





Materials You Will Need

- Form 1084 Worksheet
- Tax Return 1040's for Dan Designer

Objective

Understand the meaning of "Self-Employed"

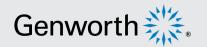
Learn to use Fannie Mae's 1084 to calculate supportable income using tax returns.

Complete Fannie Mae's 1084 Cashflow Analysis

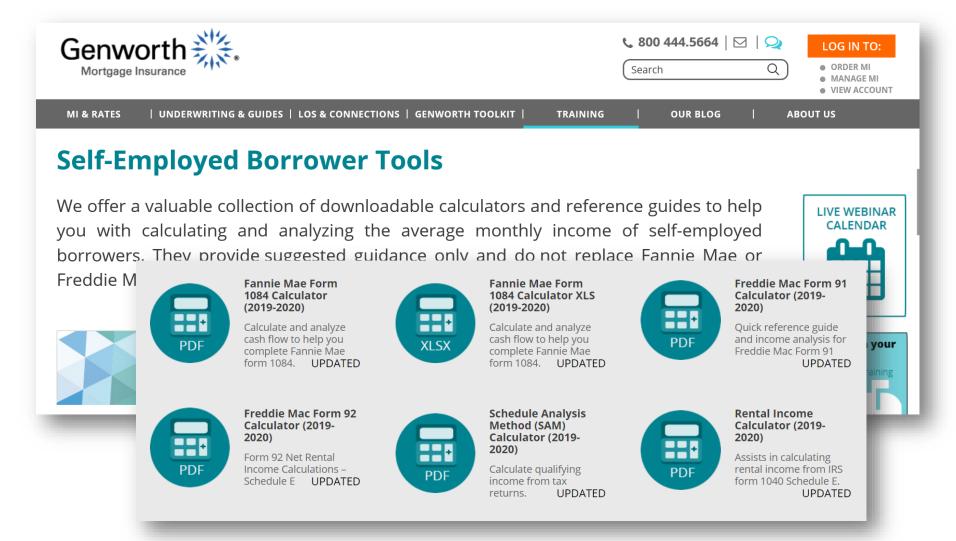
Review Schedule C

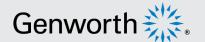
You'll Need

-4046		artment of the Treasury—Internal Revenue Ser		(99)	l		ı						
£1040		S. Individual Income Ta			202	20	OMB No. 1545	-0074	IRS Us	se Only-	Do not wr	ite or staple	in this space.
Filing Status	s 🖂 :	Single Married filing jointly	Marrie	ed filing :	separately	MFS)	Head of	house	hold (H	он) Г	Quali	ifving wid	dow(er) (QW)
Check only	_	u checked the MFS box, enter the	_	-			_				_		
one box.		on is a child but not your depende											
Your first name	and m	ddle initial	Last na	me							Your so	cial securi	ity number
Dan			Desi	gner							XXX-2	XXX-XX	ΣX
If joint return, s	pouse's	first name and middle initial	Last na	me							Spouse's	s social se	curity number
Home address	(numbe	r and street). If you have a P.O. box, se	e instruction	ons.				-	Apt. no.		Presider	ntial Electi	ion Campaign
1000 De	cora	tor Drive										ere if you	
City, town, or p	ost offi	ce. If you have a foreign address, also o	complete s	paces bel	ow.	Stat	te	ZIP o	ode				ntly, want \$3 . Checking a
Raleigh						NO	3	276	15			w will not	
Foreign country	y name		- 1	Foreign pr	rovince/state	/count	ty	Foreig	n postal	code	your tax	or refund	
												You	Spouse
At any time du	ıring 20	20, did you receive, sell, send, ex	change, c	or otherw	rise acquire	any 1	financial intere	st in a	ıny virtu	al cun	ency?	Yes	⊠ No
Standard	Som	eone can claim: You as a d	lependen	t 🗆	Your spou	se as	a dependent						
Deduction		Spouse itemizes on a separate retu	urn or you	were a	dual-status	alien							
Age/Blindnes:	s You:	☐ Were born before January 2,	1956	Are bl	ind Sp	ouse	: Was bor	m bef	ore Jan	uary 2,	1956	☐ Is b	ilind
Dependents	s (see	instructions):		(2) 8	Social securi	у	(3) Relationsh	ip	(4) (🖊 if qua	alifies for	(see instr	uctions):
If more	(1) F	rst name Last name			number		to you	\rightarrow	Child	tax cre	dit	Credit for o	ther dependents
than four dependents.	_							\rightarrow		<u> </u>			Ц
see instruction	s							_		<u> </u>			<u> </u>
and check here ▶	_			-				\rightarrow		무			<u> </u>
nere 🕨								_				_	
Attach	1	Wages, salaries, tips, etc. Attach	2a	W-2 .	i						1 2b	+	2,144.
Sch. B if	2a 3a	Tax-exempt interest	3a			_	axable interest				2b	+	2,144.
required.		IRA distributions	4a				ordinary divider axable amoun				4b	+	
	5a	Pensions and annuities	5a			-	axable amoun				5b	+	
Standard	6a	Social security benefits	6a		-		axable amoun				6b	+	
Deduction for-	7	Capital gain or (loss). Attach Sch		require	d. If not rec	-				ÞΓ	7	1	
 Single or Married filing 	8	Other income from Schedule 1. li									8		66.270.
separately, \$12,400	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7	, and 8. T	his is yo	ur total inc	ome					9		68,414.
 Married filing 	10	Adjustments to income:		-									
jointly or Qualifying	а	From Schedule 1, line 22					10:	а	25	,126			
widaw(er), \$24,800	b	Charitable contributions if you tak	e the star	ndard de	duction. Se	e instr	ructions 10	b					
 Head of 	c	Add lines 10a and 10b. These are	e your tot	tal adjus	tments to	incor	ne			. >	10c	:	25,126.
household, \$18,650	11	Subtract line 10c from line 9. This		•						. •	- 11		43,288.
If you checked any box under	12	Standard deduction or itemize									12	1	29,541.
Standard	13	Qualified business income deduc	ction. Atta	ch Form	8995 or F	orm 8	995-A				13		2,749.
Deduction, see instructions.	14										14	_	32,290.
	15	Taxable income. Subtract line 1					r-0				15		10,998.
For Disclosure,	Privac	y Act, and Paperwork Reduction Act	Notice, se	e separa	te instructio	ns.						Form	m 1040 (2020)

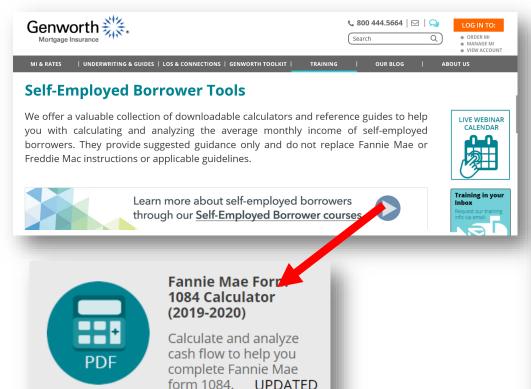


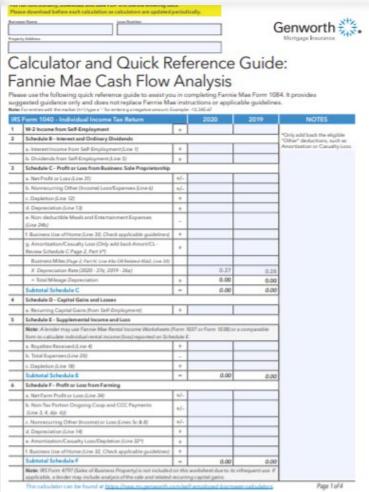
Income Worksheets/Calculator

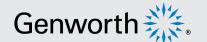




Income Worksheets/Calculator







The Tax Return...

