

# Operating Income Statement

## One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

Property Address

Street

City

State

Zip Code

**General Instructions:** This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
	Yes	No						
Unit No. 1	Yes <input type="checkbox"/>	No <input type="checkbox"/>	_____	\$ _____	\$ _____	Electricity _____	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 2	Yes <input type="checkbox"/>	No <input type="checkbox"/>	_____	\$ _____	\$ _____	Gas _____	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 3	Yes <input type="checkbox"/>	No <input type="checkbox"/>	_____	\$ _____	\$ _____	Fuel Oil _____	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/>	No <input type="checkbox"/>	_____	\$ _____	\$ _____	Fuel (Other) _____	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>				\$ _____	\$ _____	Water/Sewer _____	<input type="checkbox"/>	<input type="checkbox"/>
						Trash Removal _____	<input type="checkbox"/>	<input type="checkbox"/>

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years (for new properties the applicant's projected income and expenses must be provided). This Operating Income Statement and any previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures (e.g. Applicant/Appraiser 288/300). If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. (Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item.) Income should be based on the current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

### Annual Income and Expense Projection for Next 12 months

	By Applicant/Appraiser	Adjustments by Lender's Underwriter
<b>Income (Do not include income for owner-occupied units)</b>		
Gross Annual Rental (from unit(s) to be rented) .....	\$ _____	\$ _____
Other Income (include sources) .....	+ _____	+ _____
Total .....	\$ _____	\$ _____
Less Vacancy/Rent Loss .....	- _____ ( %)	- _____ ( %)
Effective Gross Income .....	\$ _____	\$ _____
<b>Expenses (Do not include expenses for owner-occupied units)</b>		
Electricity .....	_____	_____
Gas .....	_____	_____
Fuel Oil .....	_____	_____
Fuel .....	_____ (Type - _____)	_____
Water/Sewer .....	_____	_____
Trash Removal .....	_____	_____
Pest Control .....	_____	_____
Other Taxes or Licenses .....	_____	_____
Casual Labor .....	_____	_____
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating .....	_____	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance .....	_____	_____
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses .....	_____	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies .....	_____	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2 .....	_____	_____
Miscellaneous .....	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Operating Expenses</b> .....	\$ _____	\$ _____

**Replacement Reserve Schedule**

Adequate replacement reserves must be calculated regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year—such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc. — should be expensed on a replacement cost basis.

Equipment	Replacement Cost		Remaining Life		By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
Refrigerators .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
Dishwashers .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
A/C Units .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
C. Washer/Dryers .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
HW Heaters .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
Furnace(s) .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
(Other) .....	@	\$ _____ ea.	/	_____ Yrs.	x _____ Units = \$ _____	\$ _____
Roof .....	@	\$ _____ /	_____ Yrs.	x One Bldg. =	\$ _____	\$ _____

  

Carpeting (Wall to Wall)	Total Sq. Yds.		@	\$ _____ Per Sq. Yd.	/	_____ Yrs.	=	\$ _____	\$ _____
(Units)	_____		@	\$ _____	/	_____ Yrs.	=	\$ _____	\$ _____
(Public Areas)	_____		@	\$ _____	/	_____ Yrs.	=	\$ _____	\$ _____

  

<b>Total Replacement Reserves. (Enter on Pg. 1)</b>		\$ _____		\$ _____
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**Operating Income Reconciliation**

\$ _____ Effective Gross Income	-	\$ _____ Total Operating Expenses	=	\$ _____ Operating Income	/ 12 = \$ _____ Monthly Operating Income
\$ _____ Monthly Operating Income	-	\$ _____ Monthly Housing Expense	=	\$ _____ Net Cash Flow	

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

Underwriter's instructions for 2-4 Family Owner-Occupied Properties

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the **subject property** to the borrower's stable monthly income.

Underwriter's instructions for 1-4 Family Investment Properties

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's **primary residence** to the borrower's stable monthly income.

Appraiser's Comments (Including sources for data and rationale for the projections)

\_\_\_\_\_  
Appraiser Name

\_\_\_\_\_  
Appraiser Signature

\_\_\_\_\_  
Date

Underwriter's Comments and Rationale for Adjustments

\_\_\_\_\_  
Underwriter Name

\_\_\_\_\_  
Underwriter Signature

\_\_\_\_\_  
Date