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.