Calculating Rental Income

Fannie Mae And Freddie Mac
December 2018
Welcome to the Webinar

A Few Reminders:
- Do you have Participant materials printed
  - Genworth Rental Calculator
  - 2017 Schedule E for Larry Landlord
- Use the “questions” tab on your control panel for questions or problems
- Follow guidelines set by your specific investor; They may have additional overlays to Fannie and Freddie requirements
Objectives

What we will cover:

– General guidelines for calculation of rental income for Fannie Mae and Freddie Mac
– Recent changes relating to rental properties from Fannie Mae Announcements and Freddie Mac Bulletins
– Overview of Fannie Mae Rental Forms 1037, 1038, 1039
– Overview of Freddie Mac Rental Form 92
– Calculation of rental income from the Schedule E
– Questions
Training Tools and Information
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 Skills
- Professional Development Skills
- That Mi Guy
- Tutorials

Browse by Role
- Mortgage Professional
- Loan Officer
- Loan Processor
- Underwriter

Featured Courses

Self-Employed Borrower Tools

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

Rental Income Calculator (2015-2016)
Rental Income

### 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

<table>
<thead>
<tr>
<th>Rental Income Calculation</th>
<th>2016</th>
<th>2017</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Gross Rents (Line 2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Expenses (Line 20)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Depreciation (Line 18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Insurance (Line 18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Mortgage Interest (Line 12)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Taxes (Line 16)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Annual Rental Income/Loss</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td>*Only include if using the full PITI payment on Line 12 of this calculator or qualifying ratios. **Net rental losses are typically included with liabilities when calculating the debt ratio. ***Check applicable guidelines if not using 12 months.</td>
</tr>
<tr>
<td>10 Number of Months Considered (Line 20)**</td>
<td>/</td>
<td>/</td>
<td></td>
</tr>
<tr>
<td>11 Monthly Income/Loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Monthly Mortgage Payment (verified)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Monthly Net Rental Income/Loss**</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td></td>
</tr>
</tbody>
</table>

#### Property 2

<table>
<thead>
<tr>
<th>Rental Income Calculation</th>
<th>2016</th>
<th>2017</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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<td></td>
</tr>
<tr>
<td>3 Depreciation (Line 18)</td>
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<td></td>
<td></td>
</tr>
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</tr>
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<td></td>
</tr>
<tr>
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<td></td>
</tr>
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<td>9 Annual Rental Income/Loss</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td>*Only include if using the full PITI payment on Line 12 of this calculator or qualifying ratios. **Net rental losses are typically included with liabilities when calculating the debt ratio. ***Check applicable guidelines if not using 12 months.</td>
</tr>
<tr>
<td>10 Number of Months Considered (Line 20)**</td>
<td>/</td>
<td>/</td>
<td></td>
</tr>
<tr>
<td>11 Monthly Income/Loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Monthly Mortgage Payment (verified)</td>
<td></td>
<td></td>
<td></td>
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<td>13 Monthly Net Rental Income/Loss**</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td></td>
</tr>
</tbody>
</table>

This calculator can be found at [https://www.nmls.com/self-employed-borrower-calculator](https://www.nmls.com/self-employed-borrower-calculator).
Rental Income

Basics about rental income requirements:

– Rental income must be supported by the borrower’s most recent personal tax returns if used for qualification purposes*
  • Follow the underwrite you are utilizing
    – Desktop Underwriter® follow the DU findings report
    – Loan Product Advisor® follow the Feedback certificate
    – Manual underwrite, follow the appropriate seller guide for your investor as the documentation rules vary

– Use of rental income (boarder income) from a single family property is typically not allowed except for certain Affordable Lending Products

– Rental income from a second home is not allowed for qualifying purposes

– A Primary residence that applicant’s intend to “convert”, make sure occupancy makes sense. Check for investor guidelines as Fannie has no policy and Freddie does as of March 1, 2019.

– Gift funds are not allowed for investment property transactions

*Documentation will vary, See www.freddiemac.com or https://www.fanniemae.com/singlefamily/index
Freddie Mac Rental Income Guidelines
Freddie Mac Rental Income

Use Rental Income Matrix

– Stable Rental Income used for qualifying
  – Tax Returns or leases
– Form 998
– Need for Tax Returns
– Income Approach
– Reserves
– Gift Funds
– Max number of financed properties
# Freddie Mac Rental Income

