Self-Employed Income Analysis

Borrower Name

Property Address

General Instructions: This form is to be used as a guide in Underwriting the Self-employed borrower. The underwriter has a choice in analyzing the Individual Tax return by either the Schedule Analysis Method or the Adjusted Gross Income (AGI) Method. The Schedule Analysis Method derives only self-employed income by analyzing Schedules C, D, F, K-1, and 2106. Non-business income such as dividends, interest, and rental income should be summarized separately on the loan application.

| Schedule Analysis Method | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------|
| A. Individual Tax Return (Form 1040) | | | |
| | | | |
| 1. Schedule C | | 1 | 1 |
| a. Net Profit or Loss | | | |
| b. Depletion | + | + | + |
| c. Depreciation | + | + | + |
| d. Less: 20% Exclusion for Meals and Entertainment | - | - | - |
| 2. Schedule D | | | |
| Recurring Capital Gains 3. Schedule F | + | + | + |
| a. Net Profit or Loss | | | |
| b. Depreciation | + | + | + |
| 4. Schedule K-1 | | | |
| a. Form 1065, Partnership Ordinary Income (Loss) | | | |
| + Guaranteed Payments | | | |
| b. Form 1120-s Ordinary Income (Loss) + Other Income (Loss) | | | |
| 5. Schedule 2106 | | | |
| Total Expenses | | | |
| 6. W-2 income from Corporation | + | + | + |
| 7. Total | | | |
| Complete sections B, C, and D only if the borrower needs more income to qualify for | the loan than is shown in | section A and the borrowe | er has the legal right to |
| draw additional income from the business to qualify for the loan. | | | |
| B. Corporate Tax Return Form (1120) | | | |
| Corporate Income to qualify the borrower will be considered only if the borrower can provide evidence of access to the funds. | | | |
| 1 Tayable Income (Tay and Devenante Castion) | | | 1. |
| Taxable Income (Tax and Payments Section) Total Tax (Tax and Payments Section) | + | + | + |
| | - | - | |
| 3. Depreciation (Deductions Section) | + | + | + |
| Depletion (Deductions Section) Mortgages, notes, bonds payable in less than one year | + | + | + |
| (Balance Sheets Section) | | | |
| 6. Subtotal | - | - | - |
| 7. Times individual percentage of ownership | x % | x % | x % |
| 8. Subtotal | X /0 | X % | x % |
| 9. Dividend Income reflected on borrower's individual income tax returns | | | |
| 10. Total Income available to borrower | | | |
| C. S Corporation Tax Returns (Form 1120s) or Partnership Tax Returns (Form 1065) | | | |
| Partnership or S Corporation income to qualify the borrower will be considered only if the borrower can provide evidence of access to | | | |
| the funds. | | ion bain provide oviden | |
| 1. Depreciation (Deductions Section) | + | + | + |
| 2. Depletion (Deductions Section) | + | + | + |
| 3. Mortgages, notes, bonds payable in less than one year | | | |
| (Balance Sheets Section) | _ | _ | _ |
| 4. Subtotal | | | |
| 5. Times individual percentage of ownership | x % | x % | x % |
| 6. Total income available to borrower | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | |
| Total Income Available (add A, B, C) | 1 | | |
| | | | |
| D. Year-to-Date Profit and Loss | | | |
| Year-to-date income to qualify the borrower will be considered only if that financial statements are provided. | ncome is in line with th | ne previous year's eari | hings or if audited |
| 1. Salary/Draws to individual | | | \$ |
| | ndividual ownership = | | \$ |
| | ndividual ownership = | | \$\$ |
| 4. Total | | | Υ |
| | | | \$ |
| Combined Total I, II, III, YTD = \$ divided by | months = \$ | | nthly Average |
| This form is only a reference to help organize information from the tax returns. You must refer to the selling guide for our complete underwriting requirements on the self-employed. | | | |