

Training Guide

LoanBeam Income Workbook

Last Update: May 12, 2025



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Overview

LoanBeam Income (LBI) dramatically reduces the time and effort a lender must spend to review and calculate a loan application. Using cutting edge Optical Character Recognition (OCR), proprietary machine learning, and codeless API integrations, LoanBeam converts unstructured data contained in PDF documents into an income calculation aligned with buyer requirements.

The purpose of this user guide is to explain the excel-based artifact returned by LBI.

Documents Supported

Income is generated from the following documents:

<ul style="list-style-type: none"> • Form 1040, 1040A, 1040EZ • Schedules A, B, C, D, E, F • Schedules 1, 2, 3, 4, 5, 6 • Form 1065 Partnership Tax Return • Form 1120S S Corp Tax Return • Form 1120 Corp Tax Return • Partnership K-1 (1065) 	<ul style="list-style-type: none"> • S Corp K-1 (1120S) • Trust K-1 (1041) • Form W-2 • Form 2106 Employee Expenses • Form 4562 Deprec & Amort • Form 4797 Sale of Bus Property • Form 6252 Instalment Sale 	<ul style="list-style-type: none"> • Form 8825 R/E Income • Form 8829 Bus Use of Home • 4506-T • Pay stubs
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Overall Basic Functionality

Borrower income is presented in an excel-based artifact allowing users to review and, if necessary, adjust the results.

Before diving deeper into individual tabs, there are a few general concepts you should understand about using any of the LBI excel workbooks.

Tab Overview

The LBI workbook has multiple tabs. Each tab represents different income/loss categories (e.g., Schedule C, Schedule E – Rental). Each tab may contain multiple entities/businesses of the same income category.

Important Note! All tabs appear in the workbook, regardless of whether the documents uploaded contained income/loss from that category. Which means it is not abnormal for 1 or more tabs to be empty.

Cover Page	Summary Sheet	Main Sheet	Wage Income	Schedule C	Schedule E – Rental	Rental (Manual)	Schedule E – Royalty	Schedule F	Partnership
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Automated Trending

Qualifying income calculations are assessed at entity/business level based on a two-year (24 month) lookback based on the following criteria:

- If the calculated income for the most recent year (CY) is less than previous year (PY), LoanBeam will use "CY."
- If PY income is not present – either because of the lack of documentation or the income has been ignored manually – then CY will automatically be used.
- If calculated income for CY is equal to or greater than PY, LoanBeam will use a 24-month average "2yr Ave".
- If CY income is missing then the system will assume income amount is \$0 and use that in the trending, resulting in a qualifying income of zero dollars.

Important Note! Default calculation method may be overridden using the blue "What was considered for QI, 2 Yr Avg. or CY?" drop-down.

Schedule E Royalty Income	\$ 186,050	\$ 53,490
Qualifying Income Per Tax Returns (Annual)	\$ 119,770.00	"X" to exclude income from
Qualifying Income Per Tax Returns (Monthly)	\$ 9,980.83	
What was considered for QI, 2 Yr Avg. or CY?	2 Yr Avg	
Percentage of change from Previous Year to Current Year	CY	
	2 Yr Avg	

Source Referencing

Dollar amounts marked with a red triangle in the upper-right corner indicate were extracted from the borrower's tax returns. Hovering your mouse over these cells displays useful source data about the amount. This is useful for validating data against source documents.

Description		Annual Figures (Per Tax Returns)	
		2023	2022
Farm Name (Line A)	Borrower 1	AGRICULTURAL PRODUCT	AGRICULTURAL PRODUCT
Net Farm Profit/loss (Line 34)	+	\$ 89,957	Value: 89957 File: Jack Anderson 2022,2023,2024 Forms.pdf, PageNo: 60
Non-Tax Portion Ongoing Co-op and CCC Payments (Lines 3,4,5,6)	+	\$ -	
Nonrecurring Other Income/Loss (Line 8)	Included -	\$ 105,000	

Repeated Income Groups

LBI's "Repeated Income Group" (RIG) structure organizes entities/businesses within each income category (tab). Which means, regardless of the number of entities/businesses found in the income documents, LBI will dynamically create as many RIGs as required to evaluate each income/loss. Each RIG is stacked one atop another within the tab that matches its category type, (e.g., Schedule C(1), Schedule C(2)) allowing users to scroll through and assess each entity/business' qualifying income.

Income Category Grand Total

Each income category (e.g., Schedule C) is summed in a grand total at the top of the sheet in Annual and Monthly. This amount flows to the Summary Sheet and Main Sheet.

Schedule C Analysis Details of Current Year & Prior Year				
Cells shaded in 'aqua' require manual entry.				
Schedule C Total Income		\$	134,206.40	\$ 107,700.00
Schedule C Qualifying Income Grand Total (Annual)		\$	120,055.60	
Schedule C Qualifying Income Grand Total (Monthly)		\$	10,004.63	

Included and Excluded Income

When calculating qualifying income, LBI includes data that are designated as "Included," and excludes income that is "Excluded."

Defaults are set according to the guidelines of each investor (additional documents may be required). However, users may change the default designation to include or exclude income via *light blue drop-down boxes* or *"X to Exclude/Include" boxes*. (illustrated below)

Include/Exclude Drop-down

Drop-down boxes (shown below) are available in various locations of the workbook .

I	Form 1040 / 1040-SR			2023	2022
B1	Borrower Wages, salaries considered elsewhere (Line 1z)	Included	+	\$ 8,400	\$ 4,200
B2	Co-Borrower's Portion of Wages (Line 1z)	Included	+		
B2	Tax-Exempt Interest Income (Line 2a)	Included	+	\$ 3,550	\$ 2,720
B2	State and Local Tax Refunds (Sch 1 Line 1)	Excluded	+	\$ 265	\$ 298
B1	Alimony Received (Sch 1 Line 2a)	Included Excluded	+	\$ 9,200	\$ 7,800
B2	IRAs, Pensions & Annuities (Line 4a/4b + 5a/5b)	Included	+	\$ 17,800	\$ 17,100

Include/Exclude/Ignore Loss Drop-down

In some cases where line-item values are subtracted from income totals, there is a third drop-down option: "Ignore Loss," which leaves the income unchanged, so as to not decrease income by the amount of the loss. As with the other drop-down boxes, the default designation can be manually overridden.

Description		Annual Figures (Per Tax Returns)	
		2023	2022
Business Name (Line C)	Borrower 1	GALAXY	GALAXY
Net Profit / Loss (Line 31)		\$ 37,956	\$ (1,440)
Nonrecurring Other Income Loss/Expenses (Line 6)	Ignore Loss	\$ 3,000	\$ 3,500
Note: Loss/Expenses is ignored by default (making no adjustment for loss/exp)			
Depletion (Line 12)	Included	\$ 100	\$ 1,000
Depreciation (Line 13)	Excluded	\$ 2,400	\$ 2,000
	Ignore Loss		

X to Exclude

To exclude a particular income source altogether, user may type an 'X' in the "X to exclude from calculation" box. The RIG data will turn gray and will be excluded from the category grand total at the top of the tab and the borrower's total qualifying income displayed on the Summary Sheet and Main Sheet.

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Royalty income	Borrower 1	79 NEWPORT BEACH 01	79 NEWPORT BEACH		
Total Royalty Received (lines 4)	+	\$ 200,000	\$ 70,000		
Depletion (line 18)	+	\$ 6,400	\$ 2,470		
Total Expenses (line 20)	-	\$ 20,350	\$ 18,980		
Schedule E Royalty Income		\$ 186,050	\$ 53,490		
Qualifying Income Per Tax Returns (Annual)		\$ 119,770.00	X	"X" to exclude income from calculation	
Qualifying Income Per Tax Returns (Monthly)		\$ 9,980.83			
What was considered for QI, 2 Yr Avg, or CY?		2 Yr Avg			
Percentage of change from Previous Year to Current Year		247.82%			

Borrower Assignment

By default, income is allocated to "Borrower 1" (B1). To reallocate income/loss to Borrower 2 (B2), click the "B1" or "Borrower 1" drop-down and select Borrower 2 to re-assign the income. This provides a convenient way to separate income by borrower.

Description		Annual Figures (Per Tax Returns)	
		2023	2022
Business Name (Line C)	Borrower 1	GALAXY	GALAXY
Net Profit / Loss (Line 31)	Borrower 1	\$ 37,956	\$ (1,440)
Nonrecurring Other Income Loss/Expenses (Line 6)	Borrower 2	\$ 3,000	\$ 3,500
Depletion (Line 12)		\$ 100	\$ 1,000
Depreciation (Line 13)		\$ 2,400	\$ 2,000

Manual Overrides

Figures in the "Annual Figures (Per Tax Returns)" columns are extracted directly from the borrower's tax documents and are protected. To alter the values extracted by the LBI, manual override columns are provided.

To return a value back to the original value extracted by the system, simply delete any data entered into the Manual Overrides columns.

Important Note! Fannie Mae's rep and warranty (R&W) process does not allow for manual overrides. Altered data may mark the income ineligible for R&W.

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Royalty income	Borrower 1	79 NEWPORT BEACH 01	79 NEWPORT BEACH		
Total Royalty Received (lines 4)	+	\$ 100,000	\$ 70,000		
Depletion (line 18)	+	\$ 6,400	\$ 2,470		
Total Expenses (line 20)	-	\$ 20,350	\$ 18,980		

Add/Subtract Indicators

Whether a row is being added (+) or subtracted (-) from the entity's income is indicated in a column just to the right of the line description.

Important Note! Regardless of whether the data extracted from the income documents is a negative value or positive value does not impact whether the row is added or subtracted from the income.

Depletion (Line 12)	+	\$ 100	\$ 1,000		
Depreciation (Line 13)	+	\$ 2,400	\$ 2,000		
Non Deductible Meals (Line 24b)	-	\$ 3,100	\$ 2,500		
Business Use of Home (Line 30)	+	\$ -	\$ 31,245		
Business Miles (Line 44a)		1,010	700		

Notes

"Notes" sections are available at the bottom of most RIG record notes about the entity. Important note! These notes are only captured in the workbook artifact for posterity. They are not communicated in any API connection or to any GSE for the purposes of R&W assessment.


What was considered for QI, 2 Yr Avg, or CY?	2 Yr Avg
Percentage of change from Previous Year to Current Year	60.87%
Notes	

Cover Page

The first tab in the Excel workbook is the "Cover Page."

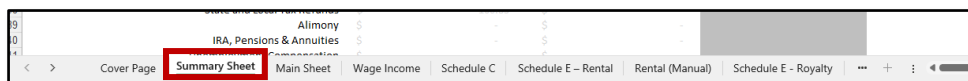
It has four main parts:

- 1) LoanBeam Announcements – Used to notify users of important system and product changes.
- 2) Application Details - Details application details, including the borrower's name, submission date, "Application ID," "Reference Number," etc. **Important Note!** The "Reference No" may be used in Freddie Mac's Loan Product Advisor (LPA) for the purposes of R&W assessment.
- 3) Findings - Details file exceptions, such as documents/pages. Note: These exceptions should be considered informational and not a "blocker" unless your organization demands as such. However, qualifying income is assessed based on the documentation uploaded – any missing documentation may impact that number.
- 4) Files Uploaded - Provides the list of documents that were uploaded to LBI.
- 5) Notes – Used to capture notes which the user wished to be memorialized along with the income report.

