

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

April 2021

Customer Education

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Fannie Mae Cash Flow Analysis Form 1084

Lender Responsibility

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

- History
- Income calculation
- Continuance / Stability of income

Objective

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

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

Self-Employment Fannie Mae

self employed



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



Introduction

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

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

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

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Overview

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

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

Fannie Mae 2021 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (10/14/2016)

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Factors to Consider for a Self-Employed Borrower

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

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

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

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/#Factors.20to.20Consider.20for.20a.20Self-Employed.20Borrower>

Fannie Mae 2021 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (10/24/2016)

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Analysis of Borrower's Personal Income

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



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

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

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

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/#Analysis.20of.20Borrower.E2.80.99s.20Personal.20Income>

Fannie Mae 2021 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (10/02/2016)

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Analysis of Borrower's Business Income

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

The purpose of this analysis is to:

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

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

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

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/#Analysis.20of.20Borrower.E2.80.99s.20Business.20Income>

Fannie Mae 2021 Selling Guide B3-3.2-01, Underwriting Factors and Documentation for a Self-Employed Borrower (10/24/2016)

Form 1088 Trend Analysis



Comparative Income Analysis

Borrower Name

Company Name

General Instructions: This Form is to be used to compare the borrower's business over a period of years. Each term is defined as follows:

Gross Income: Gross receipts or Sales (-) Returns and Allowances
Expenses: Cost of goods sold (+) Total deductions
Taxable Income: from
 IRS Form 1040, Schedule C = Net Profit or Loss (Sole Proprietorship)
 IRS Form 1065 = Ordinary Income or Loss (Partnership)
 IRS Form 1120(S) = Ordinary Income or Loss (S Corporation)
 IRS Form 1120 = Taxable Income (Corporation)

Calculation Instructions: Determine year-to-year trends in gross income, expenses, and taxable income as described below.

Gross Income

- Step 1. Enter the gross income figure from each year's statement where indicated.
 Step 2. Determine the percentage change in gross income from one year to the next by
 (a) calculating the dollar difference between the two years, and then
 (b) dividing the dollar difference by the previous year's gross income.
 Enter the percentage of increase or decrease where indicated. Be sure to indicate a + (plus) or - (minus) sign.

Year <input type="text"/>	Year <input type="text"/>	Year <input type="text"/>
Gross Income <input type="text"/>	Gross Income <input type="text"/>	Gross Income <input type="text"/>
100%	100%	100%
% Change <input type="text"/>	(+) or (-) % change** <input type="text"/>	(+) or (-) % change** <input type="text"/>

Expenses

- Step 1. Enter the expense income figure from each year's statement where indicated.
 Step 2. Determine what percentage expenses are of gross income by dividing the expense amount by the dollar amount of gross income for each year. Enter the results where indicated.
 Step 3. Determine the percentage change in expenses from one year to the next by
 (a) calculating the dollar difference between the two years, and then
 (b) dividing the dollar difference by the previous year's expenses.
 Enter the percentage of increase and decrease where indicated. Be sure to indicate a + (plus) or - (minus) sign.

Year <input type="text"/>	Year <input type="text"/>	Year <input type="text"/>
Expenses <input type="text"/>	Expenses <input type="text"/>	Expenses <input type="text"/>
%**	%**	%**
% Change <input type="text"/>	(+) or (-) % change** <input type="text"/>	(+) or (-) % change** <input type="text"/>

*The expenses and taxable income each period as a percentage of gross income for that period.
 **The percentage change for each item from the previous period.

Quick Reference Guide: Fannie Mae's Comparative Income Analysis Form (Form 1088)

Fannie Mae's Comparative Income Analysis Form (Form 1088) leads the lender through the calculation of percentage increases (or decreases) in gross income, expenses and taxable income, as well as taxable income trend.

This form can be used with any business return, including Sole Proprietor (IRS Form 1040, Schedule C or C-EZ), Partnership (IRS Form 1065), S-Corp (IRS Form 1120S) and Corporate (IRS Form 1120). The guide below shows the line numbers for each form where the information can be found

FannieMae Comparative Income Analysis

Borrower Name

Company Name

General Instructions: This form is to be used to compare the borrower's business over a period of years. Each item is as follows:
 Gross Income = Gross receipts or Sales (-) Returns and Allowances; Expenses = Cost of goods sold (+) Total Deductions
 Taxable Income from
 Schedule C = Net Profit or Loss (Sole Proprietorship); Form 1065 = Ordinary Income or Loss (Partnership);
 Form 1120 = Taxable Income (Corporation); Form 1120(S) = Taxable Income (S Corporation)

Calculation Instructions: Determine year-to-year trends in gross income, expenses, and taxable income as described below.

Gross Income

Step 1. Enter the gross income figure from each year's statement where indicated.

Step 2. Determine the percentage change in gross income from one year to the next by --
 • calculating the dollar difference between the two years; and
 • dividing the dollar difference by the previous year's gross income.
 Enter the percentage of increase or decrease where indicated. Be sure to indicate + or --.

Gross Income \$ 100% \$ 100% \$ 100%
 % change (+) (-) %** (+) (-) %**

Expenses

Step 1. Enter the expense income figure from each year's statement where indicated.

Step 2. Determine what percentage expenses are of gross income by dividing the expense amount by the dollar amount of gross income for each year. Enter the results where indicated.

Step 3. Determine the percentage change in expenses from one year to the next by --
 • calculating the dollar difference between the two years; and
 • dividing the dollar difference by the previous year's expenses.
 Enter the percentage of increase and decrease where indicated. Be sure to indicate + or --.

Expenses \$ %* \$ %* \$ %*
 % change (+) (-) %** (+) (-) %**

Taxable Income

Step 1. Enter the taxable income figure from each year's statement where indicated.

Step 2. Determine what percentage taxable income is of gross income by dividing the dollar amount of taxable income by the dollar amount of gross income. Enter the results where indicated.

Step 3. Determine the percentage change in taxable income from one year to the next by --
 • calculating the dollar difference between the two years; and
 • dividing the dollar difference by the previous year's taxable income.
 Enter the percentage of increase or decrease where indicated. Be sure to indicate + or --.

Taxable Income \$ %* \$ %* \$ %*
 % change (+) (-) %** (+) (-) %**

* The expenses and taxable income each period as a percentage of gross income for that period.
 ** The percentage change for each item from the previous period.
 The Taxable Income Trend is ☐ increasing ☐ level ☐ decreasing.

Form	2015, -14, -13 & -12 Line	Gross Income
Sched C	3	
C-EZ	1	
P/T	1c	
S-Corp	1c	
Corp	1c	

Form	2015, -14, -13 & -12 Line	Expenses
Sched C	4 + 28	
C-EZ	2	
P/T	2 + 21	
S-Corp	2 + 20	
Corp	2 + 27	

Form	2015, -14, -13 & -12 Line	Taxable Income
Sched C	31	
C-EZ	3	
P/T	22	
S-Corp	21	
Corp	30	

Fannie Mae Form 1088 July 99

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Income Verification for Self-Employed Co-Borrowers

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

<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)

Fannie Mae COVID-19

Self-employed Borrower Policies

Fannie Mae LL-2021-03

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 [Age of Documentation](#) requirements below.*

Updated SEB Profit and Loss FAQ For 2021

Q19.  **Is there a minimum time period that must be reported on a profit and loss statement for loan applications taken in 2021? NEW**

For loan applications dated Feb. 1 through Mar. 31, the profit and loss statement (audited or unaudited) must include a minimum three-month look back period to ensure there is sufficient information to determine the extent to which a business has been impacted by COVID-19. This may require reporting of prior and current year details.

Examples

Application Date	The profit and loss statement must report...	When unaudited, depository account statements include...
January 2021	January through December 2020	October, November, December 2020
February 2021	November and December 2020 and January 2021	November and December 2020 and January 2021
June 2021	January through May 2021	March, April, May 2021

Fannie Mae LL-2021-03

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 of 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	<ul style="list-style-type: none">▪ Have business operations been maintained or modified to support continued business income? <i>For example, review an updated business plan.</i>▪ Is the business continuing to operate in the current location or an alternate location suitable for business operations? <i>For example, perform an Internet search or verify through a third-party source.</i>▪ Is there a demand for the product or service currently offered by the business? <i>For example, obtain current business receipts or purchase contracts.</i>▪ 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? <i>For example, obtain a written explanation from the business owner or confirmation that income is seasonal apart from the event timeline.</i>

Fannie Mae LL-2021-03

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

Assessing the Impact of COVID-19	
Business Income	<p>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 <i>Cash Flow Analysis</i> (Form 1084)* for a similar timeframe (such as monthly).</p> <ul style="list-style-type: none">▪ Lenders can make standard adjustments to business cash flow (net income on the profit and loss statement) in accordance with B3-3.4-04, Analyzing Profit and Loss Statements when making this determination.
Business Stability	<ul style="list-style-type: none">▪ 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? <p>A current balance sheet may be used to support the lender's determination of business stability, in conjunction with the profit loss statement.</p>

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

COVID-19 SEB Training Tools and Training

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 Freddie Mac Form 92 Calculator (2019-2020) Form 92 Net Rental Income Calculations - Schedule E. <small>UPDATED</small>	 Schedule Analysis Method (SAM) Calculator (2019-2020) Calculate qualifying income from tax returns. <small>UPDATED</small>	 Rental Income Calculator (2019-2020) Assists in calculating rental income from IRS form 1040 Schedule E. <small>UPDATED</small>
 Current Ratio - Liquidity Calculator (2019-2020) Calculate working capital liquidity against current liabilities. <small>UPDATED</small>	 Quick Ratio - Liquidity Calculator (2019-2020) Calculate an organization's liquidity against current liabilities. <small>UPDATED</small>	 Fannie Mae Rental Guide (Calculator 1037) Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2- to 4-unit Property).
 Fannie Mae Rental Guide Calculator (1038)	 Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property).	 Fannie Mae Form 1088 Cheat Sheet Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088).
 Fannie Mae Comparative Analysis Form 1088 Calculate increases/decreases in gross income, expenses and taxable income.	 Income Calculation Worksheet Use this form to calculate income. <small>UPDATED</small>	 P&L Calculator Created as result of changes by the GSEs to adapt to the COVID-19 pandemic.
 Business Stability and Income Worksheet (2021)		

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COVID-19 Updates For Self-Employment Through November 2020






Highlights the self-employed policy changes through November 13, 2020 for Fannie Mae and Freddie Mac as a result of the COVID-19 pandemic. Covers Freddie Mac Bulletin 2020-19, Bulletin 2020-23, and Fannie Mae Lender Letter 2020-03.