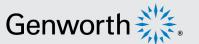
: 1040		nent of the Treasury—Internal Revenue Ser . Individual Income Ta		urn 201	20	OMB No. 1545	-0074 IRS Use	Only-Do	not write o	or staple in	this space.
iling Status	X Sir	ngle Married filing jointly	Marrie	ed filing separately	(MFS)	Head of	household (HOI	4) [Qualifyir	ng wido	w(er) (QW)
heck only ne box.		checked the MFS box, enter the n is a child but not your depender		your spouse. If yo	u checl	ed the HOH o	r QW box, ente	r the ch	nild's nar	me if the	e qualifying
Your first name a	_		Last na	me				Yo	ur social	security	number
Dan			Desi	gner				-	XX-XX		
If joint return, spo	ouse's fi	rst name and middle initial	Last na	2				-			urity number
Home address (n	number a	and street). If you have a P.O. box, se	e instructi	ons.			Apt. no.	Pre	esidential	l Electio	n Campaign
1000 Dec	orate	or Drive							eck here		
City, town, or por	st office	. If you have a foreign address, also o	omplete s	paces below.	Sta	te	ZIP code				ly, want \$3 Checking a
Raleigh					N	3	27615		go to this x below v		
Foreign country r	name			Foreign province/sta	te/coun	ty	Foreign postal or	ode yo	ur tax or		_
										You	Spouse
t any time duri	ng 202	0, did you receive, sell, send, exc	change, c	or otherwise acqui	ire any	financial intere	st in any virtua	l curren	ncy?	Yes	⊠ No
tandard	Some	one can claim: You as a d	ependen	Your spo	use as	a dependent					
eduction	Sp	ouse itemizes on a separate retu	ırn or you	were a dual-stat	us alier						
ge/Blindness	You:	Were born before January 2,	1956	Are blind 5	Spouse	: Was bo	m before Janua	ry 2, 19	956	ls bli	nd
ependents	(see in	structions):		(2) Social secu	rity	(3) Relationsh	ip (4) 🗸	if qualif	ies for (se	e instruc	tions):
more	(1) Firs	t name Last name		number		to you	Child to	ax credit	Cred	dit for oth	er dependent
han four											
iependents, ee instructions											
nd check										Г	7
ere ► 🗌											
		Wages, salaries, tips, etc. Attach	1, ,	N-2					1		
		Wages, salaries, tips, etc. Attach	2a	W-2		axable interes	· · · ·		2b		2,144.
Sch. B if	2a . 3a (Fax-exempt interest	2a 3a	N-2	ь	ordinary divide	nds		2b 3b		
Sch. B if	2a 3a 4	Fax-exempt interest	2a 3a 4a	N-2	ь с ь Т	ordinary divide axable amoun	nds t		2b 3b 4b		
Sch. B if	2a 3a 4a 1	Fax-exempt interest	2a 3a 4a 5a	N-2	ь с ь т ь т	ordinary divide axable amoun axable amoun	nds t t		2b 3b 4b 5b		
Sch. B if equired.	2a 3a 64a 5a 6a 3	Fax-exempt interest	2a 3a 4a 5a 6a		ь с ь т ь т	ordinary divide axable amoun axable amoun axable amoun	nds t t		2b 3b 4b 5b 6b		
Sch. B if equired.	2a 3a 6 4a 1 5a 1 6a 3 7	Fax-exempt interest	2a 3a 4a 5a 6a edule D it		ь с ь т ь т	ordinary divide axable amoun axable amoun axable amoun	nds t t		2b 3b 4b 5b 6b		2,144.
Sch. B if required. andard eduction for— Single or Varied fling	2a 3a 6 4a 1 5a 1 6a 3 7 6 8	Fax-exempt interest	2a 3a 4a 5a 6a edule D it	required. If not re	b C b T b T b T equired	ordinary divide axable amoun axable amoun axable amoun , check here	nds t t		2b 3b 4b 5b 6b 7	6	2,144.
andard eduction for— Single or Warried filing separately, 112,400	2a 3a 6 4a 1 5a 1 6a 3 7 6 8 6 9	Fax-exempt interest	2a 3a 4a 5a 6a edule D it	required. If not re	b C b T b T b T equired	ordinary divide axable amoun axable amoun axable amoun , check here	nds t t		2b 3b 4b 5b 6b	6	2,144.
andard solution for— Single or Astried fling separately, 112,400 Astried fling	2a	Fax-exempt interest	2a 3a 4a 5a 6a edule D it	required. If not re	b C b T b T b T equired	ordinary divide axable amoun axable amoun axable amoun , check here	nds		2b 3b 4b 5b 6b 7	6	2,144.
andard equired. andard eduction for— single or sarried fling experately, 112,400 sarried fling ointly or	2a	Fax-exempt interest	2a 3a 4a 5a 6a edule D it	required. If not re	b C b T b T b T equired	ordinary divide axable amoun axable amoun axable amoun , check here	nds	126.	2b 3b 4b 5b 6b 7	6	2,144.
andard schuling and ard schuling and ard schuling ard schuling are schuling appearately, 12,400 authorized filing appearately, 12,400 authorized filing pintly or unallying	2a 3a 4a 4a 5a 5a 6a 3 7 6 8 6 9 7 10 7 a 1	Fax-exempt interest	2a 3a 4a 5a 6a 6a edule D it ne 9 , and 8. T	required. If not re	b C b T b T b T equired	ordinary divide axable amoun axable amoun axable amoun , check here	nds	126.	2b 3b 4b 5b 6b 7	6	2,144.
andard deduction for— single or varied fling separately, 112,400 Married fling pointly or Jualifying Dather incor	2a 3a 4a 1 5a 1 6a 3 7 6 8 6 9 7 10 7 a 1	Fax-exempt interest	2a 3a 4a 5a 6a edule D it ne 9 , and 8. T	required. If not re	b C b T b T b T cquired	ordinary divide axable amoun axable amoun axable amoun , check here	nds	126.	2b 3b 4b 5b 6b 7	6666	2,144.
andard eduction for— Single or Jarried fling specrately, 112,400 Other incol 116,650 Tyou checked	2a 3a 4a 1 5a 1 6a 3 7 6 8 6 9 7 10 7 a 1 me fr	Fax-exempt interest	2a 3a 4a 5a 6a 6a edule D if ne 9 , and 8. T	required. If not re	b C b T b T b T cequired	ordinary divide axable amoun axable amoun axable amoun , check here	nds	126.	2b 3b 4b 5b 6b 7 8 9	6666	2,144. 6,270. 8,414.
andard deduction for— single or Aserried fling separately, 12.400 Aserried fling onity or Datarying Other incor	2a 3a 4a 1 5a 1 6a 3 7 6 8 6 9 7 10 7 a 1 11 3 12 3	Fax-exempt interest	2a 3a 4a 5a 6a edule D if	required. If not re his is your total in adjusted gross in	b C b T b T b T cquired ncome	ordinary divide axable amoun axable amoun axable amoun , check here	nds	126.	2b 3b 4b 5b 6b 7 8 9	6666	2,144. 6,270. 8,414.
Other incor	2a 3a 4a 1 5a 1 6a 3 7 6 8 9 7 10 a 1 me fr	Fax-exempt interest	2a 3a 4a 5a 6a 6a edule D if in e 9 , and 8. T	required. If not re his is your total in adjusted gross ir ions (from Sched ach Form 8995 or	b C b T b T cquired	ordinary divide axable amoun axable amoun axable amoun , check here	nds	126.	2b 3b 4b 5b 6b 7 8 9	66 6	2,144. 6,270. 8,414.

The Example is Dan Designer

Dan runs a business from home. The business is a Sole Proprietor and he files a Schedule C. He is a 100% owner.

SCHEDULE 1 (Form 1040) Department of the Treasury Internal Revenue Service		Additional Income and Adjustments to Income		-	MB No. 1545-00
		 ► Attach to Form 1040, 1040-SR, or 1040-NR. ► Go to www.irs.gov/Form1040 for instructions and the latest information. 			Attachment Sequence No. 01
	(s) shown on Fo Designer	rm 1040, 1040-SR, or 1040-NR	Your so		ecurity numl
Par	Additio	onal Income			
1	Taxable refu	inds, credits, or offsets of state and local income taxes		1	
2a	Alimony rec	eived		2a	
b	Date of origi	nal divorce or separation agreement (see instructions) ▶			
3	Business in	come or (loss). Attach Schedule C		3	66,2
4	Other gains	or (losses). Attach Form 4797		4	
5	Rental real e	state, royalties, partnerships, S corporations, trusts, etc. Attach Sched	iule E	5	
6	Farm incom	e or (loss). Attach Schedule F		6	
7	Unemploym	ent compensation		7	
8	Other incom	ne. List type and amount ▶		8	
9		es 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040		9	66,2

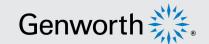
Review Line 8 to determine if a Schedule 1 has been filed



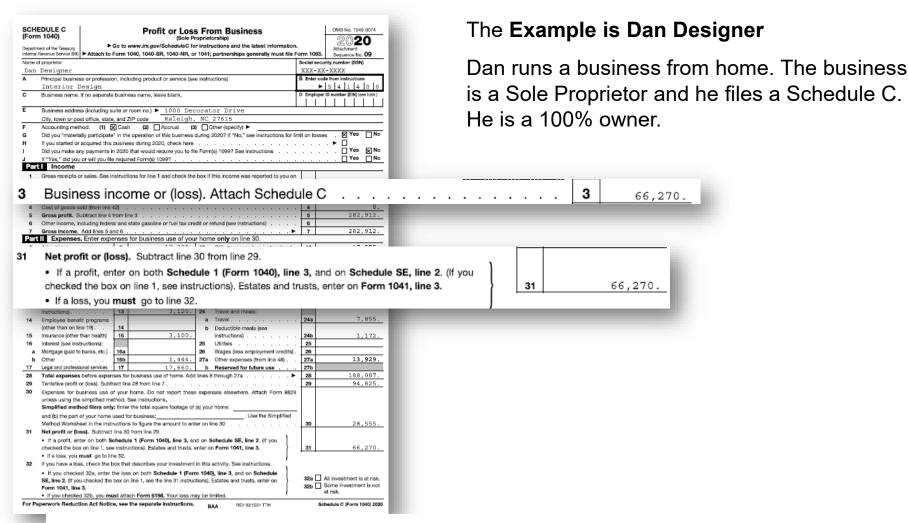
The Tax Return...