					
I LoanBeam Announcements					
II Application Details					
Application ID	2024-10-09		Loan Processor's Name	Roby Roberson	
Reference No	8675309		Underwriter's Name	Paul Sims	
Other ID			Location Name	Corporate	
Borrower's First Name	Jack		Template Name		
Borrower's Last Name	Anderson		Last Updated	10/9/2024 1:31:20 PM PST	
III Findings					
#	Category	Severity	Title	Notes	Resolved
1	Missing Items	High	2023 Trust Schedule K-1 (Form 1041)	Please upload 2023 K-1 (Form 1041) for ANDERSON TRUST (20-1234567), as it was listed on page 2 of the Schedule E but was not found in the uploaded documents.	No
2	Missing Items	Medium	2022 Schedule D	The 2022 Schedule D for JACK ANDERSON is missing.	No
3	Missing Items	Medium	2022 Schedule D Page2	The 2022 Schedule D Page 2 is missing for JACK & MARY ANDERSON.	No
IV Files Uploaded					
#	File Name				
1	Jack Anderson 2022 Form 1040.pdf				
2	Jack Anderson 2023 Form 1065 - TNT Partnership.pdf				
3	Jack Anderson 2022 Form 1120 - ABC Corporation.pdf				
4	Jack Anderson 2023 Form 1120S - PNBC Solutions.pdf				
V Notes					

Summary Sheet (FNMA SEI 1084) – NEW!

The Summary Sheet tab of the FNMA SEI 1084 displays the totals for each of the income/loss categories found throughout the workbook. It is specific to the FNMA SEI 1084 and adheres to Fannie Mae's buyer guidelines. Entity names presented in blue hyperlinks offer users a convenient way to navigation to the details of that entity.



Borrower Segmentation

Borrower data is segmented by borrower. For self-employed data, LBI is capable of supporting up to two borrowers who SHARE a 1040 (i.e., Spouses). To calculate self-employed income for multiple borrowers with different 1040s, multiple LBI submissions must be completed – one per 1040.

Income will be assigned to Borrower 1 (B1) (the person in first position in the 1040's) unless it can be determined that an income belongs to Borrower 2 (B2) from the documentation. However, income may be reassigned to borrower 2 using the tab for that entity (covered later in guide).

		Borrower 1		Borrower 2	
		(John P Homeowner)		(Mary O Homeowner)	
Tax Payer:	John P Homeowner	B1			
Spouse:	Mary O Homeowner	B2			

Wage income, however, is NOT limited to a single 1040. LBI supports up to 8 wage earners in a single application, but all income/loss is totalled in a single column labelled "Other Wage Borrowers' Income." A detailed break down of each person's wages may be found on the "Wage Income" tab.

Other Income Types		Borrower 1		Borrower 2		Other Wage Borrowers' Income
Wages (Paystubs / W-2)	\$	-	\$	-	\$	-
Wages (Form 1040, Line 1z)	\$	14,521.75	\$	-	\$	-

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Fannie Mae Representation and Warranty Relief

As the date of this document, there are two ways to leverage LBI to determine R&W eligibility with Fannie Mae® (FNMA). They are:

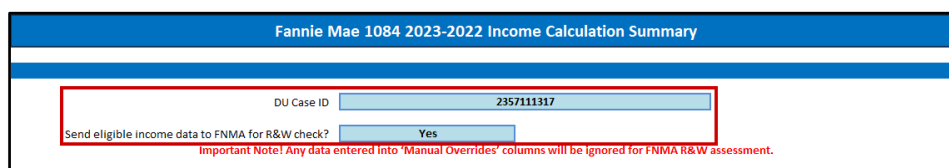
- 1) Integrated flow (**NEW!**) – In this new integrated flow, LBI users may communicate self-employed income directly to FNMA's Self-Employed Income Calculator for R&W assessment -- by selecting "Yes" in the "Send to eligible income data to FNMA for R&W check?" -- and record income into DU for file eligibility – by entering the loan's 10 digit DU Case File ID into the "DU Case ID" field.

If "Yes" is selected AND the workbook is uploaded back to LoanBeam via the same upload process used to process income documents, then LBI will pass all eligible income over to FNMA for income assessment.

If the DU Case File ID is present when the workbook is uploaded, then LoanBeam will pass that over to Fannie Mae for that income to be recorded.

Important Note! Users may send income into FNMA as many times as they would like for an eligibility check WITHOUT the DU Case File ID. It is only if the user wants to record the income/loss to DU that they need to enter that number.

Important Note! The DU Case ID is entered once on the Summary Sheet, but recorded for each eligible entity (e.g., Schedule C) throughout the workbook. This provides users with the convenience of entered the value once, but removing it from any business entity they do NOT wish to sent to FNMA.



- 2) Non-integrated, flow (Legacy) – Used by lenders for many years, this flow allows lenders to use the income data presented in the "self-employed" section at the top of the screen as their "self-employed" income in FNMA's Desktop Underwriter (DU) along with a special feature code 777 to achieve R&W. To be eligible, this income must maintain it's "No change" indicator to the right of the income/loss. Changes to the income/loss data could negatively impact R&W.

Important Note! All incomes/losses with the "No Change" indicator are eligible for the non-integrated (legacy) R&W process.

Schedule C				Total	\$	11,444.46	
EnterPayerName	\$	-	\$	-			No Change
North Independence Health	\$	11,444.46	\$	-			No Change
Partnership Income				Total	\$	-	No change
S-Corporation Income				Total	\$	-	No Change
Corporation Income				Total	\$	-	No Change

Other Income Types

Income/Loss from sources other than so called "self-employed" appear below the "Corporation" section. This includes income/losses that may show up on income documents, but are NOT included in the scope of any FNMA R&W program.

Important income/loss totals may be found in this section, such as Rental Income or Wages. Note: Data presented in gray is not included in borrower's income/loss by default. That may be changed by using the "Main Sheet" (covered below).

Important Note! "Wages (Paystubs/W-2)" displays income/loss calculated from the new "Wage's tab" using borrower paystubs and W-2s. If no income/loss data is available in that tab, "Wages (Form 1040, Line 1z)" are displayed. Keep in mind that Wages from the 1040 may reflect income from the businesses that the borrower owns.

Other Income Types	Borrower 1	Borrower 2	Other Wage Borrowers' Income
Wages (Paystubs / W-2)	\$	\$	\$
Wages (Form 1040, Line 1z)	\$ 525.00	\$	\$
Tax-Exempt Interest	\$	\$ 261.25	\$
State and Local Tax Refunds	\$	\$	\$
Alimony	\$ 708.33	\$	\$
IRA, Pensions & Annuities	\$	\$ 1,454.17	\$
Unemployment Compensation	\$	\$ 387.50	\$
Social Security	\$ 520.83	\$	\$
Other Income	\$ 505.42	\$	\$
Manual Adjustments	\$	\$	\$
2106 Expenses	\$ (1,889.33)	\$	\$
Interest	\$ 1,684.17	\$	\$
Dividends	\$ 1,245.83	\$	\$
Capital Gains / Loss	\$ 845.83	\$	\$
Sales of Business Property	\$ 333.33	\$	\$
Installment Sale Income	\$	\$	\$
Schedule E - Rental			Total
100 AMBAZAR, IRVINE, CA 92614 01	\$ -	\$ 2,835.00	\$ 6,896.33
108 PALMER RESIDEN, IRVINE, CA 92461 01	\$ 4,061.33	\$	\$
Schedule E - Royalty			Total
79 NEWPORT BEACH 01	\$ 5,814.17	\$	\$ 5,814.17
Farm Income			Total
AGRICULTURAL PRODUCT	\$ (428.33)	\$	\$ (428.33)
Trust			Total
ANDERSON TRUST	\$ 2,174.58	\$	\$
Rental (Manual)			Total
\$	\$ -	\$ -	\$ -
\$	\$ -	\$ -	\$ -
\$	\$ -	\$ -	\$ -
\$	\$ -	\$ -	\$ -
\$	\$ -	\$ -	\$ -

Qualifying Income Grand Total

Borrower(s)' active income/losses are combined at the bottom of the sheet in a orange box labelled "Total Income Per Borrower."

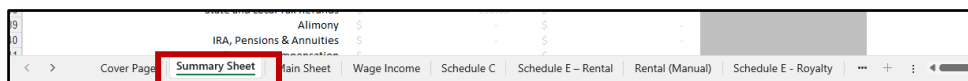
This is the monthly income the borrower qualifies for per Fannie Mae's guidelines but is not guaranteed under the Rep & Warrant program.

\$	-	\$	-
\$	-	\$	-
\$	-	\$	-
Total Income per Borrower	\$ 57,859.13	\$ 2,835.00	

Income displayed in grey is not included in Net Qualifying Income. To include, update the Main Sheet.

Summary Sheet (Freddie Mac Form g1)

The Summary Sheet tab of the Freddie Mac Form g1 displays the totals for each of the income/loss categories found throughout the workbook. It is specific to the Freddie Mac Form g1 and adheres to Freddie Mac's buyer guidelines. Entity names presented in blue hyperlinks offer users a convenient way to navigation to the details of that entity.



Qualifying Income Grand Total

Borrower(s)' income/losses are combined at the top of the sheet in an orange box labelled "Net Qualifying Income per Borrower."

This income/loss grand total is calculated based on Freddie Mac's buying guidelines but is not necessarily the amount which qualifies for Freddie Mac' Self-Employed R&W program via LPA.

2023-2022 Income Calculation Summary			
This new Wage Tab can provide insight into Wage Earner qualified income. Please visit our Support Center for more information or contact LoanLogics Sales to find out about it.			
	Borrower 1	Borrower 2	Other Borrowers
Tax Payer: JACK ANDERSON	(JACK ANDERSON)	(MARY ANDERSON)	
Spouse: MARY ANDERSON			
Monthly Income			
Net Qualifying Income per Borrower	\$ 72,409.63	\$ -	\$ -
Wage Income (Paystubs / W-2s)	\$ -	\$ -	\$ -

Borrower Segmentation

Borrower data is segmented by:

- 1) Borrower 1 (B1) – Primary borrower or the person listed first on the 1040 uploaded.
- 2) Borrower 2 (B2) - Second person listed on the 1040 uploaded. **Note! This may be a non-borrower spouse.**
- 3) Other Borrowers – While LBI only supports a single 1040 for self-employed income, wage income is NOT limited to a single 1040. LBI supports up to 8 wage earners in a single application, but all income/loss is totalled in a single column labelled "Other Borrowers." A detailed breakdown of each person's wages may be found on the "Wage Income" tab.

Income will be assigned to Borrower 1 (B1) unless it can be determined that an income belongs to Borrower 2 (B2) from the documentation. However, income may be reassigned to borrower 2 using the tab for that entity (covered later in guide).