Basic


40 mins






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






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



Intermediate

25 mins



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Does Borrower Own 25% Or More Of A Business?

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

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



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 Business Stability and Income Worksheet (2021) Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic. <small>UPDATED</small>		

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Fannie Mae's 1084



Cash Flow Analysis (Form 1084)

Borrower Name: _____

Business Name (optional): _____

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

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

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

Please download before each calculation as calculations are updated periodically.

Account Name: _____ Loan Number: _____

Property Address: _____

Genworth
Mortgage Insurance

Calculator and Quick Reference Guide: Fannie Mae Cash Flow Analysis

Please use the following quick reference guide to assist you in completing Fannie Mae Form 1084. It provides suggested guidance only and does not replace Fannie Mae instructions or applicable guidelines.

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

IRS Form 1040 – Individual Income Tax Return	2020	2019	NOTES
1. W-2 Income from Self-Employment	+		
2. Schedule B – Interest and Ordinary Dividends			
a. Interest Income from Self-Employment (Line 1)	+		
b. Dividends from Self-Employment (Line 5)	+		
3. Schedule C – Profit or Loss from Business: Sole Proprietorship			
a. Net Profit or Loss (Line 31)	+/-		
b. Nonrecurring Other (Income) Loss/Expenses (Line 4)	+/-		
c. Depreciation (Line 12)	+		
d. Depreciation (Line 12)	+		
e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-		
f. Business Use of Home (Line 32, Check applicable guidelines)	+		
g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part 1*)	+		
Business Miles (Page 2, Part IV, Line 4b) (Only add back 45¢ per mile)			
h. Depreciation Rate (2020 - 27%; 2019 - 28%)		0.27	0.28
i. Total Mileage Depreciation	+	0.00	0.00
Subtotal Schedule C	=	0.00	0.00
4. Schedule D – Capital Gains and Losses			
a. Recurring Capital Gains (from Self-Employment)	+		
5. Schedule E – Supplemental Income and Loss			
Note: A lender may use Fannie Mae Rental Income Worksheets (Form 1037 or Form 1038) or a comparable form to calculate individual rental income (loss) reported on Schedule E.			
a. Royalties Received (Line 4)	+		
b. Total Expenses (Line 20)	-		
c. Depreciation (Line 18)	+		
Subtotal Schedule E	=	0.00	0.00
6. Schedule F – Profit or Loss from Farming			
a. Net Farm Profit or Loss (Line 34)	+/-		
b. Non-Tax Portion Ongoing Coop and CCC Payments (Line 3, 4, 6(a), 6(b))	+/-		
c. Nonrecurring Other (Income) or Loss (Lines 5c & 6)	+/-		
d. Depreciation (Line 14)	+		
e. Amortization/Casualty Loss/Depreciation (Line 32*)	+		
f. Business Use of Home (Line 32, Check applicable guidelines)	+		
Subtotal Schedule F	=	0.00	0.00

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

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

Page 1 of 4

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

<https://new-content.mortgageinsurance.genworth.com/documents/calculators/8608510.Training.FannieMae1084.Calculator.0221.pdf>

You'll Need



CASE STUDY
Analysis of the Self Employed Borrower

Genworth Mortgage Insurance Customer Training

YOU-CENTRIC SOLUTIONS THAT MATTER

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Genworth Mortgage Insurance underwriters include: Genworth Mortgage Insurance Corporation and Genworth Mortgage Insurance Corporation of North Carolina

Genworth 
Mortgage Insurance

The Case Study

You will be working with John and Mary Homeowner who:

- Own a Schedule C business called Impressive Images (John)
- Have Schedule B interest and dividend income
- Have capital gains/loss activity reported on a Schedule D
- Own an existing rental property shown on a Schedule E
- **Own 50% of an LLC Light It Up (Mary)*
 - *Mary receives a W-2 Wage Statement from the business*
 - *Mary receives a K-1*
 - *Reported on a Partnership Return 1065*
- **Own 33% of an S Corporation called Designing the Future, Inc. (John)*
 - *John receives a K-1*
 - *1120S Business Tax Return*

*This is covered in case study part II

Form 1040

Review for:

– Identifiers

- Name
- Address
- Social Security Number

– All pages and schedules

- Line 2b & 3b \geq \$1,500 - Schedule B
- Line 7- Schedule D
- Line 10a- Schedule 1
- Line 12- Schedule A?

Page 2

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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

Your first name and middle initial: John Last name: Homeowner Your social security number: XXX-XX-XXXX
If joint return, spouse's first name and middle initial: Mary Last name: Homeowner Spouse's social security number: XXX-XX-XXXX

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.:
7 Galloping Hill Road
City, town, or post office. If you have a foreign address, also complete spaces below. State: NJ ZIP code: 07708
Colts Neck
Foreign country name: Foreign province/state/country: Foreign postal code:

Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☒ No

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

Age/Blindness You: ☐ Were born before January 2, 1956 ☐ Are blind Spouse: ☐ Was born before January 2, 1956 ☐ Is blind

Dependents (see instructions):

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

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	63,400.
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
5a	Pensions and annuities	5a	
6a	Social security benefits	6a	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7	-3,000.
8	Other income from Schedule 1, line 9	8	57,267.
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	119,235.
10	Adjustments to income:		
a	From Schedule 1, line 22	10a	4,741.
b	Charitable contributions if you take the standard deduction. See instructions	10b	
c	Add lines 10a and 10b. These are your total adjustments to income	10c	4,741.
11	Subtract line 10c from line 9. This is your adjusted gross income	11	114,494.
12	Standard deduction or itemized deductions (from Schedule A)	12	40,503.
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	10,384.
14	Add lines 12 and 13	14	50,887.
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	63,607.

Standard Deduction for:
• Single or Married filing separately, \$12,400
• Married filing jointly or Qualifying widow(er), \$24,800
• Head of household, \$18,650
• If you checked any box under Standard Deduction, see instructions.

Let's Focus On Line 10a And The Schedule 1

Form 1040

Review for:

– Is there an Entry on Line 10a?

- Review Schedule 1

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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

Your first name and middle initial: John Last name: Homeowner Your social security number: XXX-XX-XXXX
If joint return, spouse's first name and middle initial: Mary Last name: Homeowner Spouse's social security number: XXX-XX-XXXX

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.:
7 Galloping Hill Road
City, town, or post office. If you have a foreign address, also complete spaces below. State: NJ ZIP code: 07708
Foreign country name: Foreign province/state/county: Foreign postal code:
Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☒ No

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

Age/Blindness You: ☐ Were born before January 2, 1956 ☐ Are blind Spouse: ☐ Was born before January 2, 1956 ☐ Is blind

Dependents (see instructions):
If more than four dependents, see instructions and check here ▶ ☐

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

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	63,400.
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
		b	Taxable interest
		2b	1,568.
		3b	
		4b	
		5b	
		6b	
		7	-3,000.
		8	57,267.
		9	119,235.

10 Adjustments to income:

a From Schedule 1, line 22 **10a** 4,741.

9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** **9** 119,235.

10 Adjustments to income:

a From Schedule 1, line 22 **10a** 4,741.

b Charitable contributions if you take the standard deduction. See instructions **10b**

c Add lines 10a and 10b. These are your **total adjustments to income** **10c** 4,741.

11 Subtract line 10c from line 9. This is your **adjusted gross income** **11** 114,494.

12 **Standard deduction or itemized deductions** (from Schedule A) **12** 40,503.

13 Qualified business income deduction. Attach Form 8995 or Form 8995-A **13** 10,384.

14 Add lines 12 and 13 **14** 50,887.

15 **Taxable income.** Subtract line 14 from line 11. If zero or less, enter -0- **15** 63,607.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2020)

Does Your Borrower Have Additional Sources Income? Review Schedule 1

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

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue 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.

OMB No. 1545-0074
2020
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR
John & Mary Homeowner

Your social security number
XXX-XX-XXXX

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ►		
3	Business income or (loss). Attach Schedule C	3	67,105.
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	-9,838.
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ►	8	
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	57,267.

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	4,741.
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ►		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees deduction. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10a	22	4,741.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA REV 02/15/21 TTW Schedule 1 (Form 1040) 2020

Does Your Borrower Have Additional Sources Income?

Take a closer look at line 5
Schedule e activity

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

If, partnership or S Corp
income, verify you have
the K-1s before continuing

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue 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.

OMB No. 1545-0074
2020
Attachment
Sequence No. 01

Name(s) shown on Form 1040, 1040-SR, or 1040-NR
John & Mary Homeowner

Your social security number
XXX-XX-XXXX

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ►		
3	Business income or (loss). Attach Schedule C	3	67,105.
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	-9,838.
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ►	8	
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	57,267.