			•
SCHEDULE 1 (Form 1040) Department of the Treasury Internal Pewenue Service	Additional Income and Adjustments to Income Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.	Dan runs a business f	
Name(s) shown on Fo	rm 1040, 1040-SR, or 1040-NR Your	Is a Sole Proprietor and Is a Sole Proprietor and Islands	nd he files a Schedu
Part Addition	onal Income	xxxx 1000/ 2000 and	
		He is a 100% owner.	
	nds, credits, or offsets of state and local income taxes	SCHEDULE C Pro	fit or Lose From Business OMB No. 1945-9074
2a Alimony rec	eived	(Form 1040)	(Sole Proprietorship)
b Date of origi	nal divorce or separation agreement (see instructions) ▶	Degentment of the Tressury Internal Revenue Service (99) Attach to Form 1040, 1040-	Attachment SR, 1040-NR, or 1041; partnerships generally must file Form 1065. Sequence No. 09
3 Business inc	come or (loss). Attach Schedule C	Name of proprietor Dan Designer	Social security number (SSN) XXX-XX-XXXX
4 Other gains	or (losses). Attach Form 4797	A Principal business or profession, including produ Interior Design	ct or service (see instructions) B Enter code from instructions > 5 4 1 4 0 0
	state, royalties, partnerships, S corporations, trusts, etc. Attach Schedule I	C Business name. If no separate business name, is	
		E Business address (including suite or room no.)	1000 Decorator Drive
	e or (loss). Attach Schedule F	City, town or post office, state, and ZIP code F Accounting method: (1) Cash (2) (2)	Accrual (3) ☐ Other (specify) ▶
	ent compensation	H If you started or acquired this business during 20	of this business during 2020? If "No," see instructions for limit on losses . 🔀 Yes 🔲 No 120, check here
8 Other incom	e. List type and amount ▶	I If Wen I did you study you for manifest Exemple	require you to file Form(s) 1099? See instructions
		Part I Income	1 and check the box if this income was recorted to you on
O Combine lin	es 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR		
		Form W-2 and the "Statutory employee" box on	that form was checked
	es i anough o. Enter here and of Form 1040, 1040-5h, of 1040-14h	Form W-2 and the "Statutory employee" box on 2 Returns and allowances	that form was checked
		Form W-2 and the "Statutory amployee" box on Returns and allowances. 3 Subtract line 2 tren line 42) 4 Cost of goods sed (from line 42) 6 Gross portils. Subtract line 4 from line 3.	that form was chocked 1 297,800, 2 14,888, 3 282,912, 4 0, 6 282,912
line 8	······	Form W-2 and the "Statutory amployee" box on Returns and allowances Subtract line 2 tren line 42) Cost of goods add (from line 42) Gress profit, Subtract line 4 from line 3 (federal and state guardil Bit Sun d 6	that form was checked P 1 297,800. 2 14,888. 3 282,912. 4 0.
line 8	Attack Oak able O	Form W-2 and the "Statutory amployee" box on Returns and allowances Statistical line 2 from line 1 Cost of goods add (from line 42) Gress profit. Subtract line 4 from line 3 Gress profit. Subtract line 6 from line 3 federal and state gracilies so and 6 so and 6	that form was checked .
line 8	······	Form W-2 and the "Statutory employee" box on 2 Returns and allowances 3 Subtract line 2 Form line 1 4 Cost of goods said (from line 42) 5 Gross profits. Subtract line 4 Form line 3 form and state quadrated	that form was checked .
line 8	······	Form W-2 and the "Statutory employee" box on 2 Returns and allowances 3 Subtract line 2 Form line 1 4 Cost of goods said (from line 42) 5 Grees profit. Subtract line 4 Form line 1 6 Goods and state gaussiance of the state of t	1 297,800. 2 14,886. 3 282,912. 4 0.0 6 0.0 17,999. 16 Office segree (see instructions) 6 282,912. 17,999. 18 Office segree (see instructions) 6 282,912. 17,999. 18 Office segree (see instructions) 17,999. 18 Office segree (see instructions) 18 17,555. 19 18
line 8	······	Form W-2 and the "Statutory employee" box on	1 297,800. 1 297,800. 2 14,888. 3 282,912. 4 0.0 6 282,912. 6 0.0 7 282,912. 7 282,912. 9 0.0 9
line 8	······	Form W-2 and the "Statutory employee" box on	that form was checked .
line 8	······	Section Sect	1 297,800. 1 297,800. 3 282,912. 4 9.00. 5 282,912. 6 282,912. 7 282,912. 7 282,912. 7 282,912. 7 282,912. 7 282,912. 7 282,912. 7 282,912. 7 282,912. 7 282,912. 8 Use of your home only on line 30. 7 282,912. 18 Office expense (see instructions) 18 17,555. 19 Person and profit-during plans 19 Person and maintenance 20 2,700. 21 Person and maintenance 21 22 9,700. 22 7,700. 23 Taxes and fleeness 23 1,750. 3,120. 3 Taxes and fleeness 23 1,750. 3
line 8	······	3 Subtractine 2 from the 1 Statistary employee* box on 2 Returns and allowances and a state guardens and state guardens and allowances and allowances and allowances are allowances and allowances and allowances are allowances and allowances and allowances are allowances and allowances are allowances and allowances and allowances are allowances and allowances are allowances and allowances are allowances and allowances are allowances and allowances are allowances and allowances and allowances are allowances and al	that form was checked .
line 8	······	Form W-2 and the "Statutory employee" box on	that form was checked .
line 8	······	Section Sect	that form was checked .
line 8	······	Section Sect	that form was checked .
line 8	······	Section Sect	that form was checked .
line 8	······	Section Sect	that form was checked .
line 8	······	Form W-2 and the "Statutory employee" box on 2 Returns and allowances and allowan	that form was checked .
line 8	······	Section 1 Sectio	that form was checked .
line 8	······	\$ 66,270. 2 Returns and allowances and allowances and allowances and allowances. 3 Subtract line 2 from line 1 4 Cost of goods said fifter mile 42 5 Gross profile. Subtract line 4 from line 3 66,270. 3 66,270. 3 66,270. 3 66,270. 4 Car and fouck expenses from a state good and state goods and sta	that form was checked .
line 8	······	6 6 , 270 . 2 Returns and allowances and allowances and allowances and allowances. 3 Subtract line 2 from line 1 4 Cost of goods said (from line 42) 5 Gross profile, Subtract line 4 from line 3 . 6 6 , 270 . 3 Grava profile, Subtract line 4 from line 3 . 6 6 , 270 . 3 Grava profile, Subtract line 4 from line 3 . 6 6 , 270 . 4 Grava linux expenses (pees a line 3 and 6 . 6 line state (line) and state good	that form was checked .
line 8	······	Form W-2 and the "Statutory employee" box on 2 Returns and allowances 3 Subtract line 2 from line 1 4 Cost of goods said from line 42 5 Gross profit. Subtract line 4 from line 3 666, 270 9 Car and fluck expenses (see instructions) 10 Commissions and fless 11 Connect state (see instructions) 12 Deplotes 12 Deplotes 13 Commissions and fless 14 Cost of the state of the	that form was checked .
line 8	······	Form W-2 and the "Statutory employes" box on 2 Returns and allowances and allowances 3 Subtractline 2 horn line 1 4 Cost of goods said from line 42 5 Gross profit. Subtract line 4 horn line 3 666, 270 9 Car and fluck expenses (see instructions) 10 Commissions and fees 11 Connect state (see instructions) 12 Deplote and satisfact paid of the state of the	that form was checked .

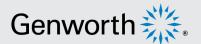
Review Line 3 to determine if a Schedule C has been filed



The Tax Return...



Review Line 31 to determine if just 1 Schedule C has been filed



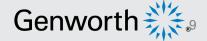
Review Schedule C

Start with the Net Profit or Loss

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	

- 31 Net profit or (loss). Subtract line 30 from line 29.
 - If a profit, enter on both Schedule 1 (Form 1040), line 3, 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.
 - . If a loss, you must go to line 32.