2023-2022 Income Calculation Summary			
This new Wage Tab can provide insight into Wage Earner qualified income. Please visit our Support Center for more information or contact LoanLogics Sales to find out about it.			
	Borrower 1	Borrower 2	Other Borrowers
Tax Payer: JACK ANDERSON	(JACK ANDERSON)	(MARY ANDERSON)	
Spouse: MARY ANDERSON			

Main Sheet

The Main Sheet tab contains data from the Form 1040 and some of its schedules, (i.e., Schedules B and D, and Forms 2106, 4797 and 6252) which are only found on the Main Sheet, and totals from the various income categories contained in the other tabs (e.g., Schedule C, Rental).

CASH - FLOW ANALYSIS (Form 1084)										Put X to ignore 2022 Income		Manual Override	
Form 1040 / 1040-SR				2023	2022	Q1 (Annual)	Q1 (Monthly)	2 Yr Avg. / CY?	2023	2022			
B1	Borrower Wages, salaries considered elsewhere (Line 1z)	Included	+	\$ 8,400	\$ 4,200	\$ 6,300.00	\$ 525.00	2 Yr Avg					
B2	Co-Borrower's Portion of Wages (Line 1z)	Included	+			\$ -	\$ -						
B2	Tax-Exempt Interest Income (Line 2a)	Included	+	\$ 3,550	\$ 2,720	\$ 3,135.00	\$ 261.25	2 Yr Avg					
B2	State and Local Tax Refunds (Sch 1 Line 1)	Included	+	\$ -	\$ -	\$ -	\$ -						
B1	Alimony Received (Sch 1 Line 2a)	Included	+	\$ 9,200	\$ 7,800	\$ 8,500.00	\$ 708.33	2 Yr Avg					
B2	IRAs, Pensions & Annuities (Line 4a/4b + 5a/5b)	Excluded	+	\$ 17,800	\$ 17,100	\$ -	\$ -						
B2	Unemployment Compensation (Sch 1 Line 7)	Excluded	+	\$ 5,000	\$ 4,300	\$ -	\$ -	2 Yr Avg					
a) Social Security benefits (Line 6a)				\$ 9,600	\$ 2,900								
b) Taxable amount (Line 6b)				\$ 8,160	\$ 2,465								
B1	Total Social Security: Enter SS Gross up %	Included	+	\$ 9,600.00	\$ 2,900.00	\$ 6,250.00	\$ 520.83	2 Yr Avg					
B1	Total Other Income (Sch 1, Line 9)	Excluded	+	\$ 7,500	\$ 4,630	\$ -	\$ -	2 Yr Avg					
B1	Other:		+			\$ -	\$ -						
FORM 2106 - EMPLOYEE BUSINESS EXPENSES				2023	2022	Q1 (Annual)	Q1 (Monthly)	2 Yr Avg. / CY?	2023	2022			
Total Expenses (Line 8a)+(Line 8b)				\$ 23,672	\$ 30,474								
Depreciation (Line 28; if Actual Method)				\$ 1,000	\$ 26,574								
Business Miles: LINE 13				1,200	2,350								
x Depreciation Rate				\$ 0.28	\$ 0.26								
= Total Mileage Depreciation				\$ -	\$ -								
B1	Form 2106 Total			\$ (22,672.00)	\$ (3,900.00)	\$ (22,672.00)	\$ (1,889.33)	CY					
SCHEDULE B - INTEREST AND DIVIDEND INCOME				2023	2022	Q1 (Annual)	Q1 (Monthly)	2 Yr Avg. / CY?	2023	2022			
B1	Interest Income (Line 2b)	Excluded	+	\$ 25,320	\$ 15,100	\$ -	\$ -	2 Yr Avg					
B1	Dividend Income (Line 3b)	Excluded	+	\$ 22,900	\$ 7,000	\$ -	\$ -	2 Yr Avg					

To access a detailed breakdown of the various income categories, click the blue "View breakdown" hyperlink next to the right of the category.

VIII SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS				2023	2022	Q1 (Annual)	Q1 (Monthly)		
Total Royalty Income	Included	+	\$	86,050.00	\$ 53,490.00	\$ 69,770.00	\$ 5,814.17		View breakdown
Total Rental Income	Included	+	\$	97,930.00	\$ 67,582.00	\$ 82,756.00	\$ 6,896.33		View breakdown
Total Rental Income (Manual)		+				\$ -	\$ -		View breakdown

Wage Income

The Wage Income tab displays the calculated wage income earned by the borrower(s), separated by employer.

Description											Manual Overrides	
Employer				GALAXY								
Employee	Other			Jack Anderson								
Pay Period	Bi-Weekly			1/7/2024		to						1/20/2024
YTD Number of Months				1.00								
W-2 Income				2023 W-2		2022 W-2				Manual Overrides		
								2023 W-2		2022 W-2		
Box 1				\$	62,028.71	\$	48,681.81					
Box 5				\$	65,242.79	\$	49,214.96					
Fixed Income			Calculation Method	Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides		
Base			+	\$	2,000.00	\$	4,333.33			Current Pay	YTD Earnings	
PTO			+	\$	-	\$	-					
Holiday			+	\$	-	\$	800.00					
Non-Taxable			+	\$	-	\$	-					
Fixed Income Total			=	\$	2,000.00	\$	4,333.33					
				\$	20,016.75	\$	4,129.78	\$	5,436.90	\$	4,101.25	
Variable Income			Calculation Method	Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides		
Overtime	Included	Current Average	+	\$	400.88	\$	868.57			Current Pay	YTD Earnings	
Commissions	Included	Current Average	+	\$	-	\$	-					
Bonus	Included	Current Average	+	\$	58.47	\$	126.68					
Shift Differential	Included	Current Average	+	\$	-	\$	-					
Tips	Included	Current Average	+	\$	-	\$	-					
Mileage / Trip	Included	Current Average	+	\$	-	\$	-					
Other	Included	Current Average	+	\$	-	\$	-					
Variable Income Total			=	\$	459.35	\$	995.25	\$	-	\$	-	
Total Income			Calculation Method	Q1								
Fixed Income Q1		Current Average	+	\$	4,333.33							
Variable Income Q1			+	\$	995.25							
Total Monthly Q1			=	\$	5,328.58							
Qualifine Income (Monthly)				\$	5,328.58							

Paystub Income

Wage income sections are broken down by income type and sub-type. They break down as follows:

- Fixed Income (top section)
 - Base
 - PTO
 - Holiday
 - Non-Taxable
- Variable Income (bottom section)
 - Overtime
 - Commissions
 - Bonus
 - Shift Differential
 - Tips
 - Mileage/Trip
 - Other (any income the system could not identify)

Fixed Income		Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
										Current Pay	YTD Earnings
Base			+	\$ 2,000.00	\$ 4,333.33	\$ 17,716.75	\$ 4,129.78				
PTO			+	\$ -	\$ -	\$ 1,500.00					
Holiday			+	\$ -	\$ -	\$ 800.00					
Non-Taxable			+	\$ -	\$ -						
Fixed Income Total			=	\$ 2,000.00	\$ 4,333.33	\$ 20,016.75	\$ 4,129.78	\$ 5,436.90	\$ 4,101.25		
Variable Income		Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
										Current Pay	YTD Earnings
Overtime	Included	Current Average	+	\$ 400.88	\$ 868.57	\$ 2,856.04	\$ 868.57				
Commissions	Included	Current Average	+	\$ -	\$ -	\$ -	\$ -				
Bonus	Included	Current Average	+	\$ 58.47	\$ 126.68	\$ 584.70	\$ 136.29				
Shift Differential	Included	Current Average	+	\$ -	\$ -	\$ -	\$ -				
Tips	Included	Current Average	+	\$ -	\$ -	\$ -	\$ -				
Mileage / Trip	Included	Current Average	+	\$ -	\$ -	\$ -	\$ -				
Other	Included	Current Average	+	\$ -	\$ -	\$ -	\$ -				
Variable Income Total			=	\$ 459.35	\$ 995.25	\$ 3,440.74	\$ 1,004.86	\$ -	\$ -		

To present the most conservative default calculation, variable income is excluded by default, but each income stream may be included individually.

Variable Income	
Overtime	Excluded
Commissions	Excluded
Bonus	Excluded
Shift Differential	Excluded
Tips	Excluded
Mileage / Trip	Excluded
Other	Excluded
Variable Income Total	

LoanBeam Workbook User Guide

Paystub data is separated into the following columns:

- **Current Pay (Extracted Value)** – amount listed as Current Pay on the borrower's most recent paystub
- **Current Pay Monthly (Calculated Value)** – monthly income calculated from Current Pay
- **YTD Earnings (Extracted Value)** – amount listed as YTD Earnings on the borrower's most recent paystub
- **YTD Monthly (Calculated Value)** – monthly income calculated from YTD Earnings

Fixed Income		Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
										Current Pay	YTD Earnings
Base			+	\$ 2,000.00	\$ 4,333.33	\$ 17,716.75	\$ 4,129.78				
PTO			+	\$ -	\$ -	\$ 1,500.00	\$ -				
Holiday			+	\$ -	\$ -	\$ 800.00	\$ -				
Non-Taxable			+	\$ -	\$ -	\$ -	\$ -				
Fixed Income Total			=	\$ 2,000.00	\$ 4,333.33	\$ 20,016.75	\$ 4,129.78	\$ 5,436.90	\$ 4,101.25		
Variable Income		Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
										Current Pay	YTD Earnings
Overtime		Included	Current Average	+	\$ 400.88	\$ 868.57	\$ 2,856.04	\$ 868.57			
Commissions		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Bonus		Included	Current Average	+	\$ 58.47	\$ 126.68	\$ 584.70	\$ 136.29			
Shift Differential		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Tips		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Mileage / Trip		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Other		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Variable Income Total			=	\$ 459.35	\$ 995.25	\$ 3,440.74	\$ 1,004.86	\$ -	\$ -		

Only extracted values may be changed using the Manual Overrides column. Calculated values, (i.e., Current Pay Monthly and YTD Monthly) are updated automatically.

Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
						Current Pay	YTD Earnings
\$ 2,500.00	\$ 5,416.67	\$ 17,715.75	\$ 9,514.01			\$ 2,500.00	
\$ 750.00	\$ 1,625.00	\$ 1,500.00	\$ 805.56			\$ 750.00	
\$ -	\$ -	\$ 800.00	\$ 429.63				
\$ -	\$ -	\$ -	\$ -				
\$ 3,250.00	\$ 7,041.67	\$ 20,015.75	\$ 10,749.20	\$ -	\$ 4,101.25		
Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
						Current Pay	YTD Earnings
\$ 400.88	\$ 868.57	\$ 2,856.04	\$ 1,533.80				
\$ -	\$ -	\$ 4,000.00	\$ 2,148.15			\$ 4,000.00	
\$ 58.47	\$ 126.69	\$ 584.70	\$ 314.01				
\$ -	\$ -	\$ -	\$ -				
\$ -	\$ -	\$ 800.00	\$ 429.63			\$ 800.00	
\$ -	\$ -	\$ -	\$ -				
\$ -	\$ -	\$ -	\$ -				
\$ -	\$ -	\$ -	\$ -				
\$ -	\$ -	\$ -	\$ -				

W-2 Details Section

Prior year income is derived from W-2s (if present) and displayed as a calculated value under "W-2 Monthly."

