

FannieMae
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 Schedule 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:			
a. Net Profit or Loss			
b. Depletion	(+)		
c. Depreciation	(+)		
d. Less: 50% 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. W2 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 borrower 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. Taxable Income (Tax and Payments Section)	(+)		
2. Total Tax (Tax and Payments Section)	(-)		
3. Depreciation (Deductions Section)	(+)		
4. Depletion (Deductions Section)	(+)		
5. Mortgages, notes, bonds payable in less than one year (Balance Sheet Section)	(-)		
6. Subtotal			
7. Times individual percentage of ownership	X	%	X % X %
8. Subtotal			
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.

1. Depreciation (Deductions Section)	(+)		
2. Depletion (Deductions Section)	(+)		
3. Mortgages, notes, bonds payable in less than one year (Balance Sheet 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)	I	II	III

D. Year-to-Date Profit and Loss

Year-to-date income to qualify the borrower will be considered only if that income is in line with the previous year's earnings or if audited financial statements are provided.

1. Salary/Draws to Individual				\$	
2. Total Allowable add back	\$	X	%	of individual ownership =	\$
3. Total net profit	\$	X	%	of individual ownership =	\$
4. Total					\$

Combined Total I, II, III, YTD = \$ divided by months = \$ Monthly 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.