	DULE C 1040)			Profit or Loss	ropriet	torship)		OMB No. 1545-0074
	ent of the Tressury	1				uctions and the latest information.		Attachment
	levenue Service (99)	► Attach to	orm '	1040, 1040-SR, 1040-NR, o	r 1041;	partnerships generally must file F		000000000000000000000000000000000000000
	proprietor							security number (SSN)
	n Designer XXX-XX-XXXX							
A	Principal business or profession, including product or service (see instructions) B Enter code from instructions Interior Design 5 4 1 4 0 0							
С			buele	ess name, leave blank,			D. Empl	oyer ID number (EIN) (see instr.)
•	Dualifee Haile.	II II ooparato	Duelli	oss Hairle, reave Diaris.				
E				room no.) ▶ 1000 Dec				
	City, town or po							
F	Accounting met					Other (specify) ►		
G						2020? If "No," see instructions for lir		
Н								
<u>'</u>						n(s) 1099? See instructions		☐ Yes ☑ No
Doct	Income	or will you file	requi	red Form(s) 10997				
					h	this income was reported to you on		
1				ons for line 1 and check the yee" box on that form was ci			1	297,800.
2	Returns and allo			you box on that form was th	IOUROU		2	14,888.
3	Subtract line 2 f						3	282,912.
4	Cost of goods s						4	0.
5				ne 3			5	282,912.
6						refund (see instructions)	6	
7	Gross income.	Add lines 5 ar	nd 6 .				7	282,912.
Part	Expenses	. Enter expe	nses	for business use of you	r hom	ne only on line 30.		
8	Advertising		8	17,999.	18	Office expense (see instructions)	18	17,555.
9	Car and truck ex	xpenses (see			19	Pension and profit-sharing plans .	19	
	instructions)		9	25,082.	20	Rent or lease (see instructions):		
10	Commissions ar	nd fees .	10		a	Vehicles, machinery, and equipment	20a	
11	Contract labor (se	e instructions)	11	48,122.	b	Other business property	20b	22,700.
12	Depletion		12		21	Repairs and maintenance	21	
13	Depreciation and expense dedu				22	Supplies (not included in Part III) .	22	6,599.
	included in Pa	art III) (see			23	Taxes and licenses	23	1,750.
	instructions)		13	3,120.	24	Travel and meals:		7 055
14	Employee bene				a	Travel	24a	7,855.
15	(other than on lit		14	3,100.	ь	Deductible meals (see	24b	4 400
16	Insurance (other		15	3,100.	25	instructions)	25	1,172.
10	Interest (see insi Mortgage (paid to		16a		26	Utilities	-	
ь		Daries, etc.)	16b	1,444.	27a		27a	13,929.
17	Legal and professi		17	17.660.	z/a	Reserved for future use	27b	13,323.
28				2.70001	-	8 through 27a	28	188,087.
29				e 28 from line 7			29	94,825.
30						nses elsewhere. Attach Form 8829		
				See instructions,				
	Simplified meth	hod fillers only	: Ente	r the total square footage of	(a) you	ir home:		
	and (b) the part	of your home	used fo	or business:		. Use the Simplified		
	Method Worksh	eet in the instr	uction	s to figure the amount to ent	er on I	line 30	30	28,555.
31	Net profit or (lo	ss). Subtract	line 30	from line 29.				
						Schedule SE, line 2. (If you		
				ctions). Estates and trusts,	enter o	n Form 1041, line 3.	31	66,270.
	 If a loss, your 	must go to lin	e 32.			J		
						activity, See instructions.		
	1					0), line 3, and on Schedule	220	All investment is at risk.
	1			line 31 instruc	tions).	Estates and trusts, enter on		Some investment is at risk.
24	1		6	270 . Your loss m	av he l	limited J	320	at risk.
31		- 6	٥,	270. Your loss m				Schedule C (Form 1040) 2020
				msu ucuons.	В	8AA REV 02/15/21 TTW		Schedule C (Form 1040) 2020



Income Analysis Form 1084

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	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 (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	66,270.00

b. Nonrecurring Other (Income) Loss/Expenses (Line 6)

+/-

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

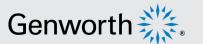
6

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"

Is "Other Income" Regular and Reoccurring? Is a Gas or Fuel Credit?

Usually No - When in doubt - Take it out!



Income Analysis Form 1084

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	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 (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C		66,270.00

c. Depletion (Line 12)

12 Depletion 12

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	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 (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	66,270.00

d. Depreciation (Line 13) +

13	Depreciation and section 179		
	expense deduction (not		
	included in Part III) (see		
	instructions)	13	3,120.

3	Schedule C - Profit or Loss from Business: Sole Proprietorship									
	a. Net Profit or Loss (Line 31)	+/-	66,270.00							
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00							
	c. Depletion (Line 12)	+	0.00							
	d. Depreciation (Line 13)	+	3,120.00							
	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 (2020 - 27¢; 2019 - 26¢)		0.27							
	= Total Mileage Depreciation	+	0.00							
	Subtotal Schedule C	=	69,390.00							

e. Non-deductible Meals and Entertainment Expenses (Line 24b)

	24	Travel and meals:		
	а	Travel	24a	7,855.
	b	Deductible meals (see		
-		instructions)	24b	1,172.

3	Schedule C - Profit or Loss from Business: Sole Proprietorship	70	
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	1,172.00
	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 (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	68,218.00

Schedule C Meals

Business meal expenses.

- You can deduct a percentage of the actual cost of a meal if the following conditions are met.
- The meal expense was an ordinary and necessary expense in carrying on your trade or business;
- The expense was not lavish or extravagant under the circumstances;
- You or your employee was present at the meal;
- The meal was provided to a current or potential business customer, client, consultant, or similar business contact; and
- In the case of food or beverages provided during or at an entertainment event, the food and beverages were purchased separately from the entertainment, or the cost of the food and beverages was stated separately from the cost of the entertainment on one or more bills, invoices, or receipts.

www.irs.gov

Schedule C Meals

Amount of deduction.

In most cases, you can deduct only 50% of your business meal expenses, including meals incurred while away from home on business. However, for individuals subject to the Department of Transportation (DOT) hours of service limits, that percentage is increased to 80% for business meals consumed during, or incident to, any period of duty for which those limits are in effect. Individuals subject to the DOT hours of service limits include the following.

Certain air transportation workers (such as pilots, crew, dispatchers, mechanics, and control tower operators) who are under Federal Aviation Administration regulations. Interstate truck operators who are under DOT regulations.

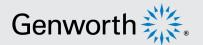
Certain merchant mariners who are under Coast Guard regulations.

However, you can fully deduct meals and incidentals furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You also can fully deduct meals and incidentals provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-NEC. See Pub. 535 for details and other exceptions.

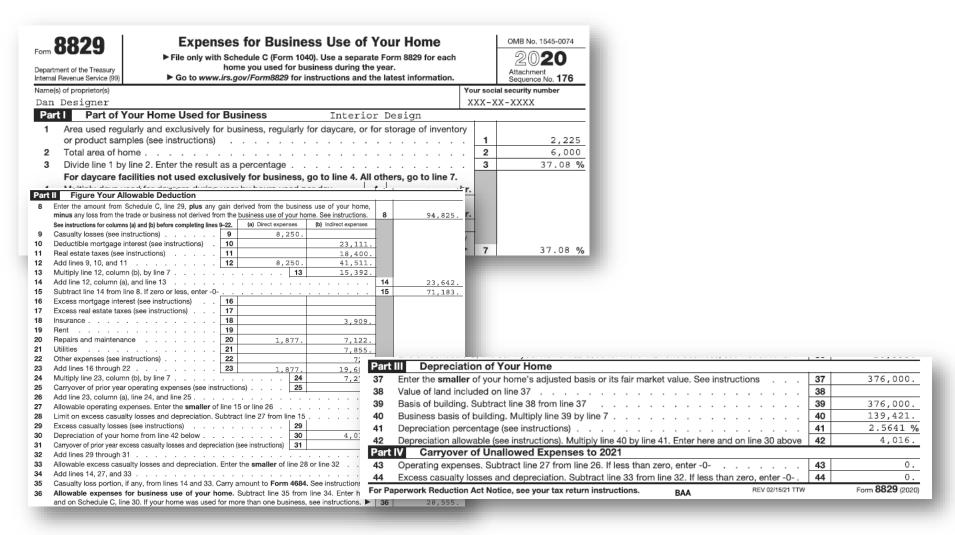
www.irs.gov

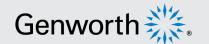
unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: and (b) the part of your home used for business: . Use the Simplified	f	Business Use of Home (Line 30, Check applicable guidelines)	+				
	30	unless using the simplified method. See instructions.	n 8829				7
		and (b) the part of your home used for business: Use the Simple Method Worksheet in the instructions to figure the amount to enter on line 30	olified	30	2	28,555	

Let's review the worksheet...