## Rental Income is from...

<table>
<thead>
<tr>
<th>Topic</th>
<th>Subject Property: 2- to 4-unit Primary Residence</th>
<th>Subject Property: 1- to 4-unit Investment Property</th>
<th>Investment property owned by the borrower other than the Subject Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Income used as Stable Monthly Income for Qualifying Purposes</td>
<td>Use the following to determine and document income:</td>
<td>Use the following to determine and document income:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The borrower’s prior year federal tax return if reported on Schedule E and borrower has owned the property for at least 1 year, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Form 998, Operating Income Statement</td>
<td>• Schedule E of the borrower’s tax returns to determine the net rental income when rental income from the other investment properties owned by the borrower in the previous tax year is reported on the borrower’s individual federal tax returns, or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income used to qualify the borrower must be substantiated with using:</td>
<td>• Verified net rental income from signed lease(s) may be used to determine the net rental income for an investment property not owned during the previous year.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Income approach on the appraisal and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Copies of the present lease(s), if applicable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative net rental income from Schedule E of the borrower’s tax returns or negative Net Cash Flow from Form 998 must be considered a liability for qualification purposes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive net rental income from Schedule E of the borrower’s tax returns or positive Net Cash Flow from Form 998 may be considered stable monthly income, provided, the borrower meets the reserve requirements and the income approach on the appraisal and copies of current leases substantiate the rental income used to qualify the borrower.</td>
<td>Positive net rental income from Schedule E of the borrower’s tax returns or positive Net Cash Flow from Form 998 may be considered stable monthly income, provided, the borrower and meets the reserve requirements, and the income approach on the appraisal and copies of current leases substantiate the rental income used to qualify the borrower.</td>
<td>Aggregate net rental income may be counted as stable monthly income, provided the reliability of receipt is clearly supported by the documentation in the file.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Aggregate net rental loss from Investment Properties and 2- to 4-unit Primary Residences must be considered a liability for qualification purposes.</td>
<td></td>
</tr>
</tbody>
</table>
Reserve Requirement Is Eight Months For Each Additional Second Home Or Investment Property The Borrower Is Obligated On When The Total Number Of Financed Properties is 7-10 And The Subject Is a Second Home Or Investment
### Rental Income Matrix

<table>
<thead>
<tr>
<th>Topic</th>
<th>Subject Property: 2- to 4-unit Primary Residence</th>
<th>Subject Property: 1- to 4-unit Investment Property</th>
<th>Investment property owned by the borrower other than the subject property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed Lease(s)</td>
<td>Current leases, by themselves, may not be used for documenting stable monthly income for qualifying purposes; however, they must support the rental income used to qualify.</td>
<td>May be used to document stable monthly income if the borrower did not own the property in the previous tax year. Signed leases may also be used to substantiate gross rents that are higher than the rental income documented on the tax returns; however, no more than 75% of the gross rental income from the signed leases may be used, unless the prior two years’ individual federal tax returns clearly support the use of a higher percentage.</td>
<td></td>
</tr>
<tr>
<td>Experience Managing Investment Properties</td>
<td>Not required.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Additional Notes:
1. Rental income from the borrower’s 1-unit Primary Residence or second home is not considered stable monthly income and may not be used to qualify the borrower unless it meets the requirements in Guide Section 5306.1 and Guide Section 4501.3 for Home Possible Mortgages.
2. Positive net rental income may be entered in “Gross Monthly Income” in Section V of Form 65. Aggregate net rental loss must be included as a liability.
3. Gift funds are not allowed on Investment Property transactions.
4. A-minus offering is not eligible if borrower has more than one financed investment property. This only applies to Investment Property Mortgages being sold to Freddie Mac per Guide Section 4201.19(a).
5. If an Investment Property or Second Home, each borrower individually and all borrowers collectively must not own and/or be obligated on (e.g., Notes, and contracts and/or any other debt or obligation) more than six 1- to 4-unit financed residential properties, including the subject property. Refer to Guide Section 4201.15(b) and 4201.16(b) for examples of financed properties that do not have to be counted in this limitation.
6. When rental income from other investment properties owned by the borrower in the previous tax year is reported on the borrower’s individual federal tax returns, the Seller must use Schedule E of the borrower’s tax returns to determine the net rental income. Signed leases may be used to determine the net rental income for an investment property not owned during the previous tax year.

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**If The Subject Is a Second Home Or Investment The Maximum Number Of Financed Properties The Borrower Can Be Obligated On Is 10**
Updates For Freddie Mac 2017-12

Effective for loans with settlement dates on or after March 1, 2019

Sellers may implement immediately

- Short-term and long-term rental income sources for refinance transactions
- Updates policy for rental properties NOT owned in the prior calendar year
- Reintroduces Guide Form 1000 and retires Operating Income Form 998
- Expanding requirements, additional specificity and guidance for
  - Accessory units
  - Leases
  - Net rental income calculations
  - Establishment of DTI ratios
  - Rental Income from form 8825
- New Rental Form 92
- Revised Form 91 (Income Calculations)
Let’s Review The New Form 92 And The Bulletin
What Guidelines Do We Follow?