Important Note! The calculated value is based on the whole amount captured from the W-2 divided by 12, regardless of how many months the person actually worked at the employer the prior year.

W-2 monthly income may be separated by specific income types. This is useful if you have VOI data from prior year which breaks down the borrower's income by category. As you enter monthly income in the Variable Income section, it is automatically deducted from the Fixed Income section.

Fixed Income		Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
										Current Pay	YTD Earnings
Base			+	\$ 2,000.00	\$ 4,000.00	\$ 15,716.75	\$ 10,852.04				
PTO			+	\$ -	\$ -	\$ 1,500.00	\$ 1,035.71				
Holiday			+	\$ -	\$ -	\$ 800.00	\$ 552.38				
Non-Taxable			+	\$ -	\$ -	\$ -	\$ -				
Fixed Income Total			=	\$ 2,000.00	\$ 4,000.00	\$ 18,016.75	\$ 12,440.14	\$ 5,436.90	\$ 1,962.50		
Variable Income		Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides	
										Current Pay	YTD Earnings
Overtime		Included	Current Average	+	\$ 472.88	\$ 945.76	\$ 2,455.16	\$ 1,695.23			
Commissions		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -	\$ 1,200.00		
Bonus		Included	Current Average	+	\$ 58.47	\$ 116.94	\$ 526.23	\$ 363.35			
Shift Differential		Excluded	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Tips		Included	Current Average	+	\$ -	\$ -	\$ -	\$ -	\$ 800.00		
Mileage / Trip		Excluded	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Other		Excluded	Current Average	+	\$ -	\$ -	\$ -	\$ -			
Variable Income Total			=	\$ 531.35	\$ 1,062.70	\$ -	\$ 2,981.39	\$ 2,058.58	\$ -		

Calculating Fixed Income

Fixed income is calculated as a group (Base, PTO, Holiday, and Non-Taxable) and the default calculation method is Current Average.

To change the default calculation, use the Calculation Method drop-down, which provides four standard calculation methods: Current Average, YTD Average, YTD + 12, and YTD + 24.

Total Income	Calculation Method	Q1
Fixed Income Q1	Current Average	\$ 4,333.33
Variable Income Q1	Current Average	\$ 995.25
Total Monthly Q1	YTD Average	\$ 5,328.58
	YTD + 12	
	YTD + 24	
Qualifying Income (Monthly)		\$ 5,328.58

Calculating Variable Income

Variable income is excluded by default for all variable income types. To include variable income in Qualifying Income, click the row's Included/Excluded drop-down and select Included.

Once you've included a row, use the Calculation Method drop-down to choose from four standard calculation methods: Current Average, YTD Average, YTD + 12, and YTD + 24.

Variable Income	Included/Excluded	Calculation Method	Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	Manual Overrides
Overtime	Included	Current Average	\$ 400.88	\$ 868.57	\$ 2,856.04	\$ 868.57			
Commissions	Included	Current Average	\$ -	\$ -	\$ -	\$ -			
Bonus	Included	YTD Average	\$ 58.47	\$ 126.68	\$ 584.70	\$ 196.29			
Shift Differential	Included	YTD + 12	\$ -	\$ -	\$ -	\$ -			
Tips	Included	YTD + 24	\$ -	\$ -	\$ -	\$ -			
Mileage / Trip	Included	Current Average	\$ -	\$ -	\$ -	\$ -			
Other	Included	Current Average	\$ -	\$ -	\$ -	\$ -			
Variable Income Total			\$ 459.35	\$ 995.25	\$ 3,440.74	\$ 1,004.86	\$ -	\$ -	

Cumulative Wage Total Income

The Monthly Qualifying Income for each of your borrower's employers is included by default in the cumulative Wage Total Income value at the top of the Wage Income tab. To exclude income from an Employer, change the drop-down from Included to Excluded.

Total Income	Calculation Method	Qualifying Income
Fixed Income Q1	Current Average +	\$ 5,487.50
Variable Income Q1	+	\$ -
Total Monthly Q1	=	\$ 5,487.50
Qualifying Income (Monthly)		\$ 5,487.50
Notes		Included
		Included
		Excluded

Including Wages in Net Qualifying Income

When paystubs are uploaded and Wage Income is calculated, **Wages (Line 1z Form 1040)** is deactivated and **Wage Income (Paystubs/W-2s)** is activated on the Summary Sheet.

Net Qualifying Income per Borrower	\$	10,953.70	\$	-
Wage Income (Paystubs / W-2s)	\$	5,328.59	\$	5,487.50
Wages (Line1z Form 1040)	\$	700.00	\$	-
Tax-Exempt Interest	\$	295.83	\$	-
Alimony	\$	766.67	\$	-
IRAs Pensions & Annuities	\$	1,483.33	\$	-

If, however, you would prefer to use wage data from Line 1z of the borrower's Form 1040 instead of the calculated value from the Wage Income tab, change the **Borrower Wages, salaries considered elsewhere (Line 1z)** row on the Main Sheet to "Included."

I	Form 1040 / 1040-SR		2023	2022	Q1 (Annual)	Q1 (Monthly)
B1	Borrower Wages, salaries considered elsewhere (Line 1z)	Included	\$ 8,400	\$ -	\$ 8,400.00	\$ 700.00
B2	Co-Borrower's Portion of Wages (Line 1z)	Excluded			\$ -	\$ -

This will activate **Wages (Line 1z Form 1040)** on the Summary Sheet and deactivate **Wage Income (Paystubs/W-2s)**.

Net Qualifying Income per Borrower	\$	11,653.70	\$	-
Wage Income (Paystubs / W-2s)	\$	5,328.59	\$	5,487.50
Wages (Line1z Form 1040)	\$	700.00	\$	-
Tax-Exempt Interest	\$	295.83	\$	-
Alimony	\$	766.67	\$	-

Schedule C

Overview

The "Schedule C" tab contains all income/loss extracted from any Schedule C forms uploaded in the borrower's income documents.

Schedule C Analysis Details of Current Year & Prior Year					
Cells shaded in 'aqua' require manual entry.			Back to Summary Sheet		
Schedule C Total Income		\$	134,206.40	\$	107,700.00
Schedule C Qualifying Income Grand Total (Annual)		\$	120,055.60		
Schedule C Qualifying Income Grand Total (Monthly)		\$	10,004.63		
Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Business Name (Line C)	Borrower 1	GALAXY	GALAXY		
Net Profit / Loss (Line 31)	+	\$ 37,956	\$ (1,440)		
Nonrecurring Other Income Loss/Expenses (Line 6)	Ignore Loss -	\$ 3,000	\$ 3,500		
<i>Note: Loss/Expenses is ignored by default (making no adjustment for loss/expense). Change drop down to 'Include' to include or 'Exclude' to ignore income Loss/Expenses from adjustment.</i>					
Depletion (Line 12)	+	\$ 100	\$ 1,000		
Depreciation (Line 13)	+	\$ 2,400	\$ 2,000		
Non Deductible Meals (Line 24b)	-	\$ 3,100	\$ 2,500		
Business Use of Home (Line 30)	+	\$ -	\$ 31,245		
Business Miles (Line 44a)		1,020	700		
x Depreciation Rate		\$0.28	\$0.26		
= Total Mileage Depreciation	+	\$ 285.60	\$ 182.00		
Amortization (Part V)	+	\$ 5,050	\$ 7,842		
Casualty Loss (Part V)	+	\$ 1,444	\$ 2,230		
Schedule C Income		\$ 41,135.60	\$ 37,059.00		
Qualifying Income Per Tax Returns (Annual)		\$ 39,097.30	"X" to exclude income from calculation		
Qualifying Income Per Tax Returns (Monthly)		\$ 3,258.11			
What was considered for Q1, 2 Yr Avg. or CY?		2 Yr Avg			
Percentage of change from Previous Year to Current Year		11.00%			

Borrower Assignment

To reassign the Schedule C to Borrower 2, use the Borrower drop-down menu. This will affect how the income displays on the Summary Sheet.

Schedule C Qualifying Income Grand Total (Monthly)		\$	10,004.63		
Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Business Name (Line C)	Borrower 1	GALAXY	GALAXY		
Net Profit / Loss (Line 31)	+	\$ 37,956	\$ (1,440)		

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Schedule C - FNMA SEI 1084 ONLY – NEW!

Overview

There are a few differences between the different LBI workbooks (e.g., Freddie Mac Form g1 v. FNMA SEI 1084). One significant difference is the Schedule C tab of the FNMA SEI 1084. The following are the unique features that exist in that workbook's Schedule C.

Additional FNMA Rep & Warrant Data Section

Overview

As an eligible income for FNMA's *integrated* R&W process, each Schedule C has a "Additional FNMA Rep & Warrant Data" section used to capture additional data values required for R&W assessment.

Additional FNMA Rep & Warrant Data		
Business History Attestations		
DU Case ID	2357111517	Click here to modify the DU Case ID
Include Business in DU Case File?	Yes	
Years to Include	2023 & 2022	
Employment Start Date (mm/dd/yyyy)		
<small>*Employment Start Date is the date the borrower obtained ownership.</small>		
There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?	<Select One>	
Has the borrower owned the business for more than 5 consecutive years?	<Select One>	
Additional Data Validation Attestations		
Form Schedule C	2023	2022
NON-deductible meals		
Date vehicle put into service for business purposes? (Line 43) (mm/dd/yyyy)		
Amortization (Part V)		
Schedule 1		
Net Operating Loss (Line 8a)		
Form 4562		
Total business/investment miles (Line 30)		
<small>*Grand Total of columns (a), (b), (c), (d)</small>		
Depreciation Deduction (Line 28)		
Amortization (Line 44)		
Form 4684		
Casualty Theft Non Income Property Short-Term Gain/Loss (Line 31)		
Casualty Theft Income Property Short-Term Gain/Loss (Line 32)		
Casualty Theft Long-Term Gain (Line 36)		
Casualty Theft Long-Term Loss (Line 37)		
Form W2		
Wages, tips, other compensation (Box 1)		
Medicare wages and tips (Box 5)		
Form 1040		
Total amount from W-2, box 1 (Line 1a)		
Other Data		
Extraordinary One Time Expense Amount		
Carryover Loss		

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Business History Attestations

The "Business History Attestations" section is used to capture entity level data needed for R&W. They are the following:

- 1) **DU Case ID** – The value that was entered on the Summary Sheet for "DU Case ID." This cell is not editable – it only displays the value entered on the Summary Sheet.
- 2) **Include Business in DU Case File?** – This indicates to LBI whether you would like to include this business in your DU Case File.
 - a. **Important Note!** Selecting No indicates to LBI and FNMA that you do NOT want to include this business in your DU Case file, regardless of whether the DU Case ID is displayed.
 - b. **Important Note!** If income has been transmitted to DU, but you would like to remove it from DU, re-upload the excel workbook with this cell set to "No." This will indicate to FNMA that you'd like to data to be removed.
 - c. **Important Note!** If you choose to exclude the business for Rep & Warrant evaluation, the DU Case ID for the business disappears.
- 3) **Years to Include** – This dropdown allows you to select which tax years to communicate to FNMA for R&W assessment and/or DU Case File. If two years have been uploaded, that will be the default. Note! If, FNMA's SE income Calculator or DU suggests that only one year is needed for a certain business, this is the way you would restrict your communication to Fannie to one year.
 - a. **Important Note!** This choice is grayed out if "Include Business in DU Case File" choice is "No."
- 4) **Employment Start Date** – This value is not found on the tax returns, and is critical to assessing R&W. This is the date that the borrower obtained ownership of the business -- which may be different from the business established date. For example, if a business started in 10/01/2005, sold to your borrower in 01/15/2023, and your application is happening in 01/01/2024, then the business established date would be 10/01/2005, but the "Employment Start Date" would be "01/15/2023" and ownership would be less than 2 years.
- 5) **There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?** – If the employment start date is less than 2 years of the day the workbook is being reviewed, then this field will appear. It is used to communicate to FNMA relevant employment history as it relates to running a/the business.
- 6) **Has the borrower owned the business for more than 5 consecutive years?** – Used to communicate business history that may or may not show up in the tax documents.