8829 Business Use of Home





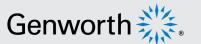
Income Analysis Form 1084

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	1,172.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	28,555.00
	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 (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	1=1	96,773.00

g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	
---	---	--

Part	Expenses. Enter expe	enses	for business use of you	r hom	ne only on line 30.		
8	Advertising	8	17,999.	18	Office expense (see instructions)	18	17,555.
9	Car and truck expenses (see			19	Pension and profit-sharing plans .	19	
	instructions)	9	25,082.	20	Rent or lease (see instructions):		
10	Commissions and fees .	10		а	Vehicles, machinery, and equipment	20a	
11	Contract labor (see instructions)	11	48,122.	b	Other business property	20b	22,700.
12	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179			22	Supplies (not included in Part III) .	22	6,599.
	expense deduction (not included in Part III) (see			23	Taxes and licenses	23	1,750.
	instructions)	13	3,120.	24	Travel and meals:		
14	Employee benefit programs			а	Travel	24a	7,855.
	(other than on line 19).	14		b	Deductible meals (see		
15	Insurance (other than health)	15	3,100.		instructions)	24b	1,172.
16	Interest (see instructions):			25	Utilities	25	
а	Mortgage (paid to banks, etc.)	16a		26	Wages (less employment credits)	26	
b	Other	16b	1,444.	27a	Other expenses (from line 48)	27a	13.929.
17	Legal and professional services	17	17,660.	b	Reserved for future use	27b	

Line 27a reveals there are other expenses, let's review page 2...



Income Analysis Form 1084

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30	D.
gifts	8,000.
Printing ent#	4,579.
Printing Magazines Dues May Say* Statement #	250.
Dues May Say	1,100
/N	
Total other expenses. Enter here and on line 27a	13,929

This section may indicate that the "other" expenses have been itemized on a statement.

Income Analysis Form 1084

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	66,270.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	3,120.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	- 1	1,172.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	28,555.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	0.00
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	= :	96,773.00

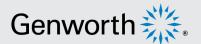
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
= Total Mileage Depreciation	+	0.00

If the customer has entered expenses on Line #9 they will have an entry on Part IV or a 4562 will be attached.

Part	Expenses. Enter expe	nses	for business use of you
8	Advertising	8	17,999.
9	Car and truck expenses (see		
	instructions)	9	25,082.

Part	Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if y 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 2020, enter the number of miles you used your vehicle for:	
а	Business b Commuting (see instructions) c Other	
45	Was your vehicle available for personal use during off-duty hours?	☐ No
46	Do you (or your spouse) have another vehicle available for personal use?	☐ No
47a	Do you have evidence to support your deduction?	☐ No
b	If "Yes," is the evidence written?	☐ No

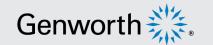
Let's look for the 4562...