Sellers may originate, underwrite and deliver Mortgages based either on the rental income requirements:

– In effect prior to Bulletin 2017-12 in their entirety
– The revised rental income requirements announced in Bulletin 2017-12 in their entirety (and for which the effective date was extended in Bulletins 2018-1 and 2018-13); or
– The revised rental income requirements in the March 1, 2019 version of Guide Section 5306.1 in their entirety
## Form 92

**Net Rental Income Calculations – Schedule E**

Form 92 is to be used to document the Seller’s calculation of net rental income from Schedule E. This form is a tool to help the Seller calculate the net rental income from Schedule E; the Seller’s calculations must be based on the requirements and guidance for the determination of stable monthly income in Guide Chapter 3506. This form does not replace the requirements and guidance for the analysis and treatment of rental income as described in Chapter 3506.

### I. Net Rental Income from Schedule E (Subject to 4-unit Primary Residence)

<table>
<thead>
<tr>
<th>IRS 1040 Schedule E – Supplemental Income and Loss</th>
<th>Subject Property Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rents received</td>
<td>Year: Year:</td>
</tr>
<tr>
<td>Less total expenses</td>
<td>(-) (-)</td>
</tr>
<tr>
<td>Insurance</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Mortgage interest paid to banks, etc.</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Taxes (real estate only)</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Depreciation and/or depletion</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Homeowners association (HOA) dues (if specifically reported as an expense)</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>One time losses (e.g., casualty loss) if documented</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Subtotal(s)</td>
<td>$ $</td>
</tr>
</tbody>
</table>

### II. Net Rental Income from Schedule E (Subject Investment Property)

<table>
<thead>
<tr>
<th>Subject Property Address:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>IRS 1040 Schedule E – Supplemental Income and Loss</th>
<th>Subject Property Address:</th>
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</thead>
<tbody>
<tr>
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</tr>
<tr>
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<td>(-) (-)</td>
</tr>
<tr>
<td>Insurance</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Mortgage interest paid to banks, etc.</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Taxes (real estate only)</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Depreciation and/or depletion</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>HOA dues (if specifically reported as an expense)</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>One time losses (e.g., casualty loss) if documented</td>
<td>(+) (+)</td>
</tr>
<tr>
<td>Subtotal(s)</td>
<td>$ $</td>
</tr>
</tbody>
</table>

**Result: Net Rental Income (calculated to a monthly amount)**

\[
\text{Result: Net Rental Income (calculated to a monthly amount)} = \frac{\text{Subtotal(s)}}{\text{Number of applicable months}}
\]

Check Out Genworth Website for Calculator

Rental Income
### III. Net Rental Income from Schedule E (Non-subject investment property(s))

**NON-SUBJECT INVESTMENT PROPERTY(S)**

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Property Address #1</th>
<th>Property Address #2</th>
<th>Property Address #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRS 1040 Schedule E</td>
<td>Year:</td>
<td>Year:</td>
<td>Year:</td>
</tr>
<tr>
<td>Rents received</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Less total expenses</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Insurance</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Mortgage Interest paid to banks, etc.</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Taxes (real estate only)</td>
<td>[ ]</td>
<td>[ ]</td>
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<td>Depreciation and/or depletion</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>HOA dues If specifically reported as an expense</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>One time losses (e.g., casualty loss) if documented</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**Results: Net Rental Income (calculated to a monthly amount):**

- [ ] / [ ]
- [ ] / [ ]
- [ ] / [ ]

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3. Refer to Section 5305.1(c)(6)(i) for net rental income calculation requirements

4. Refer to Chapter 5304 and Form 91 for the treatment of all real estate income or loss reported on IRS Form 8225, regardless of Borrower’s percentage of ownership interest in the business or whether the Borrower is personally obligated on the note.

5. Review rental properties on Schedule E against URLA. If properties are on the tax return(s) but not on the URLA, provide evidence the Borrower no longer owns the property.

6. This expense, if added back, must be included in the monthly payment amount used to establish the DTV ratio.

7. The taxes added back must represent only real estate taxes that are included in the monthly payment amount used to establish the DTV ratio.

8. Establishing DTV ratio (Section 5306.1(d)): Subtract the monthly payment amount from the net rental income. For one property, if the result is positive, add it to the income; if the result is negative, add it to the monthly liabilities. For multiple properties, subtract the monthly payment amount from the net rental income for each property. Combine the results and if the combined result is positive, add it to the income; if the combined result is negative, add it to the monthly liabilities.

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Check Out Genworth Website for Calculator
Freddie Mac Form 92

Genworth Form 91 Rental Calculator
www.new.mi.Genworth.com/training
Chapter 5306: Rental Income

5306.1: Rental income (08/09/17)

Refer to Bulletin 2017-12 for requirements implemented prior to the 02/09/18 version.