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	4,741.
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ►		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees deduction. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10a	22	4,741.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA REV 02/15/21 TTW Schedule 1 (Form 1040) 2020

Schedule E Has Two Parts

SCHEDULE E (Form 1040)		Supplemental Income and Loss (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (IRS)		► Attach to Form 1040, 1040-SR, 1040-NR, or 1041. ► Go to www.irs.gov/ScheduleE for instructions and the latest information.		<div style="border: 1px solid black; padding: 2px; display: inline-block;"> 2020 Attachment Sequence No. 13 </div>	
Name(s) shown on return				Your social security number	
John & Mary Homeowner				XXX-XX-XXXX	
Part I Income or Loss From Rental Real Estate and Royalties Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.					
A Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
B If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
1a Physical address of each property (street, city, state, ZIP code)					
A 234C Condo Court Sea Bright NJ 07772					
B					
C					
1b	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	1		A 366	0	<input type="checkbox"/>
B			B		<input type="checkbox"/>
C			C		<input type="checkbox"/>
Type of Property: 1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental 2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)					
Income:					
		Properties:	A	B	C
3	Rents received	3	35,440.		
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6			
7	Cleaning and maintenance	7	1,980.		
8	Commissions	8			
9	Insurance	9	2,299.		
10	Legal and other professional fees	10	550.		
11	Management fees	11	850.		
12	Mortgage interest paid to banks, etc. (see instructions)	12	7,996.		
13	Other interest	13			
14	Repairs	14	4,500.		
15	Supplies	15	2,199.		
16	Taxes	16	11,211.		
17	Utilities	17	2,697.		
18	Depreciation expense or depletion	18	7,127.		
19	Other (list) ► Association Dues	19	1,800.		
20	Total expenses. Add lines 5 through 19	20	43,209.		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-7,769.		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	-10,255.		
23a	Total of all amounts reported on line 3 for all rental properties	23a	35,440.		
b	Total of all amounts reported on line 4 for all royalty properties	23b			
c	Total of all amounts reported on line 12 for all properties	23c	7,996.		
d	Total of all amounts reported on line 18 for all properties	23d	7,127.		
e	Total of all amounts reported on line 20 for all properties	23e	43,209.		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24			
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	10,255.		
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2	26	-10,255.		

For Paperwork Reduction Act Notice, see the separate instructions. Schedule E (Form 1040) 2020

BAA REV 02/15/21 TTW

11

Schedule E Partnerships and S Corps

Schedule E (Form 1040) 2020

Attachment Sequence No. **13**

Page **2**

Name(s) shown on return. Do not enter name and social security number if shown on other side.

John & Mary Homeowner

Your social security number

XXX-XX-XXXX

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

Part II **Income or Loss From Partnerships and S Corporations** — **Note:** If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (f) on line 28 and attach **Form 6198**. See instructions.

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

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A	Light It Up, LLC	P	<input type="checkbox"/>	12-1234567	<input type="checkbox"/>	<input type="checkbox"/>
B	Designing the Future, Inc	S	<input type="checkbox"/>	33-1234567	<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss

Nonpassive Income and Loss

	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A			3,954.		
B				9,732.	14,103.
C					
D					
29a Totals					14,103.
b Totals			3,954.	9,732.	

30	Add columns (h) and (k) of line 29a.	30	14,103.
31	Add columns (g), (i), and (j) of line 29b.	31	(13,686.)
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31	32	417.

1065 K-1

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

	Beginning	Ending
Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

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

Schedule K-1 (Form 1065) 2020

Department of the Treasury Internal Revenue Service

For calendar year 2020, or tax year beginning / / 2020 ending / /

Partner's Share of Income, Deductions, Credits, etc.

Part I Information About the Partnership

A Partnership's employer identification number 12-1234567

B Partnership's name, address, city, state, and ZIP code
Light It Up, LLC
350 Broad St
Red Bank, NJ 07755

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

Part II Information About the Partner

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

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
Mary Homeowner
7 Galloping Hill Road, Colts Neck, NJ 07708

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

H1 ☐ Domestic partner ☐ Foreign partner

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

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

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

	Beginning	Ending
Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

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

K Partner's share of liabilities:

	Beginning	Ending
	\$	\$
	\$	\$
	\$	\$

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

1 Ordinary business income (loss)	-3,954	15 Credits
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		16 Foreign transactions
4a Guaranteed payments for services		
4b Guaranteed payments for capital		
4c Total guaranteed payments		
5 Interest income		
6a Ordinary dividends		
6b Qualified dividends		
6c Dividend equivalents		17 Alternative minimum tax (AMT) items
7 Royalties		A -118
8 Net short-term capital gain (loss)		
9a Net long-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9b Collectibles (28%) gain (loss)		
9c Unrecaptured section 1250 gain		
10 Net section 1231 gain (loss)		19 Distributions
11 Other income (loss)		
12 Section 179 deduction		20 Other information
13 Other deductions		
14 Self-employment earnings (loss)		
21 <input type="checkbox"/> More than one activity for at-risk purposes*		
22 <input type="checkbox"/> More than one activity for passive activity purposes*		

*See attached statement for additional information.

Partner's Capital Account Analysis

	Beginning	Ending
Capital	\$	\$
Profit	\$	\$
Loss	\$	\$
Capital	\$	\$

For IRS Use Only

For Paperwork Reduction Act Notice, see Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11304R Schedule K-1 (Form 1065) 2020

Double Check for the S Corp Documents

Schedule E (Form 1040) 2020

Attachment Sequence No. **13**

Page **2**

Name(s) shown on return. Do not enter name and social security number if shown on other side.

John & Mary Homeowner

Your social security number

XXX-XX-XXXX

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

Part II **Income or Loss From Partnerships and S Corporations** — **Note:** If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (f) on line 28 and attach **Form 6198**. See instructions.

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

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A	Light It Up, LLC	P	<input type="checkbox"/>	12-1234567	<input type="checkbox"/>	<input type="checkbox"/>
B	Designing the Future, Inc	S	<input type="checkbox"/>	33-1234567	<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss

Nonpassive Income and Loss

	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A			3,954.		
B				9,732.	14,103.
C					
D					
29a Totals					14,103.
b Totals			3,954.	9,732.	
30	Add columns (h) and (k) of line 29a.				30 14,103.
31	Add columns (g), (i), and (j) of line 29b.				31 (13,686.)
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31				32 417.

Don't forget to ask for both K-1's. Designing the Future?

1120S K-1

John is 33% owner

Page 25

671120
OMB No. 1545-0123

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

2020
For calendar year 2020, or tax year

beginning / / 2020 ending / /

Shareholder's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
33-1234567

B Corporation's name, address, city, state, and ZIP code
Designing The Future, Inc
109 River Road
Red Bank, NJ 07755

C IRS Center where corporation filed return
e-file

Part II Information About the Shareholder

D Shareholder's identifying number
XXX-XX-XXXX

E Shareholder's name, address, city, state, and ZIP code
John Homeowner
7 Galloping Hill Road
Colts Neck, NJ 07708

F Current year allocation percentage 33.33333 %

G Shareholder's number of shares
Beginning of tax year 33
End of tax year 33

H Loans from shareholder
Beginning of tax year \$ 10,366.6667
End of tax year \$ 20,103.6667

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

1 Ordinary business income (loss) **13** Credits
14,103

2 Net rental real estate income (loss)

3 Other net rental income (loss)

4 Interest income **2**

5a Ordinary dividends

5b Qualified dividends **14** Foreign transactions

6 Royalties

7 Net short-term capital gain (loss)

8a Net long-term capital gain (loss)

8b Collectibles (28%) gain (loss)

8c Unrecaptured section 1250 gain

9 Net section 1231 gain (loss)

10 Other income (loss) **15** Alternative minimum tax (AMT) items
A -987

11 Section 179 deduction **16** Items affecting shareholder basis
9,732 C 456

12 Other deductions **283** A

17 Other information
A 2

18 ☐ More than one activity for at-risk purposes*

19 ☐ More than one activity for passive activity purposes*

* See attached statement for additional information.

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120-S Cat. No. 11502D Schedule K-1 (Form 1120-S) 2020

Calculator and Quick Reference Guide

Access Your Quick Reference Guide 1084 Form and Case Study and Let's Begin!


Borrower Name

Loan Number

Property Address

Genworth

Mortgage Insurance



Calculator and Quick Reference Guide: Fannie Mae Cash Flow Analysis

Please use the following quick reference guide to assist you in completing Fannie Mae Form 1084. It provides suggested guidance only and does not replace Fannie Mae instructions or applicable guidelines.

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

IRS Form 1040 - Individual Income Tax Return			2020	2019	NOTES
1 →	W-2 Income from Self-Employment	+			*Only add back the eligible "Other" deductions, such as Amortization or Casualty Loss.
2	Schedule B - Interest and Ordinary Dividends				
	a. Interest Income from Self-Employment (Line 1)	+			
	b. Dividends from Self-Employment (Line 5)	+			

Form 1040

Review for:

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

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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

Your first name and middle initial: John Last name: Homeowner Your social security number: XXX-XX-XXXX
If joint return, spouse's first name and middle initial: Mary Last name: Homeowner Spouse's social security number: XXX-XX-XXXX

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.:
7 Galloping Hill Road
City, town, or post office. If you have a foreign address, also complete spaces below. State: NJ ZIP code: 07708
Colts Neck
Foreign country name: Foreign province/state/country: Foreign postal code:

Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☒ No

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

Age/Blindness You: ☐ Were born before January 2, 1956 ☐ Are blind Spouse: ☐ Was born before January 2, 1956 ☐ Is blind

Dependents (see instructions):
If more than four dependents, see instructions and check here ▶ ☐

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

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1 63,400.
2a Tax-exempt interest	2a
3a Qualified dividends	3a
4a IRA distributions	4a
5a Pensions and annuities	5a
6a Social security benefits	6a
b Taxable interest	2b 1,568.
b Ordinary dividends	3b
b Taxable amount	4b
b Taxable amount	5b
b Taxable amount	6b

1 Wages, salaries, tips, etc. Attach Form(s) W-2 **1** 63,400.

10 Adjustments to income:
a From Schedule 1, line 22 **10a** 4,741.
b Charitable contributions if you take the standard deduction. See instructions **10b**
c Add lines 10a and 10b. These are your **total adjustments to income** **10c** 4,741.

