

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 _____ X _____ % X _____ %
7. Times individual percentage of ownership _____
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 _____ X _____ % X _____ %
5. Times individual percentage of ownership _____
6. Total income available to borrower _____
- Total Income Available (add A, B, C) _____ 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.