General requirements

Rental income may be used to qualify the Borrower and the documentation requirements contained herein are met. Rental income may be generated from acceptable and verifiable sources and may include:

- A subject 1-unit Primary Residence
- A subject 2- to 4-unit Primary Residence
- A subject 1- to 4-unit Investment Property
- Investment property owned by the Borrower

5306.1: Rental income (Future effective date 03/01/19)

This chapter contains requirements and guidance for the use of rental income:

- General eligibility requirements (Refer to Section 5306.1(a))
- Rental income from the Borrower’s 1-unit Primary Residence (Refer to Section 5306.1(b))
- Rental income from the Borrower’s subject 2- to 4-unit Primary Residence, subject 1- to 4-unit Investment Property and non-subject investment property (Refer to Section 5306.1(c))
- Establishing the debt payment-to-income ratio (Refer to Section 5306.1(d))
- IRS Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation (Refer to Section 5306.1(e))
- Data delivery requirements for rental income (Refer to Section 5306.1(f))
- Other Guide provisions related to rental income (Refer to Section 5306.1(g))

(a) General eligibility requirements

Stable monthly rental income must be generated from acceptable and verifiable sources and
Short Term Rental Income Sources

Short-term rental income sources –refinance transactions for subject properties and non-subject investment properties owned in prior calendar year:

– Short-term rental income sources where a lease is NOT utilized (less than one year term)
– Two-year history of rental income reported on Schedule E is required
– Property must have been used for the purposes of producing rental income for a consecutive period of 24 months
– If tax returns are more than six months old based on ending date of the last tax year:
  • A current year-to-date gross rental income statement from the independent third party that rents and disburses same to borrower and year-end statement or IRS Form 1099-K, Payment Card and Third party Network Transactions, if applicable that supports the gross rental income and source reported on the tax returns is required OR
  • If a gross rental income statement is not provided to the Borrower, other equivalent supporting documentation must be obtained to justify the stability of the rental income.

See Examples in Seller/Servicer Guide
Long Term Rental Income

Long-term rental income sources - refinance transactions for subject properties owned in prior calendar year and non-subject owned in the prior year:

– One-year history of the rental income reported on Schedule E is required with availability of a current one-year term lease.
  • If lease is in an automatically renewable month-to-month phase of an original one-year term lease, then a month-to-month term is acceptable
– The seller may determine the rental income is stable without obtaining a current lease if:
  • Fair rental days reported on Schedule E for most recent year document rental income consistent with long-term lease (e.g., 360 days)
  • The tax returns are no more than six months old based on the ending date of the last tax year and;
  • No information is present that would contradict a reasonable expectation of income stability or continuance or current receipt of rental income from a lease.

See Examples in Seller/Servicer Guide
Leases and Income Calculations

Expanded requirements, additional specificity and guidance:

- Leases (Section 5306.19c)(ii)) Specifying that leases must be current and fully executed, with a minimum original term of one year (with an allowance for a month-to-month term if in the automatically renewable stage) for all transactions.

- Income calculations revised to reflect calculation based on net rental income less the mortgage payment rather than the net aggregate calculation.

<table>
<thead>
<tr>
<th>Subject property purchase transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease availability:</strong> If a lease is available, it must be obtained and used to determine the net rental income.</td>
</tr>
<tr>
<td><strong>Reasonable efforts to determine lease availability:</strong> Include review of the appraisal, comparable rent data, purchase contract, a discussion with the Borrower and/or any other applicable and reasonable method.</td>
</tr>
<tr>
<td><strong>Seller has knowledge that the Borrower does not intend to use a lease (e.g., short-term rental):</strong> Rental income is ineligible.</td>
</tr>
<tr>
<td><strong>Market rents:</strong> May be used to determine the net rental income if it has been determined a lease is not obtainable.</td>
</tr>
</tbody>
</table>
Long Term Rental Income

One-year management history or ownership of a primary home income

– The borrower must own a Primary Residence to use rental income to qualify when purchasing a new rental property; and

– Whether purchasing a new rental property or converting a Primary Residence to a rental property, if the Borrower does not a minimum of one-year investment property management experience
  • The rental income can only offset the PITI of the rental property; and
  • Rental income exceeding the PITI cannot be added to the Borrower’s gross monthly income to qualify
Additional Updates

Expanded requirements, additional specificity and guidance:

– Removes requirement to verify operating expenses when rental income is not used to qualify
– Removes requirement for completion of Income approach on appraisal
– Rental income reported on IRS form 8825, Section 5306.1(e) and 5304.1(d) to specify all rental real estate held by a partnership or S Corp is treated as self-employed **regardless** of the borrower’s ownership interest in the business
Form Updates

Guide Impacts:

– Guide Form 1000 *Comparable Rent Schedule* reintroduced
  • Used on a purchased when NO lease is available and property will be rented out long term (one year)

– Form 998, *Operating Income Statement, being retired*

– Form 91, Income Calculations- Updated to remove the Schedule E rental income

– Form 92, Net Rental Income Calculations – Schedule E-
  • Introducing Form 92 to support calculation of net rental income when Schedule E is being used.
    – Three sections are provided for ease of use when determining the debt payment-to-income ratio
    – Subject 2-4 unit Primary Residence
    – Subject Investment property
    – Non-Subject investment Property
## Reserve Policy - Chapter 5501.2