11 Subtract line 10c from line 9. This is your **adjusted gross income** **11** 114,494.
12 **Standard deduction or itemized deductions** (from Schedule A) **12** 40,503.
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A **13** 10,384.
14 Add lines 12 and 13 **14** 50,887.
15 **Taxable income.** Subtract line 14 from line 11. If zero or less, enter -0- **15** 63,607.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2020)

Do Our Applicants Have Ownership?

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

a Employee's SSN XXX-XX-XXXX		b Employer ID No. (EIN) 12-1234567		OMB No. 1545-0008		
c Employer's name, address, and ZIP code LIGHT IT UP, LLC 350 BROAD STREET RED BANK NJ 07755		This information is being furnished to the IRS. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.				
		1 Wgs, tips, other compn 63400.00	2 Fed inc tax withheld 8970.56	3 Social security wages 67600.00	Form W-2 Wage and Tax Statement 2020 Copy C For EMPLOYEE'S RECORDS (see Notice to Employee.)	
		4 SS tax withheld 4191.20	5 Medicare wages & tips 67600.00	6 Medicare tax withheld 980.20		
		7 Social security tips	8 Allocated tips	9		
d Control No.		10 Depdnt care benefits	11 Nonqualified plans	12a S 4200.00		
e Employee's name, address, and ZIP code Suff. MARY HOMEOWNER 7 GALLOPING HILL ROAD COLTS NECK NJ 07708		13 Statutory employee <input type="checkbox"/>	14 Other	12b		
		Retirement plan <input checked="" type="checkbox"/>		12c		
		Third-party sick pay <input type="checkbox"/>		12d		
15 State NJ	Employer's state ID No. 1234567	16 State wages, tips, etc 63400.00	17 State income tax 4647.32	18 Local wages, tips, etc	19 Local income tax	20 Locality name

1065 K-1

Schedule K-1 (Form 1065) 2020

Department of the Treasury Internal Revenue Service

For calendar year 2020, or tax year beginning / / 2020 ending / /

Partner's Share of Income, Deductions, Credits, etc.

Part I Information About the Partnership

A Partnership's employer identification number 12-1234567

B Partnership's name, address, city, state, and ZIP code
Light It Up, LLC
350 Broad St
Red Bank, NJ 07755

C IRS Center where partnership filed return ☒ e file

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

Part II Information About the Partner

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

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
Mary Homeowner
7 Galloping Hill Road, Colts Neck, NJ 07708

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

H1 ☐ Domestic partner ☐ Foreign partner

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

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

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

	Beginning	Ending
Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

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

K Partner's share of liabilities:

	Beginning	Ending
	\$	\$
	\$	\$
	\$	\$

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

1 Ordinary business income (loss)	-3,954	15 Credits
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		16 Foreign transactions
4a Guaranteed payments for services		
4b Guaranteed payments for capital		
4c Total guaranteed payments		
5 Interest income		
6a Ordinary dividends		
6b Qualified dividends		
6c Dividend equivalents		17 Alternative minimum tax (AMT) items
7 Royalties		A -118
8 Net short-term capital gain (loss)		
9a Net long-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9b Collectibles (28%) gain (loss)		
9c Unrecaptured section 1250 gain		
10 Net section 1231 gain (loss)		19 Distributions
11 Other income (loss)		
12 Section 179 deduction		20 Other information
13 Other deductions		
14 Self-employment earnings (loss)		
21 <input type="checkbox"/> More than one activity for at-risk purposes*		
22 <input type="checkbox"/> More than one activity for passive activity purposes*		

*See attached statement for additional information.

For IRS Use Only

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

	Beginning	Ending
	\$	\$
	\$	\$

For Paperwork Reduction Act Notice, see Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11304R Schedule K-1 (Form 1065) 2020

Any Other W-2 Wages?

Review Form 1040, Line 1 for any additional W-2 Wages

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

a Employee's SSN XXX-XX-XXXX		b Employer ID No. (EIN) 12-1234567		OMB No. 1545-0008	
c Employer's name, address, and ZIP code LIGHT IT UP, LLC 350 BROAD STREET RED BANK NJ 07755		This information is being furnished to the IRS. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
d Control No.		1 Wgs, tips, other compen 63400.00	2 Fed inc tax withheld 8970.56	3 Social security wages 67600.00	Form W-2 Wage and Tax Statement 2020 Copy C For EMPLOYEE'S RECORDS (see Notice to Employee.)
e Employee's name, address, and ZIP code Suff. MARY HOMEOWNER 7 GALLOPING HILL ROAD COLTS NECK NJ 07708		4 SS tax withheld 4191.20	5 Medicare wages & tips 67600.00	6 Medicare tax withheld 980.20	
		7 Social security tips	8 Allocated tips	9	
		10 Depndt care benefits	11 Nonqualified plans	12a S 4200.00	
		13 Statutory employee <input type="checkbox"/>	14 Other	12b	
		Retirement plan <input checked="" type="checkbox"/>		12c	
		Third-party sick pay <input type="checkbox"/>		12d	
15 State NJ	Employer's state ID No. 1234567	16 State wages, tips, etc 63400.00	17 State income tax 4647.32	18 Local wages, tips, etc	19 Local income tax
					20 Locality name

IN Form 1040 - Individual Income Tax Return			2020	2019
1	W-2 Income from Self-Employment	+	67,600.00	

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

Interest Income From S Corps/Partnerships

Attach Sch. B if required.	1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	63,400.
	2a	Tax-exempt interest	2b	1,568.
	3a	Qualified dividends	3b	
	4a	IRA distributions	4b	

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

Page 6

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

Interest and Dividends

Don't use unless needed for qualifying

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

671120
OMB No. 1545-0123

☐ Final K-1 ☐ Amended K-1

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

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

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

1	Ordinary business income (loss)	13	Credits
2	Net rental real estate income (loss)		
	14,103		
3	Other net rental income (loss)		
4	Interest income	2	
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	-987

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
33-1234567

B Corporation's name, address, city, state, and ZIP code
Designing The Future, Inc
109 River Road
Red Bank, NJ 07755

C IRS Center where corporation filed return
e-file

Part II Information About the Shareholder

D Shareholder's identifying number
XXX-XX-XXXX

E Shareholder's name, address, city, state, and ZIP code
John Homeowner
7 Galloping Hill Road
Colts Neck, NJ 07708

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

Is There a Schedule C?


SCHEDULE 1 (Form 1040) Department of the Treasury Internal Revenue 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.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2020</div> Attachment Sequence No. 01
Name(s) shown on Form 1040, 1040-SR, or 1040-NR John & Mary Homeowner		Your social security number XXX-XX-XXXX
Part I Additional Income		
1 Taxable refunds, credits, or offsets of state and local income taxes	1	
2a Alimony received	2a	
b Date of original divorce or separation agreement (see instructions) ▶ _____		
3 Business income or (loss). Attach Schedule C	3	67,105.
4 Other gains or (losses). Attach Form 4797	4	
5 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	-9,838.
6 Farm income or (loss). Attach Schedule F	6	
7 Unemployment compensation	7	
8 Other income. List type and amount ▶ _____	8	
9 Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	57,267.

Check for multiple Schedule C's...

31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), 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.	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 31 67,105. </div>
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Page 4, 7


Schedule C

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

Schedule C

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074 2020 Attachment Sequence No. 09	
Department of the Treasury Internal Revenue Service (IRS) ▶ Go to www.irs.gov/ScheduleC for instructions and the latest information. ▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.					
Name of proprietor John Homeowner			Social security number (SSN) XXX-XX-XXXX		
A Principal business or profession, including product or service (see instructions) Photographer			B Enter code from instructions 1516161010		
C Business name, if no separate business name, leave blank. Impressive Images			D Employer ID number (EIN) (see instructions)		
E Business address (including suite or room no.) ▶ 7 Galloping Hill Road City, town or post office, state, and ZIP code Colts Neck, NJ 07708					
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶					
G Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
H If you started or acquired this business during 2020, check here <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Part I Income					
1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>			1 157,866.		
2 Returns and allowances			2		
3 Subtract line 2 from line 1			3 157,866.		
4 Cost of goods sold (from line 42)			4		
5 Gross profit. Subtract line 4 from line 3			5 157,866.		
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)			6 6,755.		
7 Gross income. Add lines 5 and 6			7 164,621.		
Part II Expenses. Enter expenses for business use of your home only on line 30.					
8 Advertising			8 10,877.		
9 Car and truck expenses (see instructions)			9 18,964.		
10 Commissions and fees			10		
11 Contract labor (see instructions)			11		
12 Depreciation			12		
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)			13 4,829.		
14 Employee benefit programs (other than on line 13)			14		
15 Insurance (other than health)			15		
16 Interest (see instructions):			16		
a Mortgage (paid to banks, etc.)			16a		
b Other			16b		
17 Legal and professional services			17 2,211.		
18 Office expense (see instructions)			18		
19 Pension and profit-sharing plans			19		
20 Rent or lease (see instructions):			20		
a Vehicles, machinery, and equipment			20a		
b Other business property			20b		
21 Repairs and maintenance			21		
22 Supplies (not included in Part III)			22 6,690.		
23 Taxes and licenses			23		
24 Travel and meals:			24		
a Travel			24a 1,200.		
b Deductible meals (see instructions)			24b 2,327.		
25 Utilities			25 7,211.		
26 Wages (less employment credits)			26		
27a Other expenses (from line 48)			27a 22,356.		
b Reserved for future use			27b		
28 Total expenses before expenses for business use of home. Add lines 8 through 27a			28 76,665.		
29 Tentative profit or (loss). Subtract line 28 from line 7			29 87,956.		
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30			30 20,851.		
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.			31 67,105.		
32 If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.			32a <input type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> Some investment is not at risk.		
For Paperwork Reduction Act Notice, see the separate instructions. 7 BAA REV 02/15/21 TTW Schedule C (Form 1040) 2020					