4562 Page 2

## Attach to your tax return An Designer Foot to www.ira.gov/irorms602 for instructions and the latest information. Business or softwity to which that form validate Sch. C Interior Design Note: If you have any listed property, complete Part V before you complete Part I. Maximum amount (see instructions). 1 Natural cost of section 179 Note: If you have any listed property, complete Part V before you complete Part I. 1 Maximum amount (see instructions). 2 Total cost of section 179 Reduction in imitation. Subtra 5 Dollar limitation for tax years, separately, be instructions 6 (a) Description of Branch and School (see instructions). 7 Threshold cost of section 179 1 Septial deporty. Enter the manner of the section of the section in imitation. Enter the 10 Carryover of disallowed deduct. 15 Carryover of disallowed deduct. 15 Carryover of disallowed deduct. 16 Carryover of disallowed deduct. 16 Carryover of disallowed deduct. 16 Carryover of disallowed deduct. 17 MACRS deductions. First the 10 Carryover of disallowed deduct. 18 Special deportediation allowing the tax years. See instructions of the seek of the section of the seek of the section of the seek of the section		4562		Dep	recia	ation a	and An	nort	izat	ion				-	OMB N	lo. 154	15-017
Attach to your tax return. Attachment demand stores. (98) Go to www.irs.gov/rom/582 for instructions and the latest information. Attachment. 179 Bosinger Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I. Maximum amount (see instructions) 1 1 1, 040,000 2 1 rotat cost of section 179 property blaced in service (see instructions) 3 Threshold cost of section 179 property blaced in service (see instructions) 4 Reduction in limitation. Subtra 5 Dollar limitation for fax year, separately, see instructions 5 who is possible to section 19 property. Enter the management of the possible of the	orm ¹	4302												\vdash	മ	⊘ •	1
Section 179				(11101					торс	,				1	B	\cup \sim	10
Bankes or activity to which this form nailates Internation Interna			► Go to	www.irs.g					the la	test inf	rmatio	n.		1	Attacl	hment ence N	o. 17
Sch C Interior Design XXX-XXX-XXXX		100/												Iden			
Election To Expense Certain Property Under Section 179																	
Note: If you have any listed property, complete Part V before you complete Part I. Maximum amount (see instructions). 1	_	3	se Ce	rtain Pro					~-3								
1 Mackimum amount (see instructions) 2 Total cost of section 179 properly 3 Threshold cost of section 179 properly 4 Reduction in limitation. Subtra 5 Dollar limitation for tax year 5 pollar limitation for tax year 6 (a) Description of properly 8 (b) Dollar limitation for tax year 9 poperly 1 Listed properly. Enter the amo 8 Total elected cost of section 1 9 Tentative deduction. Enter 8 Total elected cost of section 1 9 Tentative deduction. Enter 8 Total elected cost of section 1 9 Tentative deduction. Enter 8 Total elected cost of section 1 9 Tentative deduction. Enter 8 Total elected cost of section 1 9 Tentative deduction. Enter 9 Section 179 expense deduction. 10 Carryover of disallowed deduction. Enter 10 Carryover of disallowed deduction. 11 Business income ilentation. Enter 12 Section 179 expense deduction. 13 Special Depreciation 14 Carryover of disallowed deduction. 15 Properly subject to section 16 16 Other depreciation influence in 19 poperly such as the section of the properly such as the section of									ou co	mplet	Part	I.					
2 Total cost of section 179 property 4 Reduction in limitation. Subtra 5 Dollar limitation for tax year, separately, see instructions 6 (a) Description of p Embroidery Machine 5 (b) Lessification of p Embroidery Machine 5 (a) Description of p Embroidery 6 (b) Description of p Embroidery 7 Listed property. Enter the among the standard mileage rate or debuting lease expense, complete only 24a, 25d by the mediate to support to substance the substance of the standard mileage rate or debuting lease expense, complete only 24a, 25d by the mediated in specific or which you are using the standard mileage rate or debuting lease expense, complete only 24a, 25d by the mediated in specific or which you are using the standard mileage rate or debuting lease expense, complete only 24a, 25d by the mediated in specific or which you are using the standard mileage rate or debuting lease expense, complete only 24a, 25d by the mediated in specific or which you are using the standard mileage rate or debuting lease expense, complete or debuting lease expense, complete only 24a, 25d by the limit of the standard mileage rate or debuting lease expense, complete or debuting lease expense, complete only 24a, 25d by the limit of the standard mileage rate or debuting lease expense, complete or the standard mileage rate or debuting lease expense, complete or the standard mileage rate or debuting lease expense, complete or the standard mileage rate or debuting lease expense, complete or the standard mileage rate or debuting lease expense, complete the standard mileage rate or debuting lease expense, complete the standard mileage rate or debuting lease expense, complete or the standard mileage rate or debuting lease expense, complete or the standard mileage rate or debuting lease expense, complete or debuting lease expense, complete or debuting lease expense complete the standard mileage rate or debuting lease expense, complete or debuting lease expense expense and mileage in the standard mileage rate or restrictions. 2 popular property lease	1		_					,				-		1	1	040	0.0
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4. Reduction in limitation. Subtra 5. Dollar limitation for 1 ax year, soparatoly, see Instructions 6. (a) Description of prince of each year of the prince of each year of year of the prince of each year of year of year of year of year o			-:		Service	tage mat	ructionsi							- 2		- 5	
separately, see instructions 6 (a) Description of papers of the service of the section of papers (b) the section of papers					d Proper	rty (Includ	de automob	iles, ce	ertain c	ther veh	cles, c	ertain :	aircraft	and	prope	rty us	
Separately, see instructions 6 (a) Description of property Machine 6 (b) Description of property Machine 6 (b) Description of property Machine 7 Listed property. Further the arms 8 Total elected cost of section 9 Tentative deduction. Enter the 10 Carryover of disallowed deduction 11 Sussiness income limitation. Enter the 12 Section 179 expense deduction 13 Carryover of disallowed deduction 14 Carryover of disallowed deduction 15 Carryover of disallowed deduction 16 Carryover of disallowed deduction 17 A Listed property of disallowed deduction 18 Carryover of disallowed deduction 19 Tentative deduction. Enter the 19 Septial Depreciation and the interest of the section of the property of the service of the property placed in service during the section of the property of the property placed in service during the section of the property of the property placed in service during the section of the property of the property placed in service during the section of the property of the property placed in service during the section of the property of the property placed in service during the section of the property of the property placed in service during the section of the property of the property of the property placed in service during the section of the property of			CI CA	enter	tainment,	recreation,	or amuseme	nt.)									
Section A—Depreciation and Other Information (Cauthors for limits for passage automobiles.) 24a by the well-done to appropriate the animal structure of the instructions for limits for passage automobiles.) 25a by 16a													lease	expens	e, comp	olete or	nly 24a,
Display Disp													for pas	senger	autom	obiles.)	
7 Listed property. Eriter the arm. 8 Total elected cost of section 19 9 Tentative deduction. Enter the 10 Carryover of disallowed deductions are considered to the section 19 to 19 Section 179 expense deduction 11 Section 179 expense deduction at Carryover of disallowed deductions are considered to 19 Section 179 expense deduction 11 Section 179 expense deduction at Carryover of disallowed deduction are considered to 19 Section 179 expense deduction at Carryover of disallowed deduction at Carryover of disallowed deduction are considered to 19 Section 179 expense deduction at Carryover of disallowed deduction at Carryover of deduction at Carryover of disallowed deduction at Carryover of disallowed deduction at Carryover of disallowed deducti	_		24	a Do you have e	evidence to si	upport the busi	iness/investmen	t use clain	ned? 🗵	Yes 🗌 No	24b	f "Yes,"	is the ev	idence v	vritten?	X Yes	☐ No
venture field in terror of used towards from the arms and used the second of section 1 and the tax year and used more than 50% in a qualified business use. See instructions 2 section 179 expense deduction Carryover of disallowed deductions for disallowed the section of the			Тур	e of property flist	Date placed	Business/		Basis	for deprec		wery N	(g) fethod/	Dep	preciation	Be	ected sect	tion 179
## tax year and used more than 50% in a qualified business use. See instructions				vehicles first)	in service	percentage			use only)	pe	od Co		de	duction		cost	1
9 Tentative deduction. Enter the 10 Carryover of disallowed deduction 199 expense deduction 199 expense deduction 179 expense deduction 180 Early 199 expense deduction 199 expense 199 ex				Special dep	reciation a	more than 50	r qualified list	ed propo	erty plac	ed in sen	ice durin						
9 Tentative deduction. Enter the Carryover of disallowed deduction. Business income limitation. Enter the Business in a qualified business use: 27 Property or of disallowed deduction. See that the Business in a qualified business use: 28 Add amounts in column (t), limes 25 through 27. Enter here and on line 7; page 1 28			26	Property us	ed more the	an 50% in a				500 ::180	actioned :	25	_				
11 Business income limitation. Ente 12 Section 179 expense deduction 5 Carryover of disallowed deductions: Don't use Part II or Part III be 15 Description of Special depreciation allowant during the tax year. See instructions of the property subject to section 16 Port of the depreciation (including / Port III MACRS deductions for assets 16 Other depreciation (including / Port III MACRS deductions for assets 18 If you are electing to group a asset accounts, check here seed on line of the property subject to section 16 Description of the prop			the 201														
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39 Do you treat all use of vehicles by employees as personal use? 40 To-year property 41 E20-year property 42 E2-year property 43 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? 41 Do you ment the requirements concerning qualified automobile demonstration use? See instructions. 42 Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles. 43 Morrization 44 Amortization 45 Perry I Amortization 46 Descriptor of costs that begins during your 2000 tax year (see instructions): 46 Amortization for costs that begins during your 2000 tax year (see instructions): 47 Amortization of costs that begins before your 2000 tax year (see instructions): 48 Amortization of costs that begins before your 2000 tax year (see instructions): 49 Amortization of costs that begins before your 2000 tax year (see instructions): 40 Amortization of costs that begins before your 2000 tax year (see instructions): 41 Total. Add amounts in column (i). See the instructions for where to report. 42 Amortization of costs that begins before your 2000 tax year (see instructions): 43 Amortization of costs that begins before your 2000 tax year (see instructions): 44 Total. Add amounts in column (i). See the instructions for where to report. 45 Amortization of costs that begins before your 2000 tax year (see instructions): 46 Total. Add amounts in column (ii). See the instructions for where to report. 47 Amortization of costs that begins before your 2000 tax year. 48 Total. Add amounts in column (ii). See the instructions for where to report. 49 Amortization of costs that begins before your 2000 tax year. 49 Amortization tax year. 40 Amortization of costs that begins before your 2000 tax year. 49 Amortization tax year. 40 Amortization tax year. 40 Amortization tax year. 41 Total. Add amounts in column (ii). See the instructions for where to report. 40 Amortization tax year.	Par 14 15 16 2ar 17 18 (a) 0	Special Depreciati Special depreciation allow during the tax year. See ins Property subject to section Other depreciation (including MACRS Depreciation) MACRS deductions for assif you are electing to ground asset accounts, check here Section B—Asset Classification of property 3-year property 5-year property	29 and Correction to your file of the correction	Add amount nplete this sectour employees Total business the year (don Total community Total other miles driven Total other miles driven Total other miles driven total miles during to Was the velture during the way to th	ts in column tion for vehit, first answer se/investmen 't include oc titing miles dir or personal driven dur uugh 32 nicle availab off-duty ho nicle uvailab Section estions to d where or relat thicle availab field with the nicle uvailab section to d where or relat thicle availab section thicle uvailab section thicle availab section thicle uvailab section thicle availab section thicle uvailab section thicle uva	in (i), line 26. icles used by a or the question of miles driven or miles driven or miles driven or miles driven or miles driven or miles driven or miles or	Enter here an Section I a sole propriets in sin Section C a during ve se). 1 a mana ve se	d on line 3-Infono proparte to see if (a) hidde 1 3,020 2,646 No overs W kception ions.	Yes The Provide Sall persons all persons all persons are marked to compare the compare to compare the compare to compare the	No Y- No V- No	Vehicles s 5% ow ion to cor (e) /ehicle 3 No es for Ution B fo	Yes Yes yes, inclu	No N	Yes Ployee Ployee Portugue Province Provi	No No No No No	Yes	No en't
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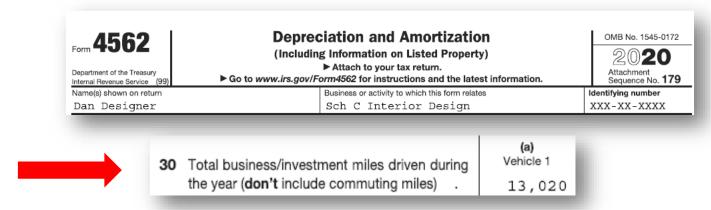
Form 4562 (2020)								
Part V Listed Property (Include automobiles, certain other entertainment, recreation, or amusement.)	٧							
Note: For any vehicle for which you are using the standard mile								
24b, columns (a) through (c) of Section A, all of Section B, and Se	-							
Section A—Depreciation and Other Information (Caution: See the	e i							
24a Do you have evidence to support the business/investment use claimed? X Yes								
(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)								
25 Special depreciation allowance for qualified listed property placed in	5							
the tax year and used more than 50% in a qualified business use. See	ir							
20 Proporty used more than 50% in a qua fied business use:	\dashv							
2018 Mercedes Benz GLS 01/01/2018 83.11 %	\dashv							
06	\dashv							
%	\dashv							
27 Property used 50% or less in a qualified business use:	\dashv							
%	\dashv							
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%	\dashv							
	$\overline{}$							
28 Add amounts in column (h), lines 25 through 27. Enter here and on line	4							
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .								
Section B—Information on Us	-							
Complete this section for vehicles used by a sole proprietor, partner, or other "mo								
to your employees, first answer the questions in Section C to see if you meet an e	Χ¢							
(a) (b)								
30 Total business/investment miles driven during Vehicle 1 Vehicle 2								
the year (don't include commuting miles) . 13,020								
31 Total commuting miles driven during the year								
31 Total commuting miles driven during the year 32 Total other personal (noncommuting)	\parallel							



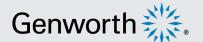
Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		
X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27
= Total Mileage Depreciation	+	0.00

Part	Expenses. Enter expe	enses	for business use of you
8	Advertising	8	17,999.
9	9 Car and truck expenses (see		
	instructions)	9	25,082.

If the customer has entered expenses on Line #9 they will have an entry on Part IV or a 4562 will be attached.