<table>
<thead>
<tr>
<th>Subject property</th>
<th>Required reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Residence - 1-unit</td>
<td>None</td>
</tr>
<tr>
<td>Primary Residence - 2- to 4-unit</td>
<td>Six months for the subject property</td>
</tr>
<tr>
<td>Second home</td>
<td>Two months for the subject property</td>
</tr>
<tr>
<td>Investment Property</td>
<td>Six months for the subject property</td>
</tr>
</tbody>
</table>

### Calculating Required Reserves is Getting Easier

To streamline your underwriting process, we’re updating Loan Product Advisor to automatically calculate the additional required reserves when the subject property is a second home or an investment property **effective for all submissions and resubmissions on and after November 12, 2017**.

This means that you should no longer **manually** calculate the additional required reserves when your borrower has additional financed second homes or investment properties for which the borrower is obligated.* This amount will **automatically** be included in the Required Reserves field on the Loan Product Advisor Feedback Certificate.

*Note: If manual calculation of additional required reserves is performed on and after November 12, the required reserves calculation will be incorrect – it will result in an over-calculation of the amount of reserves required.

---

**Rental Income**
Important Updates About Reserves

Effective For Loans Submitted and Resubmitted On Or After November 12, 2017

– Loan Product Advisor will determine reserves for additional properties owned and obligated on when subject is a second home or investment property

– Data accuracy is critical

– Enter all eligible assets

– Enter details for each additional 1-4 unit residential property in which the borrower has ownership interest and is obligated on the financing

– Specifically:
  – Property disposition
  – Subject property
  – Current Resident
  – Liabilities associated with each property?
Bulletin 2018-10

Selling Updates

- Increased number of financed properties to 10 when subject is a second home or investment. When 7-10 range loan must have:
  - 720 credit score
  - 8 months reserves for each second home or investment property borrower is obligated on
  - Accept/Eligible recommendation from Loan Product Advisor

See Freddie Mac Single-Family Seller/Servicer Guide For Complete Details
Fannie Mae Rental Income Guidelines
Fannie Mae Seller Guide

General Guidelines and Rental Income Forms

– Borrowers that have a history of renting the subject or another property, typically income is reported on IRS Form 1040 Schedule E
– Properties owned by businesses, such as an LLC or S Corp or Partnership, rental income is found on IRS Form 8825 (attached to the business return)
– If borrower’s tax returns do not accurately reflect the ongoing income and expenses of the property, lenders may be justified in using fully executed current leases for:
  • Purchases
  • Refinance in which the borrower purchased the rental during or subsequent to the last tax return filing and is properly documented
  • Refinance of a property that experienced significant rental interruptions such as renovation or a casualty loss that is properly documented
– When the subject property will generate rental income and is NOT on the tax returns, one of the following Fannie Mae forms must be used to support the income-earning potential
  • One-unit properties: Single-Family Comparable Rent Schedule (Form 1007)
  • For two-to-four unit properties: Small Residential Income Appraisal Report (Form 1025)
2017-02 Updates Market Rent
– Use 75% of the market rents (from form 1007 or form 1025) or leases.

Calculation of Rental Income When Using Market Rent
We have clarified how to calculate monthly qualifying rental income (or loss) when using market rents reported on Form 1007 or Form 1025. There is now consistency in the calculation, whether using lease agreements or market rents, by using 75% of the monthly lease or market rent amount.

This clarification is effective immediately.

Homebuyer Education and Counseling
In response to lender feedback, we have updated the Selling Guide to clarify our requirements pertaining to homeownership education and housing counseling. Clarifications include updated definitions that more clearly distinguish homeownership education from housing counseling, and more specific information about when education or counseling must be completed. We have also updated and renamed the Certificate of Completion of Housing Counseling (Form 1011) to align with the changes in the Guide.

Effective Date
This clarification is effective immediately.

Calculation of Rental Income When Using Market Rent
We have clarified how to calculate monthly qualifying rental income (or loss) when using market rents reported on Form 1007 or Form 1025. There is now consistency in the calculation, whether using lease agreements or market rents, by using 75% of the monthly lease or market rent amount.
Fannie Mae Rental Calculators

Rental Income Worksheet
Principal Residence, 2- to 4-unit Property: Monthly Qualifying Rental Income

1. Enter a rental rate from the non-owner-occupied units.
2. Add back insurance expense.
3. Add back mortgage interest paid.
4. Add back mortgage insurance premium.
5. Add back property taxes.
6. Add back any one-time extraordinary expense(s), e.g., repairs.
7. Divide by the number of months the property was in service.

Reenter months on line 6.