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	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	=	67,105.00

Schedule C

SCHEDULE C
(Form 1040)

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0044
2020
Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service (IRS)

Go to www.irs.gov/ScheduleC for instructions and the latest information.
Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor
John Homeowner

A Principal business or profession, including product or service (see instructions)
Photographer

B Enter code from instructions
1561610

C Business name, if no separate business name, leave blank.
Impressive Images

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

E Business address (including suite or room no.) **7 Galloping Hill Road**
City, town or post office, state, and ZIP code **Colts Neck, NJ 07708**

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

G Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses. ☒ Yes ☐ No

H If you started or acquired this business during 2020, check here ☐ Yes ☒ No

I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions ☐ Yes ☒ No

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

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	157,866.
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	157,866.
4	Cost of goods sold (from line 42)	4	
5	Gross profit. Subtract line 4 from line 3	5	157,866.
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	6,755.
7	Gross income. Add lines 5 and 6	7	164,621.

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

8	Advertising	8	10,877.	18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
12	Depreciation	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	4,829.	22	Supplies (not included in Part III)	22	6,690.
14	Employee benefit programs (other than on line 19)	14		23	Taxes and licenses	23	
15	Insurance (other than health)	15		24	Travel and meals:	24a	1,200.
						24b	2,327.
						25	7,211.
						26	
						27a	22,356.
						27b	
						28	76,665.
						29	87,956.
						30	20,851.
						31	67,105.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) **6,755.**

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

If you checked 32b, you must attach Form 6198. Your loss may be limited.
For Paperwork Reduction Act Notice, see the separate instructions. **7** BAA REV 02/15/21 TTW Schedule C (Form 1040) 2020

Examples include:

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

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(6,755.00)
	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	=	60,350.00

Schedule C

Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8	10,877.	18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions).	9	18,964.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	4,829.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	6,690.
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	1,200.
b	Other	16b		b	Deductible meals (see instructions)	24b	2,327.
17	Legal and professional services	17	2,211.	25	Utilities	25	7,211.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	22,356.
				b	Reserved for future use	27b	

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(6,755.00)
	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	=	60,350.00

Schedule C

Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8	10,877.	18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions).	9	18,964.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	4,829.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	6,690.
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	1,200.
b	Other	16b		b	Deductible meals (see instructions)	24b	2,327.
17	Legal and professional services	17	2,211.	25	Utilities	25	7,211.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	22,356.
				b	Reserved for future use	27b	

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(6,755.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	4,829.00
→	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	=	65,179.00

Schedule C

Meals and Entertainment: 50% Limit

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

Meals and Entertainment: 100% Limit

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

Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8	10,877.	18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions).	9	18,964.	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	4,829.	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	6,690.
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	1,200.
b	Other	16b		b	Deductible meals (see instructions)	24b	2,327.
17	Legal and professional services	17	2,211.	25	Utilities	25	1,211.
				26	Wages (less employment credits)	26	
				27a	Other expenses (from line 48)	27a	22,356.
				b	Reserved for future use	27b	

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(6,755.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	4,829.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,327.00
→	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	=	62,852.00

Schedule C

30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	20,851.
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Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss <i>(Line 31)</i>	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses <i>(Line 6)</i>	+/-	(6,755.00)
	c. Depletion <i>(Line 12)</i>	+	0.00
	d. Depreciation <i>(Line 13)</i>	+	4,829.00
	e. Non-deductible Meals and Entertainment Expenses <i>(Line 24b)</i>	-	2,327.00
	f. Business Use of Home <i>(Line 30, Check applicable guidelines)</i>	+	20,851.00
	g. Amortization/Casualty Loss <i>(Only add back Amort/CL - Review Schedule C Page 2, Part V*)</i>	+	
	Business Miles <i>(Page 2, Part IV, Line 44a OR Related 4562, Line 30)</i>		
	X Depreciation Rate <i>(2020 - 27¢; 2019 - 26¢)</i>		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	83,703.00

Schedule C

27a	Other expenses (from line 48) . . .	27a	22,356.
b	Reserved for future use . . .	27b	

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

Shipping & Postage	4,399.
Outside Services	15,000.
Amortization	2,007.
Printing	150.
Casualty Loss/Theft Claim	800.

Only the \$2,007 Amortization and Casualty Loss of \$800 is added back.

Pages 7 & 8

Miscellaneous Expenses

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


Examples include:

- Answering services
- Bad debts (only if you use the accrual method)
- Bank service charges
- Bankruptcy filings
- Books, magazines, newspapers, subscriptions for business
- Conferences, conventions
- Continuing education expenses
- Credit and collections costs
- Credit card fees
- Dues to professional organizations
- Employment agency
- Gifts
- Memberships for business
- Outside services
- Pension plan administrative costs (not contributions)
- Printing and copies
- Prizes to customers and suppliers
- Publications and subscriptions to trade magazines
- Shipping and postage
- Small tools
- Startup costs (\$5,000 maximum allowed)
- Tax return software (business portion)
- Uniforms and their maintenance

Do not include:

- Charitable contributions
- Political contributions

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss <i>(Line 31)</i>	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses <i>(Line 6)</i>	+/-	(6,755.00)
	c. Depletion <i>(Line 12)</i>	+	0.00
	d. Depreciation <i>(Line 13)</i>	+	4,829.00
	e. Non-deductible Meals and Entertainment Expenses <i>(Line 24b)</i>	-	2,327.00
	f. Business Use of Home <i>(Line 30, Check applicable guidelines)</i>	+	20,851.00
	g. Amortization/Casualty Loss <i>(Only add back Amort/CL - Review Schedule C Page 2, Part V*)</i>	+	2,807.00
	Business Miles <i>(Page 2, Part IV, Line 44a OR Related 4562, Line 30)</i>		
	X Depreciation Rate <i>(2020 - 27¢; 2019 - 26¢)</i>		0.27
	= Total Mileage Depreciation	+	0.00
	Subtotal Schedule C	=	86,510.00

Schedule C Line 9 - Car and Truck Expenses

9	Car and truck expenses (see instructions).	9	18,964.
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3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(6,755.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	4,829.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,327.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	20,851.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,807.00
	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	=	86,510.00

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

Schedule C

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

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

43 When did you place your vehicle in service? (month/day/year) ▶ _____

44 Of the total number of miles you drove your vehicle during 20____, the number of miles you used your vehicle for:

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

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

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

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

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

If blank there is typically a 4562

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (Line 31)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (Line 6)	+/-	(6,755.00)
	c. Depletion (Line 12)	+	0.00
	d. Depreciation (Line 13)	+	4,829.00
	e. Non-deductible Meals and Entertainment Expenses (Line 24b)	-	2,327.00
	f. Business Use of Home (Line 30, Check applicable guidelines)	+	20,851.00
	g. Amortization/Casualty Loss (Only add back Amort/CL - Review Schedule C Page 2, Part V*)	+	2,807.00
	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	=	86,510.00

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

Schedule C

Verify 4562 is for the Schedule C

- Review Page 2 of the worksheet
- Line #30

Form 4562	Depreciation and Amortization (Including Information on Listed Property)	OMB No. 1545-0172
Department of the Treasury Internal Revenue Service (99)	► Attach to your tax return. ► Go to www.irs.gov/Form4562 for instructions and the latest information.	2020 Attachment Sequence No. 179
Name(s) shown on return John & Mary Homeowner	Business or activity to which this form relates Sch C Photographer	Identifying number XXX-XX-XXXX

Form 4562 (2020) Page **2**

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

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

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

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

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions .								
26 Property used more than 50% in a qualified business use:								
Range Rover	01/03/2015	61.47 %						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .								
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .								

Section B—Information on Use of Vehicles

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

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles) .	8,244					
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven	5,167					
33 Total miles driven during the year. Add lines 30 through 32	13,411					
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
35 Was the vehicle used primarily by a more than 5% owner or related person?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
36 Is another vehicle available for personal use?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No

Schedule C

Form 4562 (2020) Page **2**

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

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

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

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

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions .						25		
26 Property used more than 50% in a qualified business use:								
Range Rover	01/03/2015	61.47 %						
		%						
		%						
27 Property used 50% or less in a qualified business use:						S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .							29	

Section B—Information on Use of Vehicles

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

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles)	8,244					
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven	5,167					
33 Total miles driven during the year. Add lines 30 through 32	13,411					
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
	X					
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
	X					
36 Is another vehicle available for personal use?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
	X					


Page 16

Business Miles Of 8,244 x 27¢ Is \$2,225 In Additional Depreciation That Could Be Added Back.