Additional FNMA Rep & Warrant Data	
Business History Attestations	
DU Case ID	2357111317 Click here to modify the DU Case ID
Include Business in DU Case File?	Yes
Years to Include	2023 & 2022
Employment Start Date (mm/dd/yyyy)	
<small>*Employment Start Date is the date the borrower obtained ownership.</small>	
There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?	<Select One>
Has the borrower owned the business for more than 5 consecutive years?	<Select One>

Additional Data Validation Attestations

In addition to the data that is automatically captured by LBI, there are some values that need to be completed manually by the user. Some of these values are found on income documents, others are based on borrower conversations.

Rows are separated by document (if applicable) and have line descriptions which indicate where in the document they can be found.

Values are broken out into two years.

Additional Data Validation Attestations		
Form Schedule C	2023	2022
NON-deductible meals		
Date vehicle put into service for business purposes? (Line 43) (mm/dd/yyyy)		
Amortization (Part V)		
Schedule 1		
Net Operating Loss (Line 8a)		
Form 4562		
Total business/investment miles (Line 30)		
* Grand Total of columns (a), (b), (c), (d)		
Depreciation Deduction (Line 28)		
Amortization (Line 44)		
Form 4684		
Casualty Theft Non Income Property Short-Term Gain/Loss (Line 31)		
Casualty Theft Income Property Short-Term Gain/Loss (Line 32)		
Casualty Theft Long-Term Gain (Line 36)		
Casualty Theft Long-Term Loss (Line 37)		
Form W2		
Wages, tips, other compensation (Box 1)		
Medicare wages and tips (Box 5)		
Form 1040		
Total amount from W-2, box 1 (Line 1a)		
Other Data		
Extraordinary One Time Expense Amount		
Carryover Loss		

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Schedule E - Rental (Fannie Mae Form 1037/1038)

The Fannie workbook uses Fannie Mae guidelines to calculate rental income or loss. There is no limit to the number of rental properties a borrower may own.

Schedule E Rental Analysis Details of Current Year & Prior Year					
Cells shaded in 'aqua' require manual entry.					
Schedule E Total Net Rental Income		\$	97,930.00	\$	67,582.00
Schedule E Rental Qualifying Income Grand Total (Net Monthly Rental)		\$	6,896.33		
Rental Income Worksheet					
Individual Rental Income from Investment Property(s): Monthly Qualifying Rental Income (or Loss)					
Select 'Form 1037' or 'Form 1038' from the drop down -->		Form 1038			
Documentation Required: • Schedule E (IRS Form 1040) OR • Lease Agreement or Fannie Mae Form 1007 or Form 1025	Borrower 2	Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
		Location Of Rental Property	Location Of Rental Property		
		100.AMBAZAR, IRVINE, CA 92614 01	100.AMBAZAR, IRVINE, CA 92614		
Step 1. Result: The number of days the property was in service:		365	366		
Step 2. Calculate monthly qualifying rental income (loss) using Step 2A: Schedule E OR Step 2B: Lease Agreement or Fannie Mae Form 1007 or Form 1025.					
Step 2 A. Schedule E - Part I					
A1	Enter Total Rents Received (lines 3):	(+)	\$ 48,000	(+)	\$ 43,000
A2	Subtract : Total Expenses (line 20)	(-)	\$ 23,470	(-)	\$ 16,810
A3	Add back: Insurance Expenses (line 9)	(+)	\$ 2,100	(+)	\$ 320
A4	Add back: Mortgage Interest paid (line 12)	(+)	\$ 900	(+)	\$ 300
A5	Add back: Tax expense (line 16)	(+)	\$ 2,400	(+)	\$ 970
A7	Add back: Depreciation expense (line 18)	(+)	\$ 7,000	(+)	\$ 3,330
A8	Add back: Casualty Loss (Line 19)	(+)	\$ -	(+)	\$ -
A9	Add back: Homeowner's Association Dues (Line 19)	(+)	\$ -	(+)	\$ -
A10	Add back: Amortization (Line 19)	(+)	\$ -	(+)	\$ -
A11	Add back: Any one time extraordinary expense (e.g., XXXXX)	(+)		(+)	
	Equals adjusted Annual rental income:		\$ 36,930		\$ 31,110
A12	Divide by the no. of months the property was in service (Step 1 Result)		12.00		12.00
	Equals adjusted Monthly rental income:		\$ 3,077.50		\$ 2,592.50
A13	Subtract Monthly proposed PITIA (for subject property) or existing PITIA (for non-subject property).	(-)		(-)	
Step 2A. Result: Monthly qualifying rental income (or loss):			\$ 3,077.50		\$ 2,592.50
Step 2 B. Lease Agreement or Fannie Mae Form 1007 or Form 1025					
This method is used when the transaction is a purchase, the property was acquired subsequent to the most recent tax filing, or the lender has justification for using a lease agreement.					
B1	Enter the gross monthly rent (from the lease agreement) or market rent (reported on Form 1007 or Form 1025).				
B2	Multiply gross monthly rent or market rent by 75%. The remaining 25% accounts for vacancy loss, maintenance, and management expenses.	(x)	75%	(x)	75%
	Equals adjusted monthly rental income:		\$ -		\$ -
B3	Monthly Subtract proposed PITIA (for subject property) or existing PITIA (for non-subject property).	(-)		(-)	
	Equals adjusted annual rental income:		\$ -		\$ -
Step 2B. Result: Monthly qualifying rental income (loss):			\$ -		\$ -
Qualifying Income (Gross Monthly Rent):		\$	2,835.00	Step 2A	← Select Step 2A or Step 2B from Dropdown
Qualifying Income (Net Monthly Rent):		\$	2,835.00	"X" to exclude income from calculation.	
What was considered for QI, 2 Yr Avg. or CY?:		2 Yr Avg			
Percentage of change from Previous Year to Current Year:		18.71%			

Select either Form 1037 or Form 1038 from the drop-down options. By default, Form 1038 is selected.

Rental Income Worksheet					
Individual Rental Income from Investment Property(s): Monthly Qualifying Rental Income (or Loss)					
Select 'Form 1037' or 'Form 1038' from the drop down -->		Form 1038			
Documentation Required:	Borrower 2	Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
		Location Of Rental Property	Location Of Rental Property		

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If Form 1037 is manually selected, the PITIA fields will be greyed out and PITIA income or loss will not be included in the Qualifying Income calculations.

A9	Add back: Homeowner's Association Dues (Line 19)	(+)	\$ 250	(+)	\$ 240		
A10	Add back: Amortization (Line 19)	(+)	\$ 110	(+)	\$ 100		
A11	Add back: Any one time extraordinary expense (e.g.,XXXX)	(+)		(+)			
	Equals adjusted Annual rental income:		\$ 37,290		\$ 31,450		
A12	Divide by the no. of months the property was in service (Step 1 Result)		12.00		12.00		
	Equals adjusted Monthly rental income:		\$ 3,107.50		\$ 2,620.83		
	Step 2A. Result: Monthly qualifying rental income (or loss):		\$ 3,107.50		\$ 2,620.83		

Three-step Rental Calculation

Step 1

The number of days the property was in service is populated from the tax return.

Documentation Required:	Borrower 2	Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
		Location Of Rental Property 100.AMBAZAR, IRVINE, CA 92614 01	Location Of Rental Property 100.AMBAZAR, IRVINE, CA 92614		
• Schedule E (IRS Form 1040) OR • Lease Agreement or Fannie Mae Form 1025		365	366		
Step 1. Result: The number of days the property was in service:					

Step 2

Step 2 has two options. Step 2A uses the tax returns to calculate monthly qualifying rental income or loss, while Step 2B uses the property's lease agreement to calculate qualifying income. (For example, Step 2B might be used if the monthly rent was increased but was not yet reflected on the tax returns.)

Select which method to use via the drop-down field at the bottom of each repeated income group.

Step 2 A. Schedule E - Part I							
A1	Enter Total Rents Received (lines 3):	(+)	\$ 48,000	(+)	\$ 43,000		
A2	Subtract: Total Expenses (line 20)	(-)	\$ 23,470	(-)	\$ 16,810		
A3	Add back: Insurance Expenses (line 9)	(+)	\$ 2,100	(+)	\$ 320		
A4	Add back: Mortgage Interest paid (line 12)	(+)	\$ 900	(+)	\$ 300		
A5	Add back: Tax expense (line 16)	(+)	\$ 2,400	(+)	\$ 970		
A7	Add back: Depreciation expense (line 18)	(+)	\$ 7,000	(+)	\$ 3,330		
A8	Add back: Casualty Loss (Line 19)	(+)	\$ 240	(+)	\$ 230		
A9	Add back: Homeowner's Association Dues (Line 19)	(+)	\$ 120	(+)	\$ 110		
A10	Add back: Amortization (Line 19)	(+)	\$ 200	(+)	\$ 200		
A11	Add back: Any one time extraordinary expense (e.g.,XXXX)	(+)		(+)			
	Equals adjusted Annual rental income:		\$ 37,490		\$ 31,650		
A12	Divide by the no. of months the property was in service (Step 1 Result)		12.00		12.00		
	Equals adjusted Monthly rental income:		\$ 3,124.17		\$ 2,637.50		
	Step 2A. Result: Monthly qualifying rental income (or loss):		\$ 3,124.17		\$ 2,637.50		
Step 2 B. Lease Agreement or Fannie Mae Form 1025							
<i>This method is used when the transaction is a purchase, the property was acquired subsequent to the most recent tax filing.</i>							
B1	Enter the gross monthly rent (from the lease agreement) or market rent (Form 1025) for the applicable rental unit.						
B2	Multiply gross monthly rent or market rent by 75%. The remaining 25% accounts for vacancy loss, maintenance, and management expenses.	(x)	75%	(x)	75%		
	Equals adjusted monthly rental income:		\$ -		\$ -		
B3	Monthly maintenance imposed PITIA for subject property or add step PITIA for non subject properties.	(+)		(+)			
	Equals adjusted annual rental income:		\$ -		\$ -		
	Step 2B. Result: Monthly qualifying rental income (or loss):		\$ -		\$ -		
	Qualifying Income (Gross Monthly Rent):		\$ 2,880.83				
	Qualifying Income (Net Monthly Rent):		\$ 2,880.83				
	What was considered for QI, 2 Yr Avg. or CY?:		2 Yr Avg				
	Percentage of change from Previous Year to Current Year:		18.45%				

Step 3

The qualifying income is determined using the results from Step 1 and either Step 2A or Step 2B. In addition, an extensive notes section is available for further documentation.

