

I. Form 1040 – Individual Federal Income Tax Return

	YEAR I _____	YEAR II _____
1. Total Income <i>Line 22</i>	_____	_____
2. Wages, salaries considered elsewhere <i>W2, Box 1</i>	(_____)	- (_____)
★ 3. Tax-Exempt Interest Income <i>Line 8b</i>	_____	+ _____
4. State and Local Tax Refunds <i>Line 10</i>	(_____)	- (_____)
5. Nonrecurring Alimony Received <i>Line 11</i>	(_____)	- (_____)
6. Negate Schedule D (Income) Loss <i>Line 13</i>	_____	(+/-) _____
★ 7. Pension and/or IRA Distributions <i>Line (15a-15b) x 125% or Line (16a-16b) x 125%</i>	_____	+ _____
8. Negate Schedule E (Income) Loss <i>Line 17</i>	_____	(+/-) _____
9. Nonrecurring Unemployment Compensation <i>Line 19</i>	(_____)	- (_____)
★ 10. Social Security Benefit <i>Line 20</i>	_____	+ _____
11. Nonrecurring Other (Income) Loss <i>Line 21</i>	_____	(+/-) _____
12. Other	_____	_____

II. Form 2106 – Employee Business Expenses

1. Total Unreimbursed Expenses <i>Line 8a + 8b</i>	(_____)	- (_____)
◆ 2. Depreciation <i>Based on Standard Mileage OR Actual Expenses</i>	_____	+ _____

III. Schedule B – Interest and Dividends

1. Nonrecurring Interest Income <i>Line 1 (as itemized)</i>	(_____)	- (_____)
2. Nonrecurring Dividend Income <i>Line 5 (as itemized)</i>	(_____)	- (_____)

IV. Schedule C – Sole Proprietorship

1. Nonrecurring Other (Income) / Loss <i>Line 6</i>	_____	(+/-) _____
2. Depletion <i>Line 12</i>	_____	+ _____
3. Depreciation <i>Line 13</i>	_____	+ _____
4. Non-deductible Meals & Entert. Excl. <i>Line 24b</i>	(_____)	- (_____)
5. Business Use of Home <i>Line 30</i>	_____	+ _____
▲ 6. Amortization/Casualty Loss <i>Page 2, Part V (as itemized)</i>	_____	+ _____
◆ 7. Mileage Depreciation <i>Line 44a x IRS Depreciation Rate</i>	_____	+ _____

V. Schedule D – Capital Gains and Losses

1. Recurring Capital Gains/(Losses) <i>Parts I & II (as itemized)</i>	_____	(+/-) _____
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Form 4797 (Sale of Business Property)/Form 6252 (Installment Sale Income – Principal Payments Received)


VI. Schedule E – Royalties (use separate worksheet for rental income analysis)

1. Gross Royalties Received <i>Line 4, (applicable columns)</i>	_____	+ _____
2. Total Expenses <i>Line 20</i>	(_____)	- (_____)
3. Depletion <i>Line 18</i>	_____	+ _____

VII. Schedule F – Profit or Loss from Farming

★ 1. Non-Taxable Ongoing Coop & CCC <i>Lines (3a-3b)+(4a-4b)+(5b-5c)+(6a-6b)</i>	_____	+	_____
2. Nonrecurring Other (Income) / Loss <i>Line 8 [Lines 8a + 8b (2011)]</i>	_____	(+/-)	_____
3. Depreciation <i>Line 14</i>	_____	+	_____
▲ 4. Amortization/Casualty Loss/Depletion <i>Line 32 (as itemized)</i>	_____	+	_____
5. Business Use of Home/One Time <i>Line 32 (as itemized)</i>	_____	+	_____

VIII. Partners Share of Income – Schedule K-1 (Form 1065)

1. Ordinary Income (Loss), Net Income (Loss) OR <i>Lines 1, 2, 3</i>	_____	(+/-)	_____
 Distributions <i>Be sure to refer to Hints & Tips Line 19A</i>	_____	(+/-)	_____
★ 2. Guaranteed Payments to Partners <i>Line 4</i>	_____	+	_____

IX. Shareholders Share of Income – Schedule K-1 (Form 1120S)

1. Ordinary Income (Loss), Net Income (Loss) OR <i>Lines 1,2,3</i>	_____	(+/-)	_____
 Distributions <i>Be sure to refer to Hints & Tips Line 16D</i>	_____	(+/-)	_____