Step 2-A: Rental Lease Agreement or Fannie Mae Rental Calculator

1. Enter the number of months the rental lease agreement or market rent (from line 4 above) for the rental units.
2. Multiply the result of step 1 by 75%.
3. Add any mortgage or rental expenses.
4. Subtract income from the rental units.
5. Subtract any one-time extraordinary expense(s) to the rental units.
6. Divide by the number of months the property was in service.
7. Result: Monthly qualifying rental income.

Reenter months on line 6.

Step 3: Determine the qualifying impact using the result of step 2A or 2B.

1. Add back the monthly mortgage paid to the on-site manager, or market rent (from line 1 above) or line 2 above, for the rental units.
2. Multiply the result of step 1 by 75%.
3. Add any mortgage or rental expenses.
4. Subtract income from the rental units.
5. Subtract any one-time extraordinary expense(s) to the rental units.

Reenter months on line 6.

Step 4: Determine the qualifying impact of the non-owner-occupied rental property.

1. Enter the amount of the monthly qualifying income for the non-owner-occupied property.
2. Add any mortgage or rental expenses.
3. Subtract income from the non-owner-occupied property.
4. Subtract any one-time extraordinary expense(s) to the non-owner-occupied property.
5. Result: Monthly qualifying rental income.

Reenter months on line 6.

Step 5: Consulting with a lawyer or accountant to determine if the property is rental income or not.

Fannie Mae Rental Calculator

Borrowers with Multiple Financed Properties

DU uses the number of financed properties to apply the following eligibility guidelines:

– A minimum credit score of 720 is required for borrowers with 7-10 financed properties
– Borrowers are limited to a maximum of 10 financed properties
Multiple Financed Properties Fannie Mae

B2-2-03: Multiple Financed Properties for the Same Borrower (03/29/2016)

Limits on the Number of Financed Properties

If the mortgage loan being delivered to Fannie Mae is secured by the borrower’s principal residence, there are no limitations on the number of other properties that the borrower will have financed. If the mortgage is secured by a second home or an investment property, the multiple financed properties policy applies. The maximum number of financed properties that are permitted is based on the underwriting method, as described later in this topic.

The financed property limit

• applies to the number of one- to four-unit residential properties where the borrower is personally obligated on the mortgage(s);
• applies to the total number of properties financed, not to the number of mortgages on the property or the number of mortgages sold to Fannie Mae;
• includes the borrower’s principal residence if it is financed; and
• is cumulative for all borrowers (though jointly financed properties are only counted once).

The following property types are not subject to these limitations, even if the borrower is personally obligated on a mortgage on the property:

• commercial real estate,
• multifamily property consisting of more than four units,
• ownership in a timeshare,
• ownership of a vacant lot (residential or commercial), or
• ownership of a manufactured home on a leasehold estate not titled as real property (chattel lien on the home).

Applies When The Subject Transaction Is A Second Home Or Investment Property AND The Borrower is Personal Obligated On The Financing
Reserves- Fannie Mae Multiple Financed Properties DU 10.0

Calculation of Reserves for Multiple Financed Properties

If the borrower owns other financed properties (determined in accordance with B2-2-03, Multiple Financed Properties for the Same Borrower), additional reserves must be calculated and documented for financed properties other than the subject property and the borrower’s principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties:

- 2% of the aggregate UPB if the borrower has one to four financed properties,
- 4% of the aggregate UPB if the borrower has five to six financed properties, or
- 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only).

The aggregate UPB calculation does not include the mortgages and HELOCs that are on:

- the subject property,
- the borrower’s principal residence,
- properties that are sold or pending sale, and
- accounts that will be paid by closing (or omitted in DU on the online loan application).

Note: DU will also include in the UPB calculation open mortgages and HELOCs on the credit report that are not disclosed on the online loan application.

Applies When The Subject Transaction Is A Second Home Or Investment Property AND The Borrower is Personal Obligated On The Financing
**Reserves- Fannie Mae Multiple Financed Property Examples**

### Examples of Reserves Calculations

The following tables contain examples of reserves calculations for borrowers with multiple financed properties.

**Example 1: Three Financed Properties**

<table>
<thead>
<tr>
<th>Occupancy</th>
<th>Outstanding UPB</th>
<th>Monthly PITIA</th>
<th>Reserves Calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject: Second Home</td>
<td>$78,750</td>
<td>$776</td>
<td>2 Months PITIA = $1,552</td>
</tr>
<tr>
<td>Principal</td>
<td>$0</td>
<td>$179</td>
<td>N/A</td>
</tr>
<tr>
<td>Investor</td>
<td>$87,550</td>
<td>$787</td>
<td>$230,050 x 2% = $4,601</td>
</tr>
<tr>
<td>Investor</td>
<td>$142,500</td>
<td>$905</td>
<td>Total = $6,153</td>
</tr>
<tr>
<td></td>
<td>$230,050</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Applies When The Subject Transaction Is A Second Home Or Investment Property AND The Borrower is Personal Obligated On The Financing
Rental Income-Fannie Mae

Fannie Mae Requirements 2-4 Unit Primary Residence
– Purchase: Gross income is calculated from Form 1025 (small residential properties).
– Net rental income is determined by taking the lesser of 75% of the gross rent from form 1025 or 75% of the existing leases. Note: Do NOT subtract to mortgage payment as this is the primary housing payment.
– Refinance: Document the rental cash flow by obtaining copies of the borrower’s most recent one years signed federal tax returns.