Schedule C

3	Schedule C - Profit or Loss from Business: Sole Proprietorship		
	a. Net Profit or Loss (<i>Line 31</i>)	+/-	67,105.00
	b. Nonrecurring Other (Income) Loss/Expenses (<i>Line 6</i>)	+/-	(6,755.00)
	c. Depletion (<i>Line 12</i>)	+	0.00
	d. Depreciation (<i>Line 13</i>)	+	4,829.00
	e. Non-deductible Meals and Entertainment Expenses (<i>Line 24b</i>)	-	2,327.00
	f. Business Use of Home (<i>Line 30, Check applicable guidelines</i>)	+	20,851.00
	g. Amortization/Casualty Loss (<i>Only add back Amort/CL - Review Schedule C Page 2, Part V*</i>)	+	2,807.00
	Business Miles (<i>Page 2, Part IV, Line 44a OR Related 4562, Line 30</i>)		8,244.00
	X Depreciation Rate (<i>2020 - 27¢; 2019 - 26¢</i>)		0.27
	= Total Mileage Depreciation	+	2,225.88
	Subtotal Schedule C	=	88,735.88

IRS Publication 463

 Department of the Treasury Internal Revenue Service	Publication 463 Cat. No. 11081L Travel, Gift, and Car Expenses	Contents Future Developments 2 What's New 2 Reminder 2 Introduction 2 Chapter 1. Travel 3 Traveling Away From Home 3 Tax Home 3
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**JOURNAL OF
ACCOUNTANCY®**

Home

COVID-19

TAX

PRACTICE MANAGEMENT

FINANCIAL REPORTING

AUDIT

incurred.

Under Notice 2020-05, driving for medical care or for certain limited moving expense purposes for members of the armed forces may be deducted at 17 cents per mile, which is 3 cents lower than for 2019.

The TCJA repealed the moving expense deduction for individual taxpayers from 2018 to 2025, except for U.S. armed forces members on active duty who move pursuant to a military order and incident to a permanent change of station to whom Sec. 217(g) applies.

The rate for service to a charitable organization is unchanged, set by statute at 14 cents per mile (Sec. 170(i)).

The portion of the business standard mileage rate that is treated as depreciation will be 27 cents per mile for 2020, 1 cent more than 2019, one of the few amounts that is increasing.

2001–2002	0.15
2000	0.14

<https://www.journalofaccountancy.com/news/2020/jan/2020-irs-mileage-rates-22724.html#:~:text=The%20rate%20for%20service%20to,few%20amounts%20that%20is%20increasing.>

Personal Debt Paid by Business

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

Business Debt in Borrower's Name

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

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

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

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

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

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

Schedule D Capital Gains

Don't use unless needed for qualifying

- Two year history, stable receipt and likely to continue
- Check investor overlays before using
- Let's review IRS Form 1040, Line 13 to see what was reported
- Our 2020 example shows a \$3,000 loss

Attach Sch. B if required.

Standard Deduction for—
 • Single or Married filing separately, \$12,400
 • Married filing jointly or Qualifying widow(er), \$24,800
 • Head of household, \$18,650
 • If you checked any box under Standard Deduction, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	63,400.
2a	Tax-exempt interest	2b	1,568.
3a	Qualified dividends	3b	
4a	IRA distributions	4b	
5a	Pensions and annuities	5b	
6a	Social security benefits	6b	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7	-3,000.
8	Other income from Schedule 1, line 9	8	57,267.
9	Add lines 1, 2b, 4b, 5b, 6b, 7, and 8. This is your total income	9	119,235.
10	Adjustments to income:		
a	From Schedule 1, line 22	10a	4,741.
b	Charitable contributions if you take the standard deduction. See instructions	10b	
c	Add lines 10a and 10b. These are your total adjustments to income	10c	4,741.
11	Subtract line 10c from line 9. This is your adjusted gross income	11	114,494.
12	Standard deduction or itemized deductions (from Schedule A)	12	40,503.
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	10,384.
14	Add lines 12 and 13	14	50,887.
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	63,607.

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

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

OMB No. 1545-0074

2020
Attachment Sequence No. 12

Name(s) shown on return
John & Mary Homeowner

Your social security number
XXX-XX-XXXX

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

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

See instructions for how to figure the amounts to enter on the lines below.
 This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term gain or (loss) from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 (7,554.)
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7 -7,554.

Schedule D

SCHEDULE D (Form 1040)		Capital Gains and Losses		OMB No. 1545-0074 <div style="font-size: 24pt; font-weight: bold;">2020</div> Attachment Sequence No. 12	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/ScheduleD for instructions and the latest information. ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.			
Name(s) shown on return John & Mary Homeowner			Your social security number XXX-XX-XXXX		
Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.					
Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)					
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .					
1b Totals for all transactions reported on Form(s) 8949 with Box A checked					
2 Totals for all transactions reported on Form(s) 8949 with Box B checked					
3 Totals for all transactions reported on Form(s) 8949 with Box C checked					
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 . .					4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions					6 (7,554.)
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back					7 -7,554.

Page 9

Where Did The \$7,544 Loss On Line 6 Come From?
The 1040 Showed A \$3,000 Loss.

Schedule D

Part III Summary

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

- If line 16 is a **gain**, enter the amount from line 16 on Form 1040, 1040-SR, or 1040-NR, line 7. Then, go to line 17 below.
- If line 16 is a **loss**, skip lines 17 through 20 below. Then, go to line 21. Also be sure to complete line 22.
- If line 16 is **zero**, skip lines 17 through 21 below and enter -0- on Form 1040, 1040-SR, or 1040-NR, line 7. Then, go to line 22.

17 Are lines 15 and 16 **both** gains?
☐ **Yes.** Go to line 18.
☐ **No.** Skip lines 18 through 21, and go to line 22.

18 If you are required to complete the **28% Rate Gain Worksheet** (see instructions), enter the

4 Schedule D - Capital Gains and Losses

a. Recurring Capital Gains (from Self-Employment)

+

0.00

☐ **Yes.** Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Forms 1040 and 1040-SR, line 16. **Don't** complete lines 21 and 22 below.

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

21 If line 16 is a loss, enter here and on Form 1040, 1040-SR, or 1040-NR, line 7, the **smaller** of:

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

3,000.

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

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

☐ **Yes.** Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Forms 1040 and 1040-SR, line 16.

☒ **No.** Complete the rest of Form 1040, 1040-SR, or 1040-NR.

Fannie Mae Form 1038

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

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

Genworth Rental Income Calculator

- Locate Calculator and Quick Reference Guide for Rental Income
- Turn to Schedule E, Part I, Rentals
- Rental Income has been removed from the Form 1084

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

Genworth Mortgage Insurance

Calculator and Quick Reference Guide: Rental Income

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

Property 1

Rental Income Calculation	2020	2019	NOTES
1 Gross Rents (Line 3)			
2 Expenses (Line 20)	-		*Check applicable guidelines if not using 12 months.
3 Depreciation (Line 18)	+		
4 Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+		**Net rental losses are typically included with liabilities when calculating the debt ratio.
5 Insurance (Line 9)	+		
6 Mortgage Interest (Line 12)	+		
7 Taxes (Line 16)	+		
8 Other: (HOA if Applicable)	+		
9 Annual Rental Income/Loss	=	\$ 0.00	\$ 0.00
10 Number of Months Considered (Line 2)*	/		
11 Monthly Income/Loss	=		
12 Monthly Mortgage Payment (Verified)	-		
13 Monthly Net Rental Income/Loss**	=	\$ 0.00	\$ 0.00

Property 2

Rental Income Calculation	2020	2019	NOTES
1 Gross Rents (Line 3)			
2 Expenses (Line 20)	-		*Check applicable guidelines if not using 12 months.
3 Depreciation (Line 18)	+		
4 Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+		**Net rental losses are typically included with liabilities when calculating the debt ratio.
5 Insurance (Line 9)	+		
6 Mortgage Interest (Line 12)	+		
7 Taxes (Line 16)	+		
8 Other: (HOA if Applicable)	+		
9 Annual Rental Income/Loss	=	\$ 0.00	\$ 0.00
10 Number of Months Considered (Line 2)*	/		
11 Monthly Income/Loss	=		
12 Monthly Mortgage Payment (Verified)	-		
13 Monthly Net Rental Income/Loss**	=	\$ 0.00	\$ 0.00

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

Page 1 of 2

SCHEDULE E (Form 1040) Supplemental Income and Loss

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

Department of the Treasury Internal Revenue Service (99)

OMB No. 1545-0074

2020

Attachment Sequence No. 13

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

Names shown on return: John & Mary Homeowner

Your social security number: XXX-XX-XXXX

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

A Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions ☐ Yes ☒ No

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

1a Physical address of each property (street, city, state, ZIP code)

A 234C Condo Court Sea Bright NJ 07772

B

C

1b Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A 1		366	0	<input type="checkbox"/>
B				<input type="checkbox"/>
C				<input type="checkbox"/>

Type of Property:

1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental

2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3	35,440.		
4 Royalties received	4			
Expenses:				
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7	1,980.		
8 Commissions	8			
9 Insurance	9	2,299.		
10 Legal and other professional fees	10	550.		
11 Management fees	11	850.		
12 Mortgage interest paid to banks, etc. (see instructions)	12	7,996.		
13 Other interest	13			
14 Repairs	14	4,500.		
15 Supplies	15	2,199.		
16 Taxes	16	11,211.		
17 Utilities	17	2,697.		
18 Depreciation expense or depletion	18	7,127.		
19 Other (list) Association Dues	19	1,800.		
20 Total expenses. Add lines 5 through 19	20	43,209.		
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a loss, see instructions to find out if you must file Form 6198	21	-7,769.		
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(-10,255.)		
23a Total of all amounts reported on line 3 for all rental properties	23a	35,440.		
b Total of all amounts reported on line 4 for all royalty properties	23b			
c Total of all amounts reported on line 12 for all properties	23c	7,996.		
d Total of all amounts reported on line 18 for all properties	23d	7,127.		
e Total of all amounts reported on line 20 for all properties	23e	43,209.		
24 Income. Add positive amounts shown on line 21. Do not include any losses	24			
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	(10,255.)		
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2	26	-10,255.		

For Paperwork Reduction Act Notice, see the separate instructions.

