☐ No
For additional requirements for reporting your gain or loss.

Losses—Generally Assets Held One Year or Less (see instructions)

Enter on the line	(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)
Enter on Form 1040 and for instructions). transactions reported on line 1b				
s) 8949 with				
s) 8949 with				
s) 8949 with				
term gain or (loss) from Forms 4684, 6781, and 8824				4
Partnerships, S corporations, estates, and trusts from				5
amount, if any, from line 8 of your Capital Loss Carryover Worksheet				6 (10,554.)
Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part III on the back				7 -10,554.

Losses—Generally Assets Held More Than One Year (see instructions)

Enter on the line	(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)
Enter on Form 1040 and for instructions). transactions reported on line 8b				
s) 8949 with				
s) 8949 with				
s) 8949 with				
from Forms 2439 and 6252; and long-term gain or (loss) from				11
s, S corporations, estates, and trusts from Schedule(s) K-1				12
amount, if any, from line 13 of your Capital Loss Carryover Worksheet				13
Combine lines 11 through 13 in column (h). If you have any long-term capital gains or losses, go to Part III on the back				14 ()
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on the back				15

Page 11

**Where Did The \$10,544 Loss On Line 6 Come From?
The 1040 Showed A \$3,000 Loss.**

Schedule D

Schedule D (Form 1040 or 1040-SR) 2019 Page **2**

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	-10,554.
----	---	----	----------

- If line 16 is a **gain**, enter the amount from line 16 on Form 1040 or 1040-SR, line 6; or Form 1040-NR, 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 or 1040-SR, line 6; or Form 1040-NR, 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	If you are required to complete the 28% Rate Gain Worksheet (see instructions), enter the amount, if any, from line 7 of that worksheet	18	
----	--	----	--

4 Schedule D - Capital Gains and Losses

a. Recurring Capital Gains (from Self-Employment)

+

0.00

for Forms 1040 and 1040-SR, line 12a (or in the instructions for Form 1040-NR, line 42). **Don't** complete lines 21 and 22 below.

☐ **No**. Complete the **Schedule D Tax Worksheet** in the instructions. **Don't** complete lines 21 and 22 below.

21 If line 16 is a loss, enter here and on Form 1040 or 1040-SR, line 6; or Form 1040-NR, line 14, the **smaller** of:

- The loss on line 16; or
- (\$3,000), or if married filing separately, (\$1,500)

Note: When figuring which amount is smaller, treat both amounts as positive numbers.

22 Do you have qualified dividends on Form 1040 or 1040-SR, line 3a; or Form 1040-NR, line 10b?

- ☐ **Yes**. Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Forms 1040 and 1040-SR, line 12a (or in the instructions for Form 1040-NR, line 42).
- ☒ **No**. Complete the rest of Form 1040, 1040-SR, or 1040-NR.

REV 02/23/20 TTW

Schedule D (Form 1040 or 1040-SR) 2019

Fannie Mae Form 1038

Rental Income Worksheet					
Individual Rental Income from Investment Property(s): Monthly Qualifying Rental Income (or Loss)					
Documentation Required: <ul style="list-style-type: none"> Schedule E (IRS Form 1040) OR Lease Agreement or Fannie Mae Form 1007 or Form 1025 		Enter	Investment Property Address	Investment Property Address	Investment Property Address
Step 1. When using Schedule E, determine the number of months the property was in service by dividing the Fair Rental Days by 30. <i>If Fair Rental Days are not reported, the property is considered to be in service for 12 months unless there is evidence of a shorter term of service.</i>					
Step 1. Result: Enter the number of months the property was in service:		Result			
Step 2. Calculate monthly qualifying rental income (loss) using Step 2A: Schedule E OR Step 2B: Lease Agreement or Fannie Mae Form 1007 or Form 1025.					
Step 2A. Schedule E - Part I			For each property complete ONLY 2A or 2B		
A1	Enter total rents received.	Enter			
A2	Enter total expenses.	Subtract			

[https://singlefamily.fanniemae.com/search#q=form%201038&sort=relevancy&f:@tags=\[single%20family\]](https://singlefamily.fanniemae.com/search#q=form%201038&sort=relevancy&f:@tags=[single%20family])

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 1084 Form

Calculator and Quick Reference Guide:
Rental Income

Please read the following calculator and quick reference guide to assist in calculating rental income from 985 Form 1040 Schedule E. It provides suggested guidelines 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	2019	2018	NOTES
1 Gross Rental Income (Line 20)			
2 Expenses (Line 20)			Check applicable guidelines if not using 12 months.
3 Depreciation (Line 18)			
4 Amortization/Depreciation/Depletion/Excess (Line 18)			**Net rental losses are typically included with liabilities when calculating the debt ratio.
5 Insurance (Line 11)			
6 Mortgage Interest (Line 12)			
7 Taxes (Line 14)			
8 Other			
9 Annual Rental Income/Loss	\$ 0.00	\$ 0.00	
10 Number of Months Calculated (Line 20)	12	12	
11 Monthly Income/Loss	\$ 0.00	\$ 0.00	
12 Monthly Mortgage Payment (Monthly)			
13 Monthly Net Rental Income/Loss ¹	\$ 0.00	\$ 0.00	