Step 3. Determine the qualifying impact using the result of step 2A or step 2B		
Add the monthly qualifying rental income to the borrower's monthly qualifying income.		\$ 2,881
Identify the full amount of the PITIA as the borrower's primary housing expense and include it in the debt-to-income ratio. Use proposed PITIA when the subject property; existing PITIA when not the subject property.		\$ -
DU Data Entry	Monthly Income and Combined Housing Expenses	Mortgage Liabilities
Subject Property	Enter the amount of the monthly qualifying income in "Subject Net Cash."	Include as the borrower's primary housing expense. For refinance transactions, identify the mortgage as a subject property line.
Non-Subject Property	Enter the amount of the monthly qualifying income in "Net Rental."	Include as the borrower's primary housing expense.
Notes		

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Schedule E - Rental (Freddie Mac Form 92)

The Freddie workbook uses Freddie Mac guidelines to calculate rental income or loss. There is no limit to the number of rental properties a borrower may own.

Select '2-to4-unit Primary Residence', 'Subject' or 'Non-Subject Investment Property'		Net Rental Income Calculation(s)		Manual Override	
Form 1040 Schedule E - Supplemental Income and Loss		Non-Subject Investment Property		2023	2022
		2023	2022	2023	2022
Location of Rental Property (Line 1a)	Borrower 1	100.AMBAZAR, IRVINE, CA 92614 01	100.AMBAZAR, IRVINE, CA 92614 01		
Fair Rental Days		365	365		
Number of Months - Maximum 12		12	12		
Rents Received (Line 3)	+	\$ 48,000	\$ 48,000		
Less Total Expenses (Line 20)	-	\$ 23,470	\$ 23,470		
Insurance (Line 9)	+	\$ 2,100	\$ 2,100		
Mortgage Interest Paid to Bank, etc. (Line 12)	+	\$ 900	\$ 900		
Taxes (real estate only) (Line 16)	+	\$ 2,400	\$ 2,400		
Depreciation and/or Depletion (Line 18)	+	\$ 7,000	\$ 7,000		
Homeowners Association (HOA) dues (Line 19)	+	\$ -	\$ -		
One Time Losses (e.g., Casualty Loss) (Line 19)	+	\$ -	\$ -		
Net Rental Income (Annual)		\$ 36,930	\$ 36,930		
Net Rental Income (Monthly)		\$ 3,078	\$ 3,078		
Monthly Mortgage Payment (PITIA)					
Schedule E Rental Income		\$ 36,930	\$ 36,930		
Qualifying Rental Income (Monthly)		\$ 3,077.50			
What was considered for QI, 2 Yr Avg. or CY?		CY	"X" to exclude income		
Percentage of change from Previous Year to Current Year		0.00%			

If the Fair Rental Days are fewer than 365 days, the Rental income will be excluded per Freddie Mac guidelines.

Select '2-to4-unit Primary Residence', 'Subject' or 'Non-Subject Investment Property'		Net Rental Income Calculation(s)		Manual Override	
Form 1040 Schedule E - Supplemental Income and Loss		Non-Subject Investment Property		2023	2022
		2023	2022	2023	2022
Location of Rental Property (Line 1a)	Borrower 1	100.AMBAZAR, IRVINE, CA 92614 01			
Fair Rental Days		200	0		
Number of Months - Maximum 12		7	12		
Rents Received (Line 3)	+	\$ 48,000	\$ -		
Less Total Expenses (Line 20)	-	\$ 23,470	\$ -		
Insurance (Line 9)	+	\$ 2,100	\$ -		
Mortgage Interest Paid to Bank, etc. (Line 12)	+	\$ 900	\$ -		
Taxes (real estate only) (Line 16)	+	\$ 2,400	\$ -		
Depreciation and/or Depletion (Line 18)	+	\$ 7,000	\$ -		
Homeowners Association (HOA) dues (Line 19)	+	\$ -	\$ -		
One Time Losses (e.g., Casualty Loss) (Line 19)	+	\$ -	\$ -		
Net Rental Income (Annual)		\$ 36,930	\$ -		
Net Rental Income (Monthly)		\$ 5,632	\$ -		
Monthly Mortgage Payment (PITIA)					
Schedule E Rental Income		\$ 36,930	\$ -		
Qualifying Rental Income (Monthly)		\$ 5,631.83			
What was considered for QI, 2 Yr Avg. or CY?			"X" to include income		
Percentage of change from Previous Year to Current Year		-			

Select either Non-Subject Investment Property, Subject Investment Property, or Subject 2-4 Unit Primary Residence from the drop-down options. By default, Non-Subject Investment Property is selected.

Select '2-to4-unit Primary Residence', 'Subject' or 'Non-Subject Investment Property'		Net Rental Income Calculation(s)	
Form 1040 Schedule E - Supplemental Income and Loss		Non-Subject Investment Property	
Location of Rental Property (Line 1a)	Borrower 1	Subject 2- to 4-unit Primary Residence Subject Investment Property Non-Subject Investment Property	

If Subject 2-4 Unit Primary Residence is manually selected, the PITIA fields will be greyed out and PITIA income or loss will not be included in the qualifying income calculations.

Net Rental Income (Annual)	\$	36,930	\$	36,930
Net Rental Income (Monthly)	\$	3,078	\$	3,078
Monthly Mortgage Payment (PITIA)				
Schedule E Rental Income	\$	36,930	\$	36,930
Qualifying Rental Income (Monthly)	\$	3,077.50		

Rental (Manual)

The Rental (Manual) tab allows users to capture income or loss from newly-purchased rental properties that are not yet reflected on the tax returns.

Using the light blue cells, manually enter the property address, the monthly rent, and PITIA if necessary to calculate qualifying income or loss.

The tab contains five unpopulated repeated income groups to record the income or loss for up to five rental properties.

Schedule E Analysis Details of Current Year & Prior Year			
Cells shaded in 'aqua' require manual entry.		Back to Summary Sheet	
Schedule E Qualifying Income (Net Monthly Rental)		\$	-
Manual Rental Income Worksheet #1		2024	
Documentation Required: Lease Agreement or Fannie Mae Form 1007 or Form 1025		Location Of Rental Property	
Borrower 1			
Lease Agreement or Fannie Mae Form 1007 or Form 1025			
B1	Enter the gross monthly rent (from the lease agreement) or market rent (reported on Form 1007 or Form 1025).	(x)	
B2	Multiply gross monthly rent or market rent by 75%. <i>The remaining 25% accounts for vacancy loss, maintenance, and management expenses.</i>	(x)	75%
Equals adjusted monthly rental income:		\$	-
B3	Monthly Subtract proposed PITIA (for subject property) or existing PITIA (for non-subject property).	(-)	
Step 2B. Result: Monthly qualifying rental income (loss):		\$	-
Qualifying Income (Gross Monthly Rent):		\$	-
Qualifying Income (Net Monthly Rent):		\$	-
Refer to the Rental Income topic in the Selling Guide for additional guidance.		"X" to exclude income	
Notes			

Schedule E - Royalty

The Royalty tab is populated with Schedule E income or losses that are designated as "Royalty" income. Each entity is displayed on this tab as a separate repeated income group, and cumulative royalty qualifying income or loss is aggregated at the top of the tab.

Description			Annual Figures (Per Tax Returns)		Manual Overrides	
			2023	2022	2023	2022
Royalty income	Borrower 1		79 NEWPORT BEACH 01	79 NEWPORT BEACH		
Total Royalty Received (line 4)		+	\$ 50,000	\$ 70,000		
Depletion (line 18)		+	\$ 6,400	\$ 2,470		
Total Expenses (line 20)		-	\$ 20,350	\$ 18,980		
Schedule E Royalty Income			\$ 36,050	\$ 53,490		
Qualifying Income Per Tax Returns (Annual)			\$ 36,050.00	"X" to exclude income from calculation		
Qualifying Income Per Tax Returns (Monthly)			\$ 3,004.17			
What was considered for Q1, 2 Yr Avg, or CY?			CY			
Percentage of change from Previous Year to Current Year			(32.60%)			

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Schedule F - Farm

The Schedule F tab helps in the analysis of a borrower's Farm income or loss. Each Schedule F entity is displayed on this tab as a separate repeated income group, and cumulative farm qualifying income or loss is aggregated at the top of the tab.

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Farm Name (Line A)	Borrower 1	AGRICULTURAL PRODUCT	AGRICULTURAL PRODUCT		
Net Farm Profit/loss (Line 34)	+	\$ 89,957	\$ 138,670		
Non-Tax Portion Ongoing Co-op and CCC Payments (Lines 3,4,5,6)	+	\$ -	\$ -		
Nonrecurring Other Income/Loss (Line 8)	Included -	\$ 105,000	\$ 150,000		
<i>Note: Income is negated and loss is added back by default. Change the drop down to 'Excluded' to ignore Other Income/Loss from the cash flow.</i>					
Depreciation (Line 14)	+	\$ 2,500	\$ 2,500		
Amortization (Line 32)	+	\$ 2,400	\$ 1,230		
Casualty Loss (Line 32)	+	\$ 3,003	\$ 1,400		
Depletion (Line 32)	+	\$ -	\$ -		
Business Use of Home (Line 32)	+	\$ 2,000	\$ 2,100		
Schedule F Income		\$ (5,140)	\$ (4,100)		
Qualifying Income Per Tax Returns (Annual)		\$ (5,140.00)	"X" to exclude income from calculation		
Qualifying Income Per Tax Returns (Monthly)		\$ (428.33)			
What was considered for Q1, 2 Yr Avg. or CY?		CY			
Percentage of change from Previous Year to Current Year		(25.37%)			

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Trust

Trust income or loss is collected on the Trust tab.

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Trust Name :		ANDERSON TRUST	ANDERSON TRUST		
EIN #		20-1234567	20-1234567		
Beneficiary Name:	Borrower 1	JACK ANDERSON	Jack Anderson		
Ordinary Income (Line 6)	+	\$ 7,995	\$ 3,600		
Net Rental Income (Line 7)	+	\$ -	\$ 4,200		
Other Rental Income (Line 8)	+	\$ 4,200	\$ 2,500		
Interest (Line 1)	+	\$ 5,000	\$ 16,500		
Dividends (Line 2a)	+	\$ 8,900	\$ 5,000		
Other Adjustments	+				
Total Income (Schedule K-1)		\$ 26,095	\$ 31,800		
Qualifying Income Per Tax Returns (Annual)		\$ 26,095.00	"X" to exclude income from calculation		
Qualifying Income Per Tax Returns (Monthly)		\$ 2,174.58			
What was considered for QI, 2 Yr Avg. or CY?		CY			
Percentage of change from Previous Year to Current Year		(17.94%)			

Each repeated income group will include the Trust's Name, EIN, and Beneficiary.