X. Partnership (Form 1065)

1. Pass-Through (Income) or Loss <i>Line 4</i>	_____	(+/-)	_____
2. Nonrecurring Other (Income) / Loss <i>Lines 5, 6 & 7</i>	_____	(+/-)	_____
3. Depreciation <i>Line 16a</i>	_____	+	_____
4. Depletion <i>Line 17</i>	_____	+	_____
▲ 5. Amortization/Casualty Loss/One Time <i>Line 20 (as itemized)</i>	_____	+	_____
6. Mortgage/Notes Payable <1 Year <i>Schedule L, Line 16, Column D</i>	(_____)	-	(_____)
7. Non-deductible Meals & Entert. Excl. <i>Schedule M1, Line 4b</i>	(_____)	-	(_____)
8. Subtotal <i>Combine Lines 1 – 7, Section X</i>	_____	=	_____
Ownership % _____			
9. Total Partnership Income <i>Multiply subtotal by ownership %</i>	_____	=	_____


XI. S-Corporation (Form 1120S)

1. Nonrecurring Other (Income) / Loss <i>Lines 4 & 5</i>	_____	(+/-)	_____
2. Depreciation <i>Line 14</i>	_____	+	_____
3. Depletion <i>Line 15</i>	_____	+	_____
▲ 4. Amortization/Casualty Loss/One Time <i>Line 19 (as itemized)</i>	_____	+	_____
5. Mortgages/Notes Payable <1 Year <i>Schedule L, Line 17, Column D</i>	(_____)	-	(_____)
6. Non-deductible Meals & Entert. Excl. <i>Schedule M1, Line 3b</i>	(_____)	-	(_____)
7. Subtotal <i>Combine Lines 1 – 6, Section XI</i>	_____	=	_____
Ownership % _____			
8. Total S-Corporation Income <i>Multiply subtotal by ownership %</i>	_____	=	_____

XII. Corporation (Form 1120)










1. Taxable Income	Line 30	_____		_____
2. Total Tax	Line 31	(_____)	-	(_____)
3. Nonrecurring (Gains) or Losses	Lines 8 & 9	_____	(+/-)	_____
4. Nonrecurring Other (Income) / Loss	Line 10	_____	(+/-)	_____
5. Depreciation	Line 20	_____	+	_____
6. Depletion	Line 21	_____	+	_____
7. Amortization/Casualty Loss/One Time	Line 26 (as itemized)	_____	+	_____
8. Net Operating Loss/Special Deductions	Line 29c	_____	+	_____
9. Mortgages/Notes Payable <1 Year	Schedule L, Line 17, Column D	(_____)	-	(_____)
10. Non-deductible Meals & Entert. Excl.	Schedule M1, Line 5c	(_____)	-	(_____)
11. Subtotal	Combine Lines 1 – 10, Section XII	_____	=	_____
	Ownership % _____	_____		_____
12. Adjusted Subtotal	Multiply subtotal by ownership %	_____	=	_____
13. Enter Corporate Dividends Paid	From Schedule B, Form 1040, This Corp	(_____)	-	(_____)
14. Total Corporate Income	Subtract Dividends from Subtotal	_____	=	_____

WORKSHEET TOTALS

Personal Tax Returns	Combine All Lines Sections I - IX	_____	(+/-)	_____
● Partnership Return	Enter Amount from Section X, Line 9	_____	(+/-)	_____
● S-Corporation Return	Enter Amount from Section XI, Line 8	_____	(+/-)	_____
● Corporation Return 	Enter Amount from Section XII, Line 14	_____	(+/-)	_____
Total Income from Tax Returns	Combine Personal & Business Incomes	_____	=	_____

Total Income _____ ÷ # months _____ = _____ Monthly Income

TIPS & HINTS

-  - Adjust for Recurring Income/Loss ONLY. Proper documentation must be in the file to include Income, which must be documented as stable and likely to continue for at least 3 more years (if applicable).
-  - Review Line 22 of Form 2106 to determine whether the **Standard Mileage Rate** OR **Actual Expenses** have been claimed (**Standard** if complete, **Actual** if blank or \$0):
 - If the **Standard Mileage Rate** has been claimed – Add the amounts on Line 13, then multiply the sum by the **IRS Depreciation Rate** 
 - If **Actual Expenses** have been claimed – Add amounts on Line 28
-  - Do NOT automatically add the documented amount on the Line # indicated – add only the itemized amount of the specific allowable add back
-   **DISTRIBUTIONS:**
If there is a stable history of receiving the distribution amount consistent with the level of business income needed to qualify then, enter this amount on the worksheet and NO further documentation is required to include the income in the borrower's cash flow **OR**
-  - **ORDINARY INCOME, NET INCOME:**
Borrower can document ownership and access to the income by a partnership agreement or corporate resolution AND the business has adequate liquidity to support the withdrawal of earnings.
NOTE: Regardless of which box is used...
If borrower owns >25% in the business, complete analysis of business tax returns (section X) unless the requirements to waive business tax returns have been met.
-  - For FNMA, Corporate Income may only be used if Borrower has 100% ownership
-  - Use Caution when considering this income. The Borrower must have a legal right to draw this additional income and the Business must CLEARLY be capable of providing additional income to the Borrower, without severe negative effects.

IRS Depreciation Rates		
2015 - \$.24	2014 - \$.22	
2013 - \$.23		