Property 2

Rental Income Calculation	2019	2018	NOTES
1 Gross Rental Income (Line 20)			
2 Expenses (Line 20)			Check applicable guidelines if not using 12 months.
3 Depreciation (Line 18)			
4 Amortization/Depreciation/Depletion/Excess (Line 18)			**Net rental losses are typically included with liabilities when calculating the debt ratio.
5 Insurance (Line 11)			
6 Mortgage Interest (Line 12)			
7 Taxes (Line 14)			
8 Other			
9 Annual Rental Income/Loss	\$ 0.00	\$ 0.00	
10 Number of Months Calculated (Line 20)	12	12	
11 Monthly Income/Loss	\$ 0.00	\$ 0.00	
12 Monthly Mortgage Payment (Monthly)			
13 Monthly Net Rental Income/Loss ¹	\$ 0.00	\$ 0.00	

This calculator can be found at <https://www.fanniemae.com/1084/calculator>

Page 13

SCHEDULE E
(Form 1040 or 1040-SR)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074
2019
Attachment Sequence No. **13**

Department of the Treasury
Internal Revenue Service (IRS)
Go to www.irs.gov/ScheduleE for instructions and the latest information.

Name(s) shown on return
John & Mary Homeowner

Your social security number
XXX-XX-XXXX

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 (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 2019 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☒ No
B If "Yes," did you or will you file required Forms 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)	2	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	1			A 365	B 0	<input type="checkbox"/>
B				B		<input type="checkbox"/>
C				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	33,199.		
4 Royalties received	4			
Expenses:				
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7	2,220.		
8 Commissions	8			
9 Insurance	9	2,011.		
10 Legal and other professional fees	10	500.		
11 Management fees	11	850.		
12 Mortgage interest paid to banks, etc. (see instructions)	12	8,000.		
13 Other interest	13			
14 Repairs	14	3,911.		
15 Supplies	15	1,877.		
16 Taxes	16	9,422.		
17 Utilities	17	2,233.		
18 Depreciation expense or depletion	18	7,127.		
19 Other (list) Association Dues	19	2,998.		
20 Total expenses. Add lines 5 through 19	20	41,149.		
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	-7,950.		
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	0.		
23a Total of all amounts reported on line 3 for all rental properties	23a	33,199.		
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	8,000.		
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	41,149.		
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	0.		
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 Schedule 1 (Form 1040 or 1040-SR), line 5, or Form 1040-NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	0.		

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 02/2019 TFW Schedule E (Form 1040 or 1040-SR) 2019

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

01234567 1 AT 1.123 012345678901234 012 01 23456789012
JOE HOMEOWNER
1234 MAIN STREET
SMALLTOWN USA 00000-1234

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

Summary
Payment (Principal and/or Interest, Escrow) \$1,033.50
Optional Products \$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 \$125,522.58
(Contact Customer Service for pre-paid interest)
Interest Rate 5.875%
Interest Paid Year-to-Date \$1,893.80
 Taxes Paid Year-to-Date \$ 50
 Escrow Balance \$910.97

Activity Since Your Last Statement

Date	Description	Total	Principal	Interest	Escrow	Late Charge	Other
03/01	PAYMENT	\$1,033.50	\$290.18	\$625.03	\$111.29		
02/01	PAYMENT	\$1,033.50	\$290.94	\$631.27	\$111.29		
01/01	PAYMENT	\$1,033.50	\$288.70	\$633.58	\$111.29		

PITI \$1,637 (verified on mortgage statement) + \$265 (verified HOA) = \$1,902

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

Borrower(s) Name(s)

Loan Number



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

Calculator Usage Note: Click Grey Buttons to Divide for Monthly Totals

Rental Income Calculation			2019	2018	NOTES
1	Gross Rents (Line 3)				*Check applicable guidelines if not using 12 months.
2	Expenses (Line 20)	-			
3	Depreciation (Line 18)	+			
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+			**Net rental losses are typically included with liabilities when calculating the debt ratio.
5	Insurance (Line 9)	+			
6	Mortgage Interest (Line 12)	+			
7	Taxes (Line 16)	+			
8	Other:	+			
9	Annual Rental Income/Loss	=	\$ 0.00	\$ 0.00	
10	Number of Months Considered (Line 2)*	/			
11	Monthly Income/Loss	=	<input type="button" value="÷"/>	<input type="button" value="÷"/>	
12	Monthly Mortgage Payment (Verified)	-			
13	Monthly Net Rental Income/Loss**	=	\$ 0.00	\$ 0.00	