BAA REV 02/15/21 TTW

Schedule E (Form 1040) 2020

11

Mortgage Statement/Payment Coupon

A mortgage statement/payment coupon can verify:

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

YOUR MORTGAGE COMPANY

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

Quarterly Mortgage Statement

Statement Date 03/10/09
Payment Due Date 04/01/09
Loan Number 01234567890

Customer Service
Online
yourmortgagecompany.com
Telephone
(866) 012-3456
Fax
(866) 012-0123
Payments PO Box 01234
Big City, USA 01234
Correspondence PO Box 56789
Any Town, USA 56789

01234567 1 AT 1.123 012345678/001234 012 01 ABCDEFG 012
JOE HOMEOWNER
1234 MAIN STREET
SMALLTOWN USA 00000-1234

Summary

Payment (Principal and/or Interest, Escrow)	\$1,033.50	Property Address	1234 MAIN STREET SMALLTOWN USA 00000-1234
Optional Product(s)	\$0.00	Unpaid Principal Balance	\$128,022.58 (Contact Customer Service for you payoff balance)
Current Monthly Payment	\$1,033.50	Interest Rate	5.875%
Overdue Payments	\$0.000	Interest Paid Year-to-Date	\$1,893.80
Unpaid Late Charge(s)	\$0.00	Taxes Paid Year-to-Date	\$50
Other Charges	\$0.00	Escrow Balance	\$910.87
TOTAL PAYMENT	\$1,033.50		

Activity Since Your Last Statement

Date	Description	Total	Principal	Interest	Escrow	Late Charge	Other
03/01	PAYMENT	\$1,033.50	\$293.18	\$629.03	\$111.29		
02/01	PAYMENT	\$1,033.50	\$290.94	\$631.27	\$111.29		
01/01	PAYMENT	\$1,033.50	\$288.70	\$633.50	\$111.29		

PITI \$1,950 (verified on mortgage statement) + \$150 (verified HOA) = \$2,100

Calculator and Quick Reference Guide: Rental Income

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

Property 1

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

Rental Income Calculation			2020	2019	NOTES
1	Gross Rents (Line 3)				*Check applicable guidelines if not using 12 months.
2	Expenses (Line 20)	-			
3	Depreciation (Line 18)	+			**Net rental losses are typically included with liabilities when calculating the debt ratio.
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+			
5	Insurance (Line 9)	+			
6	Mortgage Interest (Line 12)	+			
7	Taxes (Line 16)	+			
8	Other: (HOA if Applicable)	+			
9	Annual Rental Income/Loss	=	\$ 0.00	\$ 0.00	
10	Number of Months Considered (Line 2)*	/			
11	Monthly Income/Loss	=	<input type="text"/>	<input type="text"/>	
12	Monthly Mortgage Payment (Verified)	-			
13	Monthly Net Rental Income/Loss**	=	\$ 0.00	\$ 0.00	

Income:	Properties:		A
3 Rents received	3		35,440.
4 Royalties received	4		
Expenses:			
5 Advertising	5		
6 Auto and travel (see instructions)	6		
7 Cleaning and maintenance	7		1,980.
8 Commissions.	8		
9 Insurance	9		2,299.
10 Legal and other professional fees	10		550.
11 Management fees	11		850.
12 Mortgage interest paid to banks, etc. (see instructions)	12		7,996.
13 Other interest.	13		
14 Repairs.	14		4,500.
15 Supplies	15		2,199.
16 Taxes	16		11,211.
17 Utilities.	17		2,697.
18 Depreciation expense or depletion	18		7,127.
19 Other (list) ► Association Dues	19		1,800.
20 Total expenses. Add lines 5 through 19	20		43,209.
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21		-7,769.

2020 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court,"/>			Calculator Usage
Rental Income Calculation			2020
1	Gross Rents (Line 3)		\$ 35,440.00
2	Expenses (Line 20)	-	
3	Depreciation (Line 18)	+	
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)	+	
6	Mortgage Interest (Line 12)	+	
7	Taxes (Line 16)	+	
8	Other: (HOA if Applicable)	+	
9	Annual Rental Income/Loss	=	\$ 35,440.00
10	Number of Months Considered (Line 2)*	/	
11	Monthly Income/Loss	=	
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	=	\$ 0.00

Income:	Properties:		A
3 Rents received		3	35,440.
4 Royalties received		4	
Expenses:			
5 Advertising		5	
6 Auto and travel (see instructions)		6	
7 Cleaning and maintenance		7	1,980.
8 Commissions.		8	
9 Insurance		9	2,299.
10 Legal and other professional fees		10	550.
11 Management fees		11	850.
12 Mortgage interest paid to banks, etc. (see instructions)		12	7,996.
13 Other interest.		13	
14 Repairs.		14	4,500.
15 Supplies		15	2,199.
16 Taxes		16	11,211.
17 Utilities.		17	2,697.
18 Depreciation expense or depletion		18	7,127.
19 Other (list) ► Association Dues		19	1,800.
20 Total expenses. Add lines 5 through 19		20	43,209.
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21	-7,769.

2020 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court,"/>			Calculator Usage
Rental Income Calculation			2020
1	Gross Rents (Line 3)		\$ 35,440.00
2	Expenses (Line 20)	-	43,209.00
3	Depreciation (Line 18)	+	
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)	+	
6	Mortgage Interest (Line 12)	+	
7	Taxes (Line 16)	+	
8	Other: (HOA if Applicable)	+	
9	Annual Rental Income/Loss	=	(\$ 7,769.00)
10	Number of Months Considered (Line 2)*	/	
11	Monthly Income/Loss	=	
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	=	\$ 0.00

Income:		Properties:		A
3	Rents received		3	35,440.
4	Royalties received		4	
Expenses:				
5	Advertising		5	
6	Auto and travel (see instructions)		6	
7	Cleaning and maintenance		7	1,980.
8	Commissions.		8	
9	Insurance		9	2,299.
10	Legal and other professional fees		10	550.
11	Management fees		11	850.
12	Mortgage interest paid to banks, etc. (see instructions)		12	7,996.
13	Other interest.		13	
14	Repairs.		14	4,500.
15	Supplies		15	2,199.
16	Taxes		16	11,211.
17	Utilities.		17	2,697.
18	Depreciation expense or depletion		18	7,127.
19	Other (list) ► Association Dues		19	1,800.
20	Total expenses. Add lines 5 through 19		20	43,209.
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21	-7,769.

2020 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court,"/>			Calculator Usage
Rental Income Calculation			2020
1	Gross Rents (Line 3)		\$ 35,440.00
2	Expenses (Line 20)	-	43,209.00
3	Depreciation (Line 18)	+	7,127.00
→ 4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	
5	Insurance (Line 9)	+	
6	Mortgage Interest (Line 12)	+	
7	Taxes (Line 16)	+	
8	Other: (HOA if Applicable)	+	
9	Annual Rental Income/Loss	=	(\$ 642.00)
10	Number of Months Considered (Line 2)*	/	
11	Monthly Income/Loss	=	
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	=	\$ 0.00

Income:		Properties:		A
3	Rents received		3	35,440.
4	Royalties received		4	
Expenses:				
5	Advertising		5	
6	Auto and travel (see instructions)		6	
7	Cleaning and maintenance		7	1,980.
8	Commissions.		8	
9	Insurance		9	2,299.
10	Legal and other professional fees		10	550.
11	Management fees		11	850.
12	Mortgage interest paid to banks, etc. (see instructions)		12	7,996.
13	Other interest.		13	
14	Repairs.		14	4,500.
15	Supplies		15	2,199.
16	Taxes		16	11,211.
17	Utilities.		17	2,697.
18	Depreciation expense or depletion		18	7,127.
19	Other (list) ► Association Dues		19	1,800.
20	Total expenses. Add lines 5 through 19		20	43,209.
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21	-7,769.

2020 Schedule E Rental Income

Property 1		234C Condo Court,		Calculator Usage
Rental Income Calculation				2020
1	Gross Rents (Line 3)			\$ 35,440.00
2	Expenses (Line 20)	-		43,209.00
3	Depreciation (Line 18)	+		7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+		0.00
→ 5	Insurance (Line 9)	+		
6	Mortgage Interest (Line 12)	+		
7	Taxes (Line 16)	+		
8	Other: (HOA if Applicable)	+		
9	Annual Rental Income/Loss	=		(\$ 642.00)
10	Number of Months Considered (Line 2)*	/		
11	Monthly Income/Loss	=		
12	Monthly Mortgage Payment (Verified)	-		
13	Monthly Net Rental Income/Loss**	-		\$ 0.00

Income:	Properties:		A
3 Rents received	3		35,440.
4 Royalties received	4		
Expenses:			
5 Advertising	5		
6 Auto and travel (see instructions)	6		
7 Cleaning and maintenance	7		1,980.
8 Commissions.	8		
9 Insurance	9		2,299.
10 Legal and other professional fees	10		550.
11 Management fees	11		850.
12 Mortgage interest paid to banks, etc. (see instructions)	12		7,996.
13 Other interest.	13		
14 Repairs.	14		4,500.
15 Supplies	15		2,199.
16 Taxes	16		11,211.
17 Utilities.	17		2,697.
18 Depreciation expense or depletion	18		7,127.
19 Other (list) ► Association Dues	19		1,800.
20 Total expenses. Add lines 5 through 19	20		43,209.
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21		-7,769.

Income:		Properties:		A
3	Rents received		3	35,440.
4	Royalties received		4	
Expenses:				
5	Advertising		5	
6	Auto and travel (see instructions)		6	
7	Cleaning and maintenance		7	1,980.
8	Commissions.		8	
9	Insurance		9	2,299.
10	Legal and other professional fees		10	550.
11	Management fees		11	850.
12	Mortgage interest paid to banks, etc. (see instructions)		12	7,996.
13	Other interest.		13	
14	Repairs.		14	4,500.
15	Supplies		15	2,199.
16	Taxes		16	11,211.
17	Utilities.		17	2,697.
18	Depreciation expense or depletion		18	7,127.
19	Other (list) ► Association Dues		19	1,800.
20	Total expenses. Add lines 5 through 19		20	43,209.
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21	-7,769.

