

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)	19__	19__	19__
1. Schedule C:			
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 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	19__	19__	19__
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 Sheets 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.	19__	19__	19__
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)	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.