Fannie Mae Requirements 1-4 Unit Investment
– Purchase: Gross income is calculated from Form 1025 (2-4 unit properties) or Single Family Rent Schedule Form 1007 for a single family property.
– Net rental income is determined by taking the lesser of 75% of the gross rent (from Form 1025 or Form 1007) minus the full mortgage payment for the property or 75% of the existing leases.
– Refinance: Document the rental cash flow by obtaining copies of the borrower’s most recent one years signed federal tax returns.
You Need....

- 2017 Schedule “E” handout
- Rental Income Calculation Form
  - Impounded/non-impounded are calculated the same
  - Training today assume a escrowed or impounded loan
## Schedule E Handout

### Rental Income

![Schedule E Form 1040](image_url)

**Part I: Income or Loss From Rental Real Estate and Royalties**

- **A** Did you make any payments in 2017 that would require you to file Form(s) 1099? (see instructions) [ ] Yes [x] 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** 8 Renters Way Ocean Grove NJ 07754
- **B**
- **C**

**1b** Type of Property (from list below)

<table>
<thead>
<tr>
<th></th>
<th>2</th>
<th>Fair Rental Days</th>
<th>Personal Use Days</th>
<th>QJV</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>365</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.
Mortgage Statement/Payment Coupon

Always ask for one

- If loan is impounded or escrowed
- What property the mortgage payment is associated with
- If non impounded, obtain current tax and insurance information
- If condo, PUD or Coop, most investors want verification of current HOA dues
**Mortgage Statement/Payment Coupon**

### Mortgage Liabilities (HELOC, Mortgage)

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

<table>
<thead>
<tr>
<th>Omit</th>
<th>Paid By Close</th>
<th>Account Owner</th>
<th>Creditor Name</th>
<th>Liability Type</th>
<th>Monthly Payment</th>
<th>Balance</th>
<th>Subject Property Lien</th>
<th>Rental Property Lien</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>☐</td>
<td>JOHN H</td>
<td>mortgage on rental</td>
<td>Mortgage</td>
<td>$2450</td>
<td>$100,000.00</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td></td>
<td></td>
<td>HOA DUES</td>
<td>$155.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Payment Above Came From Mortgage Statement And HOA Coupon From Borrower And Is Impounded; For Non-impounded Loans Obtain Tax And Insurance Information.
**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**

<table>
<thead>
<tr>
<th>Rental Income Calculation</th>
<th>2016</th>
<th>2017</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Gross Rents (Line 3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Expenses (Line 20)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Depreciation (Line 19)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Amortization/Casualty Loss/Nonrecurring Expenses (Line 10)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Insurance (Line 17)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Mortgage Interest (Line 12)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Taxes (Line 16)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Annual Rental Income/Loss</td>
<td></td>
<td></td>
<td><strong>Net rental losses are typically included with liabilities when calculating the debt ratio.</strong></td>
</tr>
<tr>
<td>10 Number of Months Considered (Line 2)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Monthly Income/Loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Monthly Mortgage Payment (verified)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Monthly Net Rental Income/Loss**</td>
<td></td>
<td></td>
<td><strong>Check applicable guidelines if not using 12 months.</strong></td>
</tr>
</tbody>
</table>

**Property 2**

<table>
<thead>
<tr>
<th>Rental Income Calculation</th>
<th>2016</th>
<th>2017</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Gross Rents (Line 3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Expenses (Line 20)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Depreciation (Line 19)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Amortization/Casualty Loss/Nonrecurring Expenses (Line 10)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Insurance (Line 17)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Mortgage Interest (Line 12)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Taxes (Line 16)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Annual Rental Income/Loss</td>
<td></td>
<td></td>
<td><strong>Net rental losses are typically included with liabilities when calculating the debt ratio.</strong></td>
</tr>
<tr>
<td>10 Number of Months Considered (Line 2)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Monthly Income/Loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Monthly Mortgage Payment (verified)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Monthly Net Rental Income/Loss**</td>
<td></td>
<td></td>
<td><strong>Check applicable guidelines if not using 12 months.</strong></td>
</tr>
</tbody>
</table>

This calculator can be found at [https://www.mtg.genworth.com/self-employed-borrower-calculators](https://www.mtg.genworth.com/self-employed-borrower-calculators).
## 2017 Schedule E Rental Income