Income:		Properties:		A	B
→ 3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1 234C Condo Court

Calculator Usage

Rental Income Calculation

2019

1	Gross Rents (Line 3)		\$ 33,199.00
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	=	\$ 33,199.00
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
→ 20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1		234C Condo Court		Calculator Usage
Rental Income Calculation				2019
1	Gross Rents (Line 3)			\$ 33,199.00
2	Expenses (Line 20)	-		41,149.00
→ 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	=		(\$ 7,950.00)
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1		234C Condo Court		Calculator Usage
Rental Income Calculation				2019
1	Gross Rents (Line 3)			\$ 33,199.00
2	Expenses (Line 20)	-		41,149.00
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	=		(\$ 823.00)
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1		234C Condo Court		Calculator Usage
Rental Income Calculation				2019
1	Gross Rents (Line 3)			\$ 33,199.00
2	Expenses (Line 20)	-		41,149.00
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	=		(\$ 823.00)
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1

Calculator Usage

Rental Income Calculation			2019
1	Gross Rents (Line 3)		\$ 33,199.00
2	Expenses (Line 20)	-	41,149.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,011.00
6	Mortgage Interest (Line 12)	+	
7	Taxes (Line 16)	+	
8	Other: <input type="text"/>	+	
9	Annual Rental Income/Loss	=	\$ 1,188.00
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court"/>			Calculator Usage
Rental Income Calculation			2019
1	Gross Rents (Line 3)		\$ 33,199.00
2	Expenses (Line 20)	-	41,149.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,011.00
6	Mortgage Interest (Line 12)	+	8,000.00
7	Taxes (Line 16)	+	
8	Other: <input type="text"/>	+	
9	Annual Rental Income/Loss	=	\$ 9,188.00
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court"/>			Calculator Usage
Rental Income Calculation			2019
1	Gross Income (Line 3)		\$ 33,199.00
2	Expenses (Line 20)	-	41,149.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,011.00
6	Mortgage Interest (Line 12)	+	8,000.00
7	Taxes (Line 16)	+	9,422.00
8	Other:	+	
9	Annual Rental Income/Loss	=	\$ 18,610.00
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
3	Rents received		3	33,199.	
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7	2,220.	
8	Commissions.		8		
9	Insurance		9	2,011.	
10	Legal and other professional fees		10	500.	
11	Management fees		11	850.	
12	Mortgage interest paid to banks, etc. (see instructions)		12	8,000.	
13	Other interest.		13		
14	Repairs.		14	3,911.	
15	Supplies		15	1,877.	
16	Taxes		16	9,422.	
17	Utilities.		17	2,233.	
18	Depreciation expense or depletion		18	7,127.	
19	Other (list) ► Association Dues		19	2,998.	
20	Total expenses. Add lines 5 through 19		20	41,149.	
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	-7,950.	

2019 Schedule E Rental Income

Property 1 234C Condo Court			Calculator Usage
Rental Income Calculation			2019
1	Gross Rents (Line 3)		\$ 33,199.00
2	Expenses (Line 20)	-	41,149.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,011.00
6	Mortgage Interest (Line 12)	+	8,000.00
7	Taxes (Line 16)	+	9,422.00
8	Other: HOA Dues	+	2,998.00
9	Annual Rental Income/Loss	=	\$ 21,608.00
10	Number of Months Considered (Line 2)*	/	0
11	Monthly Income/Loss	=	
12	Monthly Mortgage Payment (Verified)		
13	Monthly Net Rental Income/Loss**		

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

	Fair Rental Days	Personal Use Days	QJV
A	365	0	<input type="checkbox"/>
B			<input type="checkbox"/>
C			<input type="checkbox"/>

2019 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court"/>			Calculator Usage
Rental Income Calculation			2019
1	Gross Rents (Line 3)		\$ 33,199.00
2	Expenses (Line 20)	-	41,149.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,011.00
6	Mortgage Interest (Line 12)	+	8,000.00
7	Taxes (Line 16)	+	9,422.00
8	Other: HOA Dues	+	2,998.00
9	Annual Rental Income/Loss	=	\$ 21,608.00
10	Number of Months Considered (Line 2)*	/	12
11	Monthly Income/Loss	=	\$ 1,800.67
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	=	\$ 1,800.67

