

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 analysing the individual Tax return by either the Schedule Analysis Method or the Adjusted Gross Income (AGI) Method.

The AGI Method begins with adjusted gross income from the individual tax returns and either increases or decreases that figure after analysing specific lines and schedules of the return. This method derives total income (both business and non-business). If the borrower has passive activity unallowed losses or loss carryovers, use the Schedule Analysis Method of analysing income.

Adjusted Gross Income (AGI) Method

A. Individual Tax Return (1040)

1. Adjusted Gross Income _____

Income Section:

2. Wages, salary considered elsewhere	(-)	_____	_____
3. Taxable Interest Income	(-)	_____	_____
4. Tax-exempt Interest Income	(+)	_____	_____
5. Dividend Income	(-)	_____	_____
6. Taxable Refunds	(-)	_____	_____
7. Alimony	(-)	_____	_____
8. Business Income or Loss - Schedule C		_____	_____
a. Depletion	(+)	_____	_____
b. Depreciation	(+)	_____	_____
c. 50% Meals and Entertainment Exclusion	(-)	_____	_____
9. (-) Capital Gain or (+) Capital Loss - Schedule D		_____	_____
10. IRA Distributions (non-taxable)	(+)	_____	_____
11. Pensions and Annuities (non-taxable)	(+)	_____	_____
12. Schedule E - Depreciation	(+)	_____	_____
13. Schedule F - Depreciation	(+)	_____	_____
14. Unemployment Compensation	(-)	_____	_____
15. Social Security Benefits (non-taxable)	(+)	_____	_____
16. Other		_____	_____
_____		_____	_____
_____		_____	_____

Adjustment Section:

17. IRA Deduction	(+)	_____	_____
18. One-Half of Self-Employed Tax	(+)	_____	_____
19. Self-Employed Health Insurance	(+)	_____	_____
20. Keogh Retirement Plan	(+)	_____	_____
21. Penalty for Early Withdrawal	(+)	_____	_____
22. Alimony Paid	(+)	_____	_____

Additional Schedules:

23. Form 2106 Unreimbursed Expenses(not fully deductible)	(-)	_____	_____
24. Form 4562 Amortization	(+)	_____	_____
25. Total		_____	_____