Description		Annual Figures (Per Tax Returns)	
		2023	2022
Trust Name :		ANDERSON TRUST	ANDERSON TRUST
EIN #		20-1234567	20-1234567
Beneficiary Name:	Borrower 1	JACK ANDERSON	Jack Anderson

If necessary, make adjustments to income in the fields labelled "Other Adjustments."

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Trust Name :		ANDERSON TRUST	ANDERSON TRUST		
EIN #		20-1234567	20-1234567		
Beneficiary Name:	Borrower 1	JACK ANDERSON	Jack Anderson		
Ordinary Income (Line 6)	+	\$ 7,995	\$ 3,600		
Net Rental Income (Line 7)	+	\$ -	\$ 4,200		
Other Rental Income (Line 8)	+	\$ 4,200	\$ 2,500		
Interest (Line 1)	+	\$ 5,000	\$ 16,500		
Dividends (Line 2a)	+	\$ 8,900	\$ 5,000		
Other Adjustments	+				
Total Income (Schedule K-1)		\$ 26,095	\$ 31,800		
Qualifying Income Per Tax Returns (Annual)		\$ 26,095.00	"X" to exclude income from calculation		
Qualifying Income Per Tax Returns (Monthly)		\$ 2,174.58			
What was considered for QI, 2 Yr Avg. or CY?		CY			
Percentage of change from Previous Year to Current Year		(17.94%)			

Partnership

The Partnership tab populates the borrower's income or loss from K-1s, as well as adjustments to the income from the Partnership 1065 form of the tax returns.

The 1065 adjustments to business cash flow [C] are applied to the Partnership's schedule K-1 income [B] and are reflected as the Partnership Total [D]. Qualifying Income is calculated from this total.

Description	Annual Figures (Per Tax Returns)				Manual Overrides		
	2023		2022		2023	2022	
Partnership's name	TNT PARTNERSHIP		TNT PARTNERSHIP		[A] Entity Information		
Partner's name	JACK ANDERSON		Jack Anderson				
Liquidity Ratios	0.00		0.00				
Distributions (Line 19A)	\$	3,550	\$	2,250	<input type="checkbox"/> "X" if the Business is Inventory Based		
Part 1: Partnership Schedule K-1s							
Final K-1 Checkmark :					[B] K-1 Income		
Ordinary Income/Loss, (Sch K-1, Line 1)	(+)	\$ 219,885	(+)	\$ 197,928			
Net Rental Real Estate Income/(Loss), Other Net Rental Income/(Loss) (Sch K-1, Line 2,3)	(+)	\$ 480	(+)	\$ 4,870			
Basis for Annual Income	Up to Distributions		Up to Distributions				
Annual Income	\$	3,550	\$	2,250			
Guaranteed Payments to Partner - (Sch K-1, Line 4c)	Included	(+)	\$ 1,050	(+)	\$ 1,500		
Total K-1 Income:	\$	4,600	\$	3,750			
Part 2: Form 1065 Adjustments to Business Cash Flow							
Final Business Return Checkmark :					[C] 1065 Adjustments		
Ordinary Income/Loss from Other Partnerships (Line 4)	Included	(-)	\$ 5,000	(-)			\$ 4,600
<i>Note: Income is negated and loss is added back by default. Change the drop down to 'Excluded' to ignore Income/Loss from cash flow.</i>							
Nonrecurring Net Farm Profit/Loss (Line 5)	Ignore Loss	(-)	\$ 7,000	(-)			\$ 8,000
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Profit/Loss or 'Excluded' to ignore Profit/Loss from adjustment.</i>							
Nonrecurring Net Gain/Loss (Line 6)	Ignore Loss	(-)	\$ 700	(-)			\$ (500)
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gain/Loss or 'Excluded' to ignore Gain/Loss from adjustment.</i>							
Nonrecurring Other Income/Loss (Line 7)	Ignore Loss	(-)	\$ 7,500	(-)			\$ (500)
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Income/Loss or 'Excluded' to ignore Income/Loss from adjustment.</i>							
Depreciation (Form 1065 Line 16c)	(+)	\$ 6,300	(+)	\$ 4,600			
Depreciation (Form 8825 Line 14)	(+)	\$ 9,000	(+)	\$ 1,300			
Depletion (Line 17)	(+)	\$ 1,000	(+)	\$ 1,400			
Amortization (2023 Line 21 / 2022 Line 20)	(+)	\$ -	(+)	\$ -			
Amortization (Form 8825 Line 15)	(+)	\$ -	(+)	\$ -			
Casualty Loss (2023 Line 21 / 2022 Line 20)	(+)	\$ -	(+)	\$ -			
Casualty Loss (Form 8825 Line 15)	(+)	\$ -	(+)	\$ -			
Mortgage or Notes Payable in Less than 1 Year (Sch. L, Line 16d)	Included	(-)	\$ 18,000	(-)	\$ 15,000		
Travel and Entertainment Exclusion (Sch. M-1, Line 4b)	(-)	\$ 4,900	(-)	\$ 4,375			
Adjustments Subtotal:	\$	(26,800)	\$	(24,675)			
Ownership % (Sch. K-1, Line J)	Capital Ending	(X)	50.00%	(X)	50.00%		
Proportionate Share of Adjustments to Business Cash Flows	\$	(13,400.00)	\$	(12,337.50)	<input type="checkbox"/> "X" to exclude Adjustments		
Partnership Cash Flow Subtotal							
Wages Paid from Partnership to Borrower	(+)		(+)		[D] Totals		
Other Manual Adjustments - Enter Negative Amount to Negate	(+)		(+)				
Partnership Total	\$	(8,800.00)	\$	(8,587.50)			
Qualifying Income Per Tax Returns (Annual)	\$	(8,800.00)					
Qualifying Income Per Tax Returns (Monthly)	\$	(733.33)					
What was considered for QI, 2 Yr Avg. or CY?		CY			<input type="checkbox"/> "X" to exclude income <input type="checkbox"/> "X" to use the Profit and Loss Statement		
Percentage of change from Previous Year to Current Year		(2.47%)					

18 Noticed a declining trend in the income. Please review documentation that shows evidence of stabilization of the income.

Each partnership "repeated income group" is divided into four sections.

[A] Entity Information

Partnership Name, Partner Name, Liquidity Ratios (with Quick and Current Ratios), and Distributions are all displayed in the entity information at the top of each group.

Description	Annual Figures (Per Tax Returns)				Manual Overrides	
	2023		2022		2023	2022
Partnership's name	TNT PARTNERSHIP		TNT PARTNERSHIP			
Partner's name	JACK ANDERSON		Jack Anderson			
Liquidity Ratios	0.00		0.00			
Distributions (Line 19A)	\$	3,550	\$	2,250	<input type="checkbox"/> "X" if the Business is Inventory Based	

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If, for any reason, the borrower or co-borrower's social security number is redacted, obscured, or does not match the document, LBI cannot link the income to your borrower. In these cases, LBI will exclude the income from qualifying income by default. If the income can be verified as belonging to the borrower, place an "X" in the "X to include income" box in [D]. If the income does not belong to the borrowers, leave it excluded.

Description	Annual Figures (Per Tax Returns)		Manual Overrides	
	2023	2022	2023	2022
Partnership's name	TNT PARTNERSHIP	TNT PARTNERSHIP	The SSN for this K-1 does not match with borrower's personal return (Form 1040). Please manually verify all amounts if you want to include income.	
Partner's name	JOHN DOE	JOHN DOE		
Current Ratio	N/A	N/A		
<u>Liquidity Ratios</u>	View Breakdown		<input type="checkbox"/> "X" if the Business is Inventory Based	
Distributions (Line 19A)	\$ 3,550	\$ 2,250		

[B] Part 1 (Partnership K-1)

LBI analyses K-1 income from the tax returns and calculates K-1 income or loss for each tax year.

Final K-1

Partnerships marked as Final K-1 will not be considered in the qualifying income analysis. A message indicates if an entity is Final, and its income or loss is greyed out.

If, however, the K-1 was marked Final by mistake and you wish to include the income in qualifying income, use the "X to include income" box in [D].

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Partnership's name		TNT PARTNERSHIP	TNT PARTNERSHIP		
Partner's name		JACK ANDERSON	Jack Anderson		
Current Ratio		N/A	N/A		
<u>Liquidity Ratios</u>		View Breakdown		<input type="checkbox"/> "X" if the Business is Inventory Based	
Distributions (Line 19A)		\$ 3,550	\$ 2,250		
<u>Part 1: Partnership Schedule K-1s</u>				This Partnership was marked as final Type an 'X' in cell 'I351' to include this income	
Final K-1 Checkmark :		X			
Ordinary Income/Loss, (Sch K-1, Line 1)		(+) \$ 197,928	(+) \$ 197,928		
Net Rental Real Estate Income/(Loss), Other Net Rental Income/(Loss) (Sch K-1, Line 2,3)		(+) \$ 480	(+) \$ 1,370		

Basis for Annual Income

LBI uses either "K-1 Lines 1,2,3" or "Up to Distributions" as the Basis for Annual Income when calculating Total K-1 Income. The FNMA SEI and SAM templates use the business' liquidity ratios in deciding which income to use as the basis for the calculations.

If the entity's liquidity ratio is 1.0 or greater, then "K-1 Lines 1,2,3" is used as the Basis for Annual Income. If, however, the entity's liquidity ratio is less than 1.0, then it is considered not liquid and "Up to Distributions" (up to the value of K-1 Lines 1,2,3) is used. The "Basis for Annual Income" may be manually overridden by the underwriter.

Part 1: Partnership Schedule K-1s					
Final K-1 Checkmark :					
Ordinary Income/Loss, (Sch K-1, Line 1)	(+)	\$ 400,000	(+)	\$ 400,000	\$ 400,000
Net Rental Real Estate Income/(Loss), Other Net Rental Income/(Loss) (Sch K-1, Line 2,3)	(+)	\$ 480	(+)	\$ 4,870	
Basis for Annual Income		Up to Distributions		Up to Distributions	
Annual Income		\$ 3,550		\$ 2,250	
Guaranteed Payments to Partner - (Sch K-1, Line 4c)	Included	(+)	\$ 1,050	(+)	\$ 1,500
Total K-1 Income:		\$ 4,600		\$ 3,750	

[C] Part 2 (1065 Adjustments)

In the next section of the tab, LBI calculates the 1065 Adjustments to Business Cash Flow.

