

I. Form 1040 – Individual Federal Income Tax Return

	YEAR I _____		YEAR II _____
1. Total Income	_____		_____
2. Wages, salaries considered elsewhere	_____		_____
3. Tax-Exempt Interest Income	(_____)	-	(_____)
4. State and Local Tax Refunds	_____	+	_____
5. Nonrecurring Alimony Received	(_____)	-	(_____)
6. Negate Schedule D (Income) Loss	_____	(+/-)	_____
7. Pension and/or IRA Distributions	_____	+	_____
8. Negate Schedule E (Income) Loss	_____	(+/-)	_____
9. Nonrecurring Unemployment Compensation	(_____)	-	(_____)
10. Social Security Benefit	_____	+	_____
11. Nonrecurring Other (Income) Loss	_____	(+/-)	_____
12. Other	_____		_____

II. Form 2106 – Employee Business Expenses

1. Total Unreimbursed Expenses	(_____)	-	(_____)
2. Depreciation	_____	+	_____

III. Schedule B – Interest and Dividends

1. Nonrecurring Interest Income	(_____)	-	(_____)
2. Nonrecurring Dividend Income	(_____)	-	(_____)

IV. Schedule C – Sole Proprietorship

1. Nonrecurring Other (Income) / Loss	_____	(+/-)	_____
2. Depletion	_____	+	_____
3. Depreciation	_____	+	_____
4. Meal & Entertainment Exclusion	(_____)	-	(_____)
5. Business Use of Home	_____	+	_____
6. Amortization/Casualty Loss	_____	+	_____
7. Mileage Depreciation	_____	+	_____

V. Schedule D – Capital Gains and Losses

1. Recurring Capital Gains/(Losses)	_____	(+/-)	_____
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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	_____	+	_____
2. Total Expenses	(_____)	-	(_____)
3. Depletion	_____	+	_____

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) <i>Be sure to refer to Hints & Tips</i>	_____	(+/-)	_____
2. Net Income (Loss) <i>Lines 2 & 3</i>	_____	(+/-)	_____
3. Guaranteed Payments to Partners <i>Line 4</i>	_____	+	_____

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

1. Ordinary Income (Loss) <i>Be sure to refer to Hints & Tips</i>	_____	(+/-)	_____
2. Net Income (Loss) <i>Lines 2 & 3</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. Meals & Entertainment Exclusion <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. Meals & Entertainment Exclusion <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. Meals & Entertainment Exclusion	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** ➔

IRS Depreciation Rates	
2014 - \$.22	2013 - \$.23
2012 - \$.23	
 - 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
- - Enter ordinary income only if: The borrower has a documented, consistent, and stable history of withdrawals or cash distributions of income from the business and the business has positive sales and earnings trends and the business has adequate liquidity to support the withdrawal of earnings and the borrower can document ownership and access to the income by a partnership agreement or corporate resolution. If the amount on Line 1 is a negative number, enter the entire amount as a negative number. For Partnerships, review Line 19 (A) for distributions; for S-Corporations, review Line 16 (D) for distributions..
- - 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.