2020 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court,"/>			Calculator Usage
Rental Income Calculation			2020
1	Gross Rents (Line 3)		\$ 35,440.00
2	Expenses (Line 20)	-	43,209.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,299.00
6	Mortgage Interest (Line 12)	+	7,996.00
7	Taxes (Line 16)	+	
8	Other: (HOA if Applicable)	+	
9	Annual Rental Income/Loss	=	\$ 9,653.00
10	Number of Months Considered (Line 2)*	/	
11	Monthly Income/Loss	=	
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	=	\$ 0.00

Income:	Properties:		A
3 Rents received		3	35,440.
4 Royalties received		4	
Expenses:			
5 Advertising		5	
6 Auto and travel (see instructions)		6	
7 Cleaning and maintenance		7	1,980.
8 Commissions.		8	
9 Insurance		9	2,299.
10 Legal and other professional fees		10	550.
11 Management fees		11	850.
12 Mortgage interest paid to banks, etc. (see instructions)		12	7,996.
13 Other interest.		13	
14 Repairs.		14	4,500.
15 Supplies		15	2,199.
16 Taxes		16	11,211.
17 Utilities.		17	2,697.
18 Depreciation expense or depletion		18	7,127.
19 Other (list) ► Association Dues		19	1,800.
20 Total expenses. Add lines 5 through 19		20	43,209.
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21	-7,769.

2020 Schedule E Rental Income

Property 1 234C Condo Court,

Calculator Usage

Rental Income Calculation

2020

1	Gross Receipts (Line 3)		\$ 35,440.00
2	Expenses (Line 20)	-	43,209.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,299.00
6	Mortgage Interest (Line 12)	+	7,996.00
7	Taxes (Line 16)	+	11,211.00
8	Other: (HOA if Applicable)	+	
9	Annual Rental Income/Loss	=	\$ 20,864.00
10	Number of Months Considered (Line 2)*	/	
11	Monthly Income/Loss	=	
12	Monthly Mortgage Payment (Verified)	-	
13	Monthly Net Rental Income/Loss**	=	\$ 0.00

Income:		Properties:		A
3	Rents received		3	35,440.
4	Royalties received		4	
Expenses:				
5	Advertising		5	
6	Auto and travel (see instructions)		6	
7	Cleaning and maintenance		7	1,980.
8	Commissions.		8	
9	Insurance		9	2,299.
10	Legal and other professional fees		10	550.
11	Management fees		11	850.
12	Mortgage interest paid to banks, etc. (see instructions)		12	7,996.
13	Other interest.		13	
14	Repairs.		14	4,500.
15	Supplies		15	2,199.
16	Taxes		16	11,211.
17	Utilities.		17	2,697.
18	Depreciation expense or depletion		18	7,127.
19	Other (list) ► Association Dues		19	1,800.
20	Total expenses. Add lines 5 through 19		20	43,209.
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21	-7,769.

2020 Schedule E Rental Income

Property 1 234C Condo Court, Calculator Usage Note: Click Grey Buttons

Rental Income Calculation			2020	2019
1	Gross Rents (Line 3)		\$ 35,440.00	
2	Expenses (Line 20)	-	43,209.00	
3	Depreciation (Line 18)	+	7,127.00	
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00	
5	Insurance (Line 9)	+	2,299.00	
6	Mortgage Interest (Line 12)	+	7,996.00	
7	Taxes (Line 16)	+	11,211.00	
8	Other: (HOA if Applicable) HOA Dues	+	1,800.00	
9	Annual Rental Income/Loss	=	\$ 22,664.00	\$ 0.00
10	Number of Months Considered (Line 2)*	/		
11	Monthly Income/Loss	=		
12	Monthly Mortgage Payment (Verified)	-		
13	Monthly Net Rental Income/Loss**			

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

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

Mortgage Statement/Payment Coupon

A mortgage statement/payment coupon can verify:

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

YOUR MORTGAGE COMPANY

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

01234567 1 AT 1.123 012345678/001234 012 01 ABCDEFG 012
JOE HOMEOWNER
1234 MAIN STREET
SMALLTOWN USA 00000-1234

Quarterly Mortgage Statement

Statement Date 03/10/09
Payment Due Date 04/01/09
Loan Number 01234567890

Customer Service
Online
yourmortgagecompany.com
Telephone
(866) 012-3456
Fax
(866) 012-0123

Payments PO Box 01234
Big City, USA 01234

Correspondence PO Box 56789
Any Town, USA 56789

Summary

Payment (Principal and/or Interest, Escrow)	\$1,033.50
Optional Product(s)	\$0.00
Current Monthly Payment	\$1,033.50
Overdue Payments	\$0.000
Unpaid Late Charge(s)	\$0.00
Other Charges	\$0.00
TOTAL PAYMENT	\$1,033.50

Property Address
1234 MAIN STREET
SMALLTOWN USA 00000-1234
Unpaid Principal Balance \$128,022.58
(Contact Customer Service for you payoff balance)
Interest Rate 5.875%
Interest Paid Year-to-Date \$1,893.80
Taxes Paid Year-to-Date \$50
Escrow Balance \$910.87

Activity Since Your Last Statement

Date	Description	Total	Principal	Interest	Escrow	Late Charge	Other
03/01	PAYMENT	\$1,033.50	\$293.18	\$629.03	\$111.29		
02/01	PAYMENT	\$1,033.50	\$290.94	\$631.27	\$111.29		
01/01	PAYMENT	\$1,033.50	\$288.70	\$633.50	\$111.29		

PITI \$1,950 (verified on mortgage statement) + \$150 (verified HOA) = \$2,100

2020 Schedule E Rental Income

Property 1 <input type="text" value="234C Condo Court,"/>			Calculator Usage
Rental Income Calculation			2020
1	Gross Rents (Line 3)		\$ 35,440.00
2	Expenses (Line 20)	-	43,209.00
3	Depreciation (Line 18)	+	7,127.00
4	Amortization/Casualty Loss/Nonrecurring Expenses (Line 19)	+	0.00
5	Insurance (Line 9)	+	2,299.00
6	Mortgage Interest (Line 12)	+	7,996.00
7	Taxes (Line 16)	+	11,211.00
8	Other: (HOA if Applicable) HOA Dues	+	1,800.00
9	Annual Rental Income/Loss	=	\$ 22,664.00
10	Number of Months Considered (Line 2)*	/	12
11	Monthly Income/Loss	=	\$ 1,888.67
12	Monthly Mortgage Payment (Verified)	-	\$ 2,100.00
13	Monthly Net Rental Income/Loss**	=	(\$ 211.33)

URLA Rental Property

Section 3: Financial Information — Real Estate. This section asks you to list all properties you currently own and what you owe on them. ☐ *I do not own any real estate*

3a. Property You Own

If you are refinancing, list the property you are refinancing FIRST.

Address		Street <u>234C Condo Court</u>		Unit # <u></u>	
City <u></u>		State <u></u>		ZIP <u></u> Country <u></u>	
Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. <i>if not included in Monthly Mortgage Payment</i>	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$ 650000	Retained <input type="checkbox"/>	Investment <input type="checkbox"/>	\$ 150	\$	\$ -211

Mortgage Loans on this Property ☐ *Does not apply*

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
ABC Mortgage	1111111	\$ 1950	\$ 402000	<input checked="" type="checkbox"/>	Conventional <input type="checkbox"/>	\$
		\$	\$	<input type="checkbox"/>		\$

$$PITI \$1,950 \text{ (verified on mortgage statement)} + \$150 \text{ (verified HOA)} = \$2,100$$

Net Rental Income

Compare “Rental Income” figure with loan application (Fannie Mae Form 1003)

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

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 Fannie Mae Form 1084 Calculator (2019-2020) Calculate and analyze cash flow to help you complete Fannie Mae form 1084. <small>UPDATED</small>	 Fannie Mae Form 1084 Calculator XLS (2019-2020) Calculate and analyze cash flow to help you complete Fannie Mae form 1084. <small>UPDATED</small>	 Freddie Mac Form 91 Calculator (2019-2020) Quick reference guide and income analysis for Freddie Mac Form 91. <small>UPDATED</small>
 Freddie Mac Form 92 Calculator (2019-2020) Form 92 Net Rental Income Calculations - Schedule E. <small>UPDATED</small>	 Schedule Analysis Method (SAM) Calculator (2019-2020) Calculate qualifying income from tax returns. <small>UPDATED</small>	 Rental Income Calculator (2019-2020) Assists in calculating rental income from IRS form 1040 Schedule E. <small>UPDATED</small>
 Current Ratio - Liquidity Calculator (2019-2020) Calculate working capital liquidity against current liabilities. <small>UPDATED</small>	 Quick Ratio - Liquidity Calculator (2019-2020) Calculate an organization's liquidity against current liabilities. <small>UPDATED</small>	 Fannie Mae Rental Guide (Calculator 1037) Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2- to 4-unit Property).
 Fannie Mae Rental Guide Calculator (1038)	 Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property).	 Fannie Mae Form 1088 Cheat Sheet Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088).
 Fannie Mae Comparative Analysis Form 1088 Calculate increases/decreases in gross income, expenses and taxable income.	 Income Calculation Worksheet Use this form to calculate income. <small>UPDATED</small>	 P&L Calculator Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic.
 Business Stability and Income Worksheet (2021) Created as result of changes made by the GSEs to adapt to the COVID-19 pandemic. <small>UPDATED</small>		

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(2019-2020)



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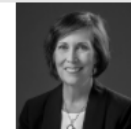
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