If the borrower has a 4562 with related vehicle expenses, there is a Schedule C Car & Truck Worksheet. However, it is NOT included in the clients copy. The detailed copy typically is the tax preparer's files only. The Worksheet will give you the line itemized expenses totaling the line #9 amount.



Income Analysis Form 1084

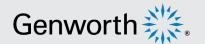
3	Schedule C - Profit or Loss from Business: Sole Proprietorship					
	a. Net Profit or Loss (Line 31)	+/-	66,270.00			
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	0.00			
	c. Depletion (Line 12)	+	0.00			
	d. Depreciation (Line 13)	+	3,120.00			
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	1,172.00			
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	28,555.00			
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	0.00			
	Business Miles (Page 2, Part IV, Line 44a OR Related 4562, Line 30)		13,020.00			
	X Depreciation Rate (2020 - 27¢; 2019 - 26¢)		0.27			
	= Total Mileage Depreciation	+	3,515.40			
	Subtotal Schedule C	=	100,288.40			

1

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

Income Trending

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



Self-Employment Fannie Mae

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.

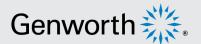
The lender may use Form 1084 or any other type of cash flow analysis, including automated tools, that applies the same principles as Fannie Mae's form.

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 <u>A2-2-04</u>, <u>Limited Waiver and Enforcement Relief of Representations and Warranties for Mortgages Submitted to DU</u> and Fannie Mae's website for the list of <u>Approved Vendor Tools</u>.

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

Fannie Mae 2021 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (12/04/2018)



Effective for applications taken June 11, 2020 and until further notice

Income Analysis

Self-employment income is variable in nature and generally subject to changing market and economic conditions. Whether a business is impacted by an adverse event, such as COVID-19, and the extent to which business earnings are impacted can depend on the nature of the business or the demand for products or services offered by the business. Income from a business that has been negatively impacted by changing conditions is not necessarily ineligible for use in qualifying the borrower. However, the lender is required to determine if the borrower's income is stable and has a reasonable expectation of continuance.

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-employment income meets our 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 three business
 depository account(s) statements no older than the latest three months represented on the year-to-date profit and loss
 statement.
 - For example, the business depository account statements can be no older than Aug, Sep, Oct. for a year-to-date profit and loss statement dated through Oct. 31.
 - The lender must review the three most recent depository account statements to support the level of business revenue reported in the current year-to-date profit and loss statement. Otherwise, the lender must obtain additional statements or other documentation to support the on-going nature of business revenue reported in the current year-to-date profit and loss statement.

NOTE: The year-to-date profit and loss statement must be no older than 60 days old as of the note date consistent with current <u>Age of Documentation</u> requirements below.



Effective for applications taken June 11, 2020 and 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. The lender can use the following guidance when performing the assessment business operations and stability and must complete the business income assessment based on the minimum additional documentation above. In some instances, the lender may find it necessary to obtain supplemental documentation listed in the examples below.

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? For example, obtain current business receipts or purchase contracts. 			
	 Is the business operation and/or revenue temporarily restricted due to state shelter in place, stay at home or other similar state or local orders? 			
	 Is the impact to the business operations negligible due to the nature of the business? For example, obtain a written explanation from the business owner or confirmation that income is seasonal apart from the event timeline. 			

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Business Income

The lender must complete a business income assessment by comparing the year-to-date net business income from the year-to-date profit and loss statement to historical business income calculated using the Cash Flow Analysis (Form 1084)* for a similar timeframe (such as monthly).

- Lenders can make standard adjustments to business cash flow (net income on the profit and loss statement) in accordance with <u>B3-3.4-04</u>, Analyzing Profit and Loss Statements when making this determination.
- When the lender determines net business income is impacted, but profit and loss details are
 not sufficient to determine the income is stable at the reduced level, the lender can obtain
 additional documentation to supplement the profit and loss statement (such as a month-tomonth income trending analysis) to make this determination. If stability cannot be
 confirmed, the income is not eligible for qualifying purposes. See <u>B3-3.1-01</u>, General Income
 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

The impact of the COVID 19 pandemic on current business income results in a 50% decline from historical levels. See <u>Business Income Calculation Adjustment</u> below for next steps.

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

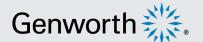


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Business Stability

- 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.



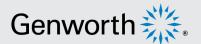
Effective for applications taken June 11, 2020 and until further notice

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.



Business Income Calculation Adjustment

Effective for applications taken June 11, 2020 and until further notice

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.

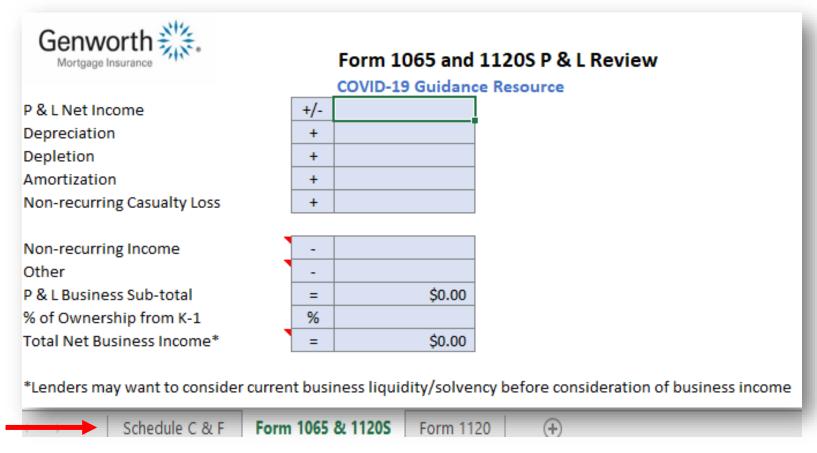
In all cases, qualifying income must be supported by documentation, including any supplemental documentation obtained by the lender.

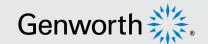
LL-2021-03

The Process

Use the P & L Calculator to Adjust the Income From the P & L

Click on tab for type of business you are reviewing





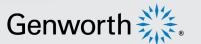
Business Stability And Income Worksheet

Genworth Mortgage Insurance	Business Stability and Income Review Worksheet & UW Certification
	COVID-19 Guidance Resource
Lender Loan #:	
Borrowers Name:	
Business Name:	
Tax form:	(1065/1120S/1120/Schedule C/Schedule F)
Income Assessment comparing Y	TD net business income from the year to date P&L statement to historical business income
Cash Flow Analysis for tax returns Year(s) used for qualifying income Total Net Business Income W2 Earnings from business	
Historical Business Income used to Qualify:	\$0.00 Based on Self-Employed Cash Flow Analysis Form in file - "this amount should correspond with Total New Business Income above (B15 + B16) / 12 months
2020 YTD P&L - "Make sure to Total Net Business Income W2 Earnings/guaranteed payments from business Number of Months Covered Net Income / Number of Months Covered	#DIV/0!
Business Income Calculation Adju	ustment when the lender determines current year net business income has been impacted by Covid19
#DIV/0!	1)If current business income impacted by Covid19 is less than historical monthly income calculated using the Form 1084/91 Cash Flow Analysis, but is stable at its current level, reduce the amount of qualifying income calculated on the Cash Flow Analysis to no more than the current level of stable income as determined by the business income adjustments
	2)If current business income impacted by Covid19 is more than the historical income calculated using the Form 1084/91 Cash Flow Analysis, no more than the current stable level of income calculated using Form 1084 can be used to qualify the borrower
This amount is lessor of Scen	pario 1 & 2 for qualifying- However, IF income is NOT stable, NO income can be used to qualify
LINKS to Fannie Mae / Frede LINK to Fannie Mae Bulletin for ac LINK to Freddie Mac Bulletin for a	COMMUNEO ON MEXI SHOE

