



Borrower Name: _____

Business Name (optional): _____

This worksheet may be used to prepare a written evaluation of the analysis of income related to self-employment. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower for loan qualifying purposes.

IRS Form 1040 – Individual Income Tax Return

Year _____

Year _____

1. W-2 Income from Self-Employment

(+) _____

(+) _____

2. Schedule B – Interest and Ordinary Dividends

a. Interest Income from Self-Employment

(+) _____

(+) _____

b. Dividends from Self-Employment

(+) _____

(+) _____

3. Schedule C – Profit or Loss from Business: Sole Proprietorship

a. Net Profit or (Loss)

(+/-) _____

(+/-) _____

b. Nonrecurring Other (Income) Loss/Expenses

(+/-) _____

(+/-) _____

c. Depletion

(+) _____

(+) _____

d. Depreciation

(+) _____

(+) _____

e. Non-deductible Travel and Meals Expenses

(-) _____

(-) _____

f. Business Use of Home

(+) _____

(+) _____

g. Amortization/Casualty Loss

(+) _____

(+) _____

4. Schedule D – Capital Gains and Losses

a. Recurring Capital Gains

(+) _____

(+) _____

5. Schedule E – Supplemental Income and Loss

Note: A lender may use Fannie Mae Rental Income Worksheets ([Form 1037](#) or [Form 1038](#)) to calculate individual rental income (loss) reported on Schedule E.

a. Royalties Received

(+) _____

(+) _____

b. Total Expenses

(-) _____

(-) _____

c. Depletion

(+) _____

(+) _____

6. Schedule F – Profit or Loss from Farming

a. Net Farm Profit or (Loss)

(+/-) _____

(+/-) _____

b. Non-Tax Portion Ongoing Coop and CCC Payments

(+) _____

(+) _____

c. Nonrecurring Other (Income) Loss

(+/-) _____

(+/-) _____

d. Depreciation

(+) _____

(+) _____

e. Amortization/Casualty Loss/Depletion

(+) _____

(+) _____

f. Business Use of Home

(+) _____

(+) _____

Note: IRS Form 4797 (Sales of Business Property) is not included on this worksheet due to its infrequent use. If applicable, a lender may include analysis of the sale and related recurring capital gains.

Partnership or S Corporation

A self-employed borrower's share of Partnership or S Corporation earnings can only be considered if the lender obtains documentation, such as Schedule K-1, verifying that

- the income was actually distributed to the borrower, or
- the business has adequate liquidity to support the withdrawal of earnings. If the Schedule K-1 provides this confirmation, no further documentation of business liquidity is required.

Note: See the Instructions for additional guidance on documenting access to income and business liquidity.

IRS Form 1065 - Partnership Income

	Year _____	Year _____
7. Schedule K-1 Form 1065 – Partner's Share of Income		
a. Ordinary Income (Loss)	(+/-) _____	(+/-) _____
b. Net Rental Real Estate; Other Net Income (Loss)	(+/-) _____	(+/-) _____
c. Guaranteed Payments to Partner	(+) _____	(+) _____
8. Form 1065 - Adjustments to Business Cash Flow		
a. Ordinary (Income) Loss from Other Partnerships	(+/-) _____	(+/-) _____
b. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
c. Depreciation	(+) _____	(+) _____
d. Depletion	(+) _____	(+) _____
e. Amortization/Casualty Loss	(+) _____	(+) _____
f. Mortgages or Notes Payable in Less than 1 Year	(-) _____	(-) _____
g. Non-deductible Travel and Entertainment Expenses	(-) _____	(-) _____
h. Subtotal	_____	_____
i. Total Form 1065 (Subtotal multiplied by % of ownership)	_____	_____

IRS Form 1120S – S Corporation Earnings

	Year _____	Year _____
9. Schedule K-1 Form 1120S – Shareholder's Share of Income		
a. Ordinary Income (Loss)	(+/-) _____	(+/-) _____
b. Net Rental Real Estate; Other Net Rental Income (Loss)	(+/-) _____	(+/-) _____
10. Form 1120S - Adjustments to Business Cash Flow		
a. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
b. Depreciation	(+) _____	(+) _____
c. Depletion	(+) _____	(+) _____
d. Amortization/Casualty Loss	(+) _____	(+) _____
e. Mortgages or Notes Payable in Less than 1 Year	(-) _____	(-) _____
f. Non-deductible Travel and Entertainment Expenses	(-) _____	(-) _____
g. Subtotal	_____	_____
h. Total Form 1120S (Subtotal multiplied by % of ownership)	_____	_____

IRS Form 1120 – Regular Corporation

Corporation earnings may be used when the borrower(s) own 100% of the corporation.

	Year _____	Year _____
11. Form 1120 – Regular Corporation		
a. Taxable Income	_____	_____
b. Total Tax	(-) _____	(-) _____
c. Nonrecurring (Gains) Losses	(+/-) _____	(+/-) _____
d. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
e. Depreciation	(+) _____	(+) _____
f. Depletion	(+) _____	(+) _____
g. Amortization/Casualty Loss	(+) _____	(+) _____
h. Net Operating Loss and Special Deductions	(+) _____	(+) _____
i. Mortgages or Notes Payable in Less than 1 Year	(-) _____	(-) _____
j. Non-deductible Travel and Entertainment Expenses	(-) _____	(-) _____
k. Subtotal	_____	_____
l. Less: Dividends Paid to Borrower	(-) _____	(-) _____
m. Total Form 1120	_____	_____