<table>
<thead>
<tr>
<th>Property 1</th>
<th>Rental Income Calculation</th>
<th>2016</th>
<th>2017</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gross Rents (Line 3)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Expenses (Line 20)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Depreciation (Line 18)</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Insurance (Line 9)*</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Mortgage Interest (Line 12)*</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Taxes (Line 16)*</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Other:</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Annual Rental Income/Loss</td>
<td>=</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>10</td>
<td>Number of Months Considered (Line 2)***</td>
<td>/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Monthly Income/Loss</td>
<td>=</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>12</td>
<td>Monthly Mortgage Payment (Verified)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Monthly Net Rental Income/Loss**</td>
<td>= $ 0.00</td>
<td>= $ 0.00</td>
<td></td>
</tr>
</tbody>
</table>

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

*Only include if using the full PITI payment on Line 12 of this calculator or qualifying ratios.

**Net rental losses are typically included with liabilities when calculating the debt ratio.

***Check applicable guidelines if not using 12 months.
<table>
<thead>
<tr>
<th>Income:</th>
<th>Properties:</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Rents received</td>
<td>3</td>
<td>52,766.</td>
</tr>
<tr>
<td>4 Royalties received</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

**Expenses:**

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Advertising</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>6 Auto and travel (see instructions)</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7 Cleaning and maintenance</td>
<td>7</td>
<td>1,477.</td>
</tr>
<tr>
<td>8 Commissions</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>9 Insurance</td>
<td>9</td>
<td>1,801.</td>
</tr>
<tr>
<td>10 Legal and other professional fees</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>11 Management fees</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>12 Mortgage interest paid to banks, etc. (see instructions)</td>
<td>12</td>
<td>20,778.</td>
</tr>
<tr>
<td>13 Other interest</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>14 Repairs</td>
<td>14</td>
<td>1,766.</td>
</tr>
<tr>
<td>15 Supplies</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>16 Taxes</td>
<td>16</td>
<td>9,422.</td>
</tr>
<tr>
<td>17 Utilities</td>
<td>17</td>
<td>399.</td>
</tr>
<tr>
<td>18 Depreciation expense or depletion</td>
<td>18</td>
<td>3,661.</td>
</tr>
<tr>
<td>19 Other (list) ▶ HOA</td>
<td>19</td>
<td>1,866.</td>
</tr>
<tr>
<td>20 Total expenses. Add lines 5 through 19</td>
<td>20</td>
<td>41,170.</td>
</tr>
<tr>
<td>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</td>
<td>21</td>
<td>11,596.</td>
</tr>
</tbody>
</table>
Net Rental Income

Compare “rental income” figure with your 1003 or loan application

– 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.
Net Rental Income

Do not use leases, use the “Cash Flow” from the property

- Be sure to flag the mortgage payment in your system as a rental property lien so that it will NOT count it in the debt ratio.

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Type of Property</th>
<th>Present Market Value</th>
<th>Amount of Mortgages &amp; Liens</th>
<th>Gross Rental Income</th>
<th>Mortgage Payments</th>
<th>Insurance, Maintenance, Taxes &amp; Misc.</th>
<th>Net Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 Renters Way</td>
<td>R</td>
<td>$225000</td>
<td>$180,400</td>
<td>$3,500</td>
<td>$2,500</td>
<td>$875</td>
<td>$</td>
</tr>
</tbody>
</table>

Mortgage Liabilities (HELOC, Mortgage)

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

<table>
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<th>Omit</th>
<th>Paid By Close</th>
<th>Account Owner</th>
<th>Creditor Name</th>
<th>Liability Type</th>
<th>Monthly Payment</th>
<th>Balance</th>
<th>Subject Property Lien</th>
<th>Rental Property Lien</th>
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<td>Mortgage</td>
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<td>$100,000.00</td>
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Rental Income
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Training Tools and Information

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

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

- Fannie Mae Form 1084 Calculator (2015-2016)
- Freddie Mac Form 91 Calculator (2015-2016)
- Rental Income Calculator (2015-2016)
- Quick Ratio - Liquidity Calculator (2015-2016)
- Current Ratio - Liquidity Calculator (2015-2016)
- Fannie Mae Rental Guide (Calculator 1957)
- Fannie Mae Rental Guide (Calculator 1038)
- Fannie Mae Comparative Analysis Guide (Form 1088)
- Fannie Mae Rental Guide (Calculator 1010)
- Fannie Mae Rental Guide (Calculator 1039)

Rental Income
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- UW Manual
- First-Time Homebuyers

Self-Employed Borrower Tools
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- First-time homebuyers had a strong purchase year in 2017. Will that continue during 2018?
- Read what our very own Tian Liu has to say.
- First-time U.S. home buying posts first drop... Americans who had never previously owned a home bought 471,500 single-family homes in
- Get started

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