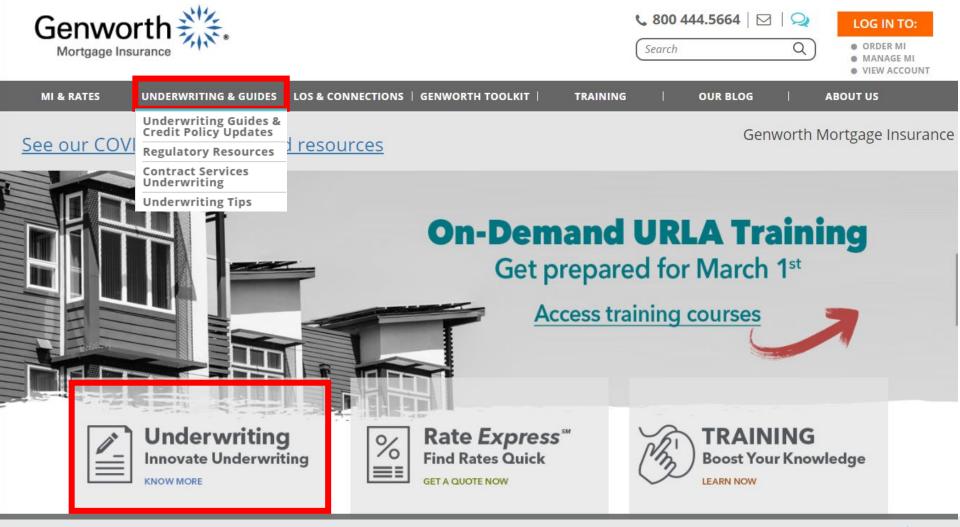


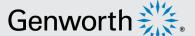
Business Stability And Income Worksheet

Confirm the following	to Assess the Impact o	of COVID-19 to Busin	ess Operation:	
Is the business continuing Is there a demand for the p Is the business operation a	been maintained or modified to operate in the current loca roduct or service currently of and/or revenue temporarily re ss operations negligible due t	ition or an alternate location fered by the business? stricted due to state shelte	on suitable for busines er in place, stay at hoπ	(Yes,No,N/A) s operations? ne or other similar state or local or
Does the P&L identify a sig current business operation Do prior years business ta Do current business accor the financial ability of the b	ns been made to correct this i x returns demonstrate ample	expenses and revenue that imbalance? financial liquidity due to a l heck Protection Program; ent market and economic	may impact financial : nistory of retained ear PPP or other similar conditions?	Covid19 related loans or grant(s) s
	Month One		Month Two	\neg
Bank Name:		Bank Name:		
Beginning Balance		Beginning Balance		
Deposits		Deposits		
Debits and Checks		Debits and Check		
Ending Balance		Ending Balance		Reminder: Any Paycheck
	Month One		Month Two	
Bank Name:		Bank Name:		Protection Program (PPP) Funds
Beginning Balance		Beginning Balance		or other similar COVID-19 related
Deposits		Deposits		
Debits and Checks		Debits and Check		loans or grants must be excluded
Ending Balance		Ending Balance		from Deposits and Qualifying
	Month One		Month Two	
Bank Name:	Month one	Bank Name:	MOREN TWO	Balance
Beginning Balance		Beginning Balance		
Deposits		Deposits		
Debits and Checks		Debits and Check		
•	g sufficient funds to support inco d the required documentation		ome from all qualifying	l businesses is acceptable to proceed
Underwriter Name		Date		
This calculator provides suggi	p you with calculating and analyzin ested guidance only and does not liable for any direct, indirect, incid	replace Lender, Investor or G		able guidelines. whatsover with respect to the use of this calculator.

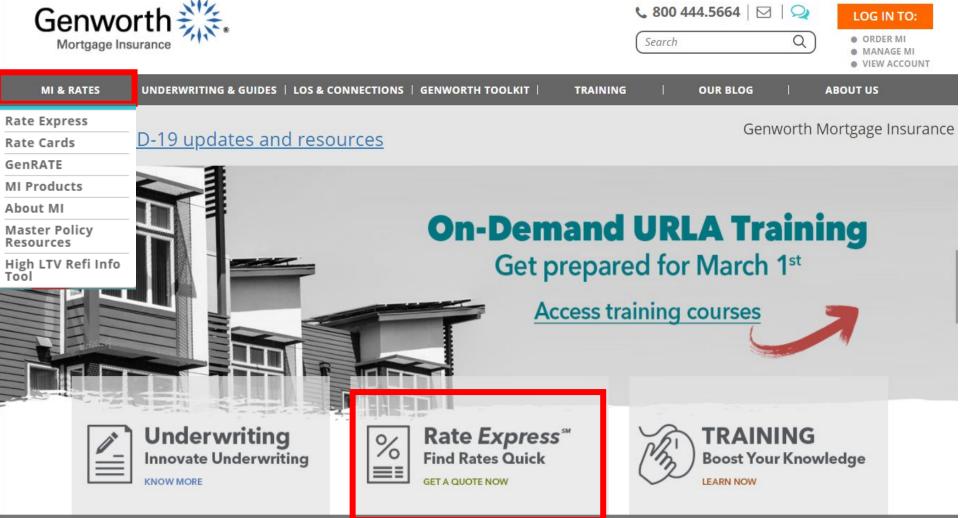


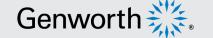
Genworth Underwriting Guidelines



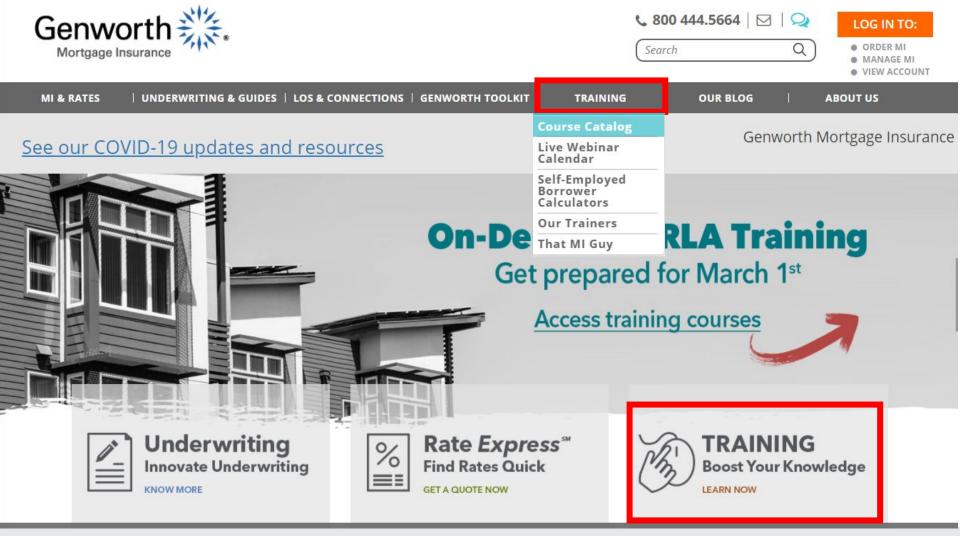


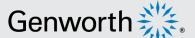
Genworth Rate Express®





Training Tools and Information





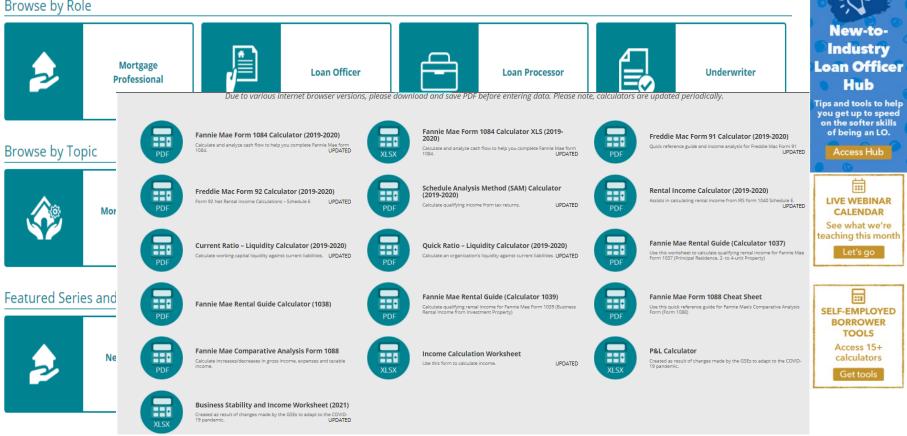
Training Tools and Information

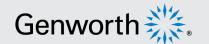
Course Catalog

Topic Search Training Courses

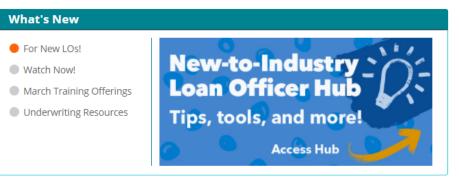
Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 100 courses in our catalog, our team is here to help you stay upto-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you. View a full list of courses here.







Additional MI Site Information









Master Policy Agreement

Partner with us. A master policy agreement is the first step to submitting MI loans to Genworth.

GET STARTED

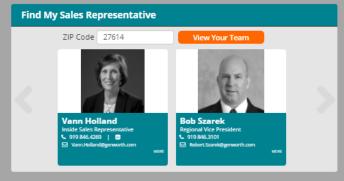


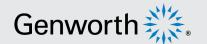
Contract Services Agreement

Offset fixed underwriting costs as you adjust to the latest industry demands! Request a contract services underwriting agreement.

GET STARTED



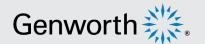




Your Genworth Resources

- > ActionCenter®: 800 444.5664
- Your Local Genworth Regional Underwriter
- Your Genworth Sales Representative





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