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

01234567 1 AT 1.123 012345678901234 012 01 ABCDEF012

JOE HOMEOWNER
1234 MAIN STREET
SMALLTOWN USA 00000-1234

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

Summary
Payment (Principal and/or Interest, Escrow) \$1,033.50
Optional Products \$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 \$125,522.58
(Contact Customer Service for pre-paid interest)
Interest Rate 5.875%
Interest Paid Year-to-Date \$1,893.80
 Taxes Paid Year-to-Date \$ 50
 Escrow Balance \$910.97

Activity Since Your Last Statement

Date	Description	Total	Principal	Interest	Escrow	Late Charge	Other
03/01	PAYMENT	\$1,033.50	\$290.18	\$625.03	\$111.29		
02/01	PAYMENT	\$1,033.50	\$290.94	\$631.27	\$111.29		
01/01	PAYMENT	\$1,033.50	\$288.70	\$633.58	\$111.29		

PITI \$1,637 (verified on mortgage statement) + \$265 (verified HOA) = \$1,902

2019 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court"/>			Calculator Usage
Rental Income Calculation			2019
1	Gross Rents (Line 3)		\$ 33,199.00
2	Expenses (Line 20)	-	41,149.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,011.00
6	Mortgage Interest (Line 12)	+	8,000.00
7	Taxes (Line 16)	+	9,422.00
8	Other: <input type="text" value="HOA Dues"/>	+	2,998.00
9	Annual Rental Income/Loss	=	\$ 21,608.00
10	Number of Months Considered (Line 2)*	/	12
11	Monthly Income/Loss	=	\$ 1,800.67
12	Monthly Mortgage Payment (Verified)	-	\$ 1,902.00
13	Monthly Net Rental Income/Loss**	=	(\$ 101.33)

URLA Rental Property

3b. IF APPLICABLE, Complete Information for Additional Property <input type="checkbox"/> Does not apply						
Address Street		234 Condo Court		Unit #	C	
City		State	ZIP	Country		
Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property		
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income	
\$400,000.00	Retained	Investment	\$265.00	\$	\$-101.00	
Mortgage Loans on this Property <input type="checkbox"/> Does not apply						
Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
ABC Lender	12345	\$ 1,637.00	\$ 50,000.00	<input type="checkbox"/>	Conventional	\$
		\$	\$	<input type="checkbox"/>		\$

PITI \$1,637 (verified on mortgage statement) + \$265 (verified HOA) = \$1,902

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

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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 (2018-2019) <small>Calculate and analyze cash flow to help you complete Fannie Mae Form 1084.</small> <small>UPDATED</small>	Fannie Mae Form 1084 Calculator XLS (2018-2019) <small>Calculate and analyze cash flow to help you complete Fannie Mae Form 1084.</small> <small>UPDATED</small>	Freddie Mac Form 91 Calculator (2018-2019) <small>Quick reference guide and income analysis for Freddie Mac Form 91.</small> <small>UPDATED</small>
Freddie Mac Form 92 Calculator (2018-2019) <small>Point & Click Rental Income Calculators - Schedule E.</small> <small>UPDATED</small>	Schedule Analysis Method (SAM) Calculator (2018-2019) <small>Calculate qualifying income from tax returns.</small> <small>UPDATED</small>	Rental Income Calculator (2018-2019) <small>Assists in calculating rental income from IRS Form 1040 Schedule E.</small> <small>UPDATED</small>
Current Ratio - Liquidity Calculator (2018-2019) <small>Calculate working capital liquidity against current liabilities.</small> <small>UPDATED</small>	Quick Ratio - Liquidity Calculator (2018-2019) <small>Calculate an organization's liquidity against current liabilities.</small> <small>UPDATED</small>	Fannie Mae Rental Guide (Calculator 1037) <small>Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 3- to 4-unit Property).</small>
Fannie Mae Rental Guide Calculator (1038) <small>UPDATED</small>	Fannie Mae Rental Guide (Calculator 1039) <small>Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property).</small>	Fannie Mae Form 1088 Cheat Sheet (2017-2018) <small>Use this quick-reference guide for Fannie Mae's Comparative Analysis Form/Form 1088.</small>
Fannie Mae Comparative Analysis Form 1088 (2017-2018) <small>Calculate increases/decreases in gross income, expenses and taxable income.</small>	Income Calculation Worksheet <small>Use this form to calculate income.</small> <small>UPDATED</small>	P&L Calculator (2020) <small>Created as result of changes made by the IRS to adapt to the COVID-19 pandemic.</small> <small>UPDATED</small>
Business Stability and Income Worksheet (2020) <small>Created as result of changes made by the IRS to adapt to the COVID-19 pandemic.</small> <small>UPDATED</small>		



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Fannie Mae Form 1084 Calculator (2018-2019)



Freddie Mac Form 91 Calculator (2018-2019)



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