Part 2: Form 1065 Adjustments to Business Cash Flow									
Final Business Return Checkmark:									
Ordinary Income/Loss from Other Partnerships (Line 4)	Included	(-)	\$	5,000	(-)	\$	4,600		
Note: Income is negated and loss is added back by default. Change the drop down to 'Excluded' to ignore Income/Loss from cash flow.									
Nonrecurring Net Farm Profit/Loss (Line 5)	Ignore Loss	(-)	\$	7,000	(-)	\$	8,000		
Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Profit/Loss or 'Excluded' to ignore Profit/Loss from adjustment.									
Nonrecurring Net Gain/Loss (Line 6)	Ignore Loss	(-)	\$	700	(-)	\$	(500)		
Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gain/Loss or 'Excluded' to ignore Gain/Loss from adjustment.									
Nonrecurring Other Income/Loss (Line 7)	Ignore Loss	(-)	\$	7,500	(-)	\$	(500)		
Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Income/Loss or 'Excluded' to ignore Income/Loss from adjustment.									
Depreciation (Form 1065 Line 16c)		(+)	\$	6,300	(+)	\$	4,600		
Depreciation (Form 8825 Line 14)		(+)	\$	9,000	(+)	\$	1,300		
Depletion (Line 17)		(+)	\$	1,000	(+)	\$	1,400		
Amortization (2023 Line 21 / 2022 Line 20)		(+)	\$	-	(+)	\$	-		
Amortization (Form 8825 Line 15)		(+)	\$	-	(+)	\$	-		
Casualty Loss (2023 Line 21 / 2022 Line 20)		(+)	\$	-	(+)	\$	-		
Casualty Loss (Form 8825 Line 15)		(+)	\$	-	(+)	\$	-		
Mortgage or Notes Payable in Less than 1 Year (Sch. L, Line 16d)	Included	(-)	\$	18,000	(-)	\$	15,000		
Travel and Entertainment Exclusion (Sch. M-1, Line 4b)		(-)	\$	4,900	(-)	\$	4,375		
Adjustments Subtotal:			\$	(26,800)		\$	(24,675)		
Ownership % (Sch. K-1, Line J)	Capital Ending	(X)		50.00%	(X)		50.00%		
Proportionate Share of Adjustments to Business Cash Flows			\$	(13,400.00)		\$	(12,337.50)		"X" to exclude Adjustments

[D] Totals

In the Totals section, the 1065 Adjustments are applied to the K-1 income or loss, ultimately giving us our qualifying income for the business.

Ownership Percentage

Ownership percentage is extracted from the borrower's K-1 automatically. By default, the ownership percentage is set to Capital Ending but may be manually updated to Profit Ending or Loss Ending.

Adjustments Subtotal:		\$	(26,800)		\$	(24,675)
Ownership % (Sch. K-1, Line J)	Capital Ending		50.00%	(X)		50.00%
Proportionate Share of Adjustments to Business Cash Flows	Profit Ending	\$	(13,400.00)		\$	(12,337.50)
Partnership Cash Flow Subtotal	Loss Ending					
Wages Paid from Partnership to Borrower	Capital Ending	(+)		(+)		

Wages Paid to Borrower

If wages from the partnership were paid to the borrower, they may be manually entered on the line highlighted below.

Important Note! Wages paid to the borrower from their partnership may already be included in "Borrower Wages, salaries considered elsewhere" section of the Main Sheet. Including the income on the partnership's "Wages Paid from Partnership to Borrower" line may "double dip" those wages. If you would prefer to move income from the Main Sheet to the Partnership tab, be sure to remove it from the "Borrower Wages" line on the Main Sheet via manual override.

Partnership Cash Flow Subtotal			
Wages Paid from Partnership to Borrower	(+)		(+)
Other Manual Adjustments - Enter Negative Amount to Negate	(+)		(+)
Partnership Total		\$	(8,800.00)
Qualifying Income Per Tax Returns (Annual)		\$	(8,800.00)
Qualifying Income Per Tax Returns (Monthly)		\$	(733.33)
What was considered for QI, 2 Yr Avg. or CY?		CY	
Percentage of change from Previous Year to Current Year			(2.47%)

"X" to exclude income
"X" to use the Profit and Loss Statement

Partnership Liquidity Analysis

LBI performs a Liquidity Analysis — using both Current and Quick Ratios — for each Partnership. The liquidity information is pulled directly from the Schedule L.

If the Partnership is liquid (ratio > 1.0), the ratio will appear green. If the business is not solvent (ratio < 1.0), the ratio will appear red. If the Schedule L is not present or has no values, the liquidity ratios will be zero, and the entity will not be considered solvent.

Partnership's name			Manual Overrides	
Partner's name	John Doe	John Doe		
Current Assets (Schedule L)	2023	2022	2023	2022
Cash (Line 1d)	\$ 7,500	\$ 60,000		
Accounts Receivables (Line 2b -(d))	\$ (3,000)	\$ (2,500)		
Inventories (Line 3 -(d))	\$ 10,000	\$ 7,000		
U.S Gov't Securities (Line 4)	\$ 5,000	\$ 2,500		
Tax-exempt securities (Line 5)	\$ 6,230	\$ 2,500		
Other Current Assets (Line 6d)	\$ 9,200	\$ 8,200		
Total - Adjusted Current Assets	\$ 34,930	\$ 77,700		
Current Liabilities (Schedule L)	2023	2022	2023	2022
Accounts Payable (Line 15d)	\$ 80,000	\$ 75,000		
Mortgage or Notes Payable in Less than 1 Year (Line 16d)	\$ 18,000	\$ 15,000		
Other Current Liabilities (Line 17d)	\$ 25,000	\$ 30,000		
Total - Adjusted Current Liabilities	\$ 123,000	\$ 120,000		
Liquidity Ratios	2023	2022		
Current Ratio	0.28	0.65		
Quick Ratio	0.20	0.59		

To view the formulas used to calculate the Current and Quick Ratios, click the ratio name under the Liquidity Ratios header.

Liquidity Ratios	
Current Ratio	+
Quick Ratio	+
Current Ratio: Total Adjusted Current Assets / Total Current Liabilities	

Current Ratio	
Quick Ratio	+
Quick Ratio Calculation: (Total Adjusted Current Assets - Inventories) / Total Current Liabilities	

Important Note! Partnership liquidity calculated on the FNMA SEI and SAM templates will help determine the Qualifying Income of the business. Liquidity on the Freddie Mac Form 91 template is informational only and does not affect the Qualifying Income of the business.

S Corporation

The S Corporation tab populates the borrower's income or loss from K-1s, as well as adjustments to the income from Form 1120S of the tax returns.

The 1120S adjustments to business cash flow [C] are applied to the S Corporation's schedule K-1 income [B] and is reflected as the S Corporation Total [D]. Qualifying Income is calculated from this total.

Description	Annual Figures (Per Tax Returns)		Manual Overrides	
	2023	2022	2023	2022
S Corporation's name	PNBC SOLUTIONS INC		PNBC SOLUTIONS INC	
Shareholder's name	JACK ANDERSON		JACK ANDERSON	
Liquidity Ratios	Current Ratio 1.62		1.37	
Distributions (Line 16D)	\$ 6,250		\$ 5,550	
[A] Entity Information				
Part 1: S Corporation Schedule K-1s				
Final K-1 Checkmark:				
Ordinary Income/(Loss), (Sch K-1, Line 1)	(+)	\$ 496,127	(+)	\$ 651,210
Net Rental Real Estate Income/(Loss), Other Net Rental Income/(Loss) (Sch K-1, Line 2,3)	(+)	\$ 5,220	(+)	\$ 27,250
Basis for annual income	(+)	K-1 Line 1,2,3	(+)	K-1 Line 1,2,3
Total K-1 Income:		\$ 501,347		\$ 678,460
[B] K-1 Income				
Form 1120S - Adjustments to Business Cash Flow				
Final Business Return Checkmark:				
Nonrecurring Net Gain/Loss (Line 4)	Ignore Loss (-)	\$ 4,000	(-)	\$ (6,000)
Nonrecurring Other Income/Loss (Line 5)	Ignore Loss (-)	\$ 9,000	(-)	\$ 3,500
Depreciation (Form 1120S Line 14)	(+)	\$ 3,333	(+)	\$ 8,000
Depreciation (Form 8825 Line 14)	(+)	\$ 20,000	(+)	\$ 5,000
Depletion (Line 15)	(+)	\$ 6,100	(+)	\$ 2,300
Amortization (2023 Line 20 / 2022 Line 19)	(+)	\$ -	(+)	\$ -
Amortization (Form 8825 Line 15)	(+)	\$ -	(+)	\$ -
Casualty Loss (2023 Line 20 / 2022 Line 19)	(+)	\$ -	(+)	\$ -
Casualty Loss (Form 8825 Line 15)	(+)	\$ -	(+)	\$ -
Mortgage or Notes Payable in Less than 1 Year (Sch. L, Line 17d)	Included (-)	\$ 35,000	(-)	\$ 33,600
Travel and Entertainment Exclusion (Sch. M-1, Line 3b)	(-)	\$ 6,250	(-)	\$ 6,000
Adjustments Subtotal:		\$ (24,817)		\$ (27,800)
Ownership % (Sch. K-1, Line G)	(x)	100.00%	(x)	100.00%
Proportionate Share of Adjustments to Business Cash Flows		\$ (24,817.00)		\$ (27,800.00)
[C] 1120S Adjustments				
S Corporation Cash Flow Subtotal				
Wages Paid from S Corporation to Borrower	(+)		(+)	
Other Manual Adjustments - Enter Negative Amount to Negate	(+)		(+)	
S Corporation Total		\$ 476,530.00		\$ 650,660.00
Qualifying Income Per Tax Returns (Annual)		\$ 476,530.00		
Qualifying Income Per Tax Returns (Monthly)		\$ 39,710.83		
What was considered for QI, 2 Yr Avg. or CY?		CY		
Percentage of change from Previous Year to Current Year		(26.76%)		
[D] Totals				
LB Noticed a declining trend in the income. Please review documentation that shows evidence of stabilization of the income.				

Each S Corporation "repeated income group" is divided into four sections.

[A] Entity Information

S Corporation Name, Shareholder Name, Liquidity Ratios (with Quick and Current Ratios), and Distributions are all displayed in the entity information at the top of each group.

Description	Annual Figures (Per Tax Returns)		Manual Overrides	
	2023	2022	2023	2022
S Corporation's name	PNBC SOLUTIONS INC		PNBC SOLUTIONS INC	
Shareholder's name	JACK ANDERSON		JACK ANDERSON	
Liquidity Ratios	Current Ratio 1.62		1.37	
Distributions (Line 16D)	\$ 6,250		\$ 5,550	

LoanBeam Workbook User Guide

If, for any reason, the borrower's Social Security number is redacted, obscured, or does not match the document, LBI cannot link the document to your borrower. In these cases, LBI will exclude the income from qualifying income by default. If the income can be verified as belonging to the borrower, place an "X" in the "X to include income" box in [D]. If the income does not belong to the borrower, leave it excluded.

Description	Annual Figures (Per Tax Returns)		Manual Overrides	
	2023	2022	2023	2022
S Corporation's name	PNBC SOLUTIONS INC		The SSN for this K-1 does not match with borrower's personal return (Form 1040). Please manually verify all amounts if you want to include income.	
Shareholder's name	Borrower 1	JOHN DOE		
		JOHN DOE		
<u>Liquidity Ratios</u>	Current Ratio	N/A	N/A	
		View Breakdown	<input type="checkbox"/> "X" if the Business is Inventory Based	
Distributions (Line 16D)	\$	6,250	\$	5,550

[B] Part 1 (S Corporation K-1)

LBI analyzes K-1 income from the tax returns and calculates K-1 income or loss for each tax year.

Final K-1

S Corporations marked as Final K-1 will not be considered in the qualifying income analysis. A message indicates if an entity is Final, and its income or loss is grayed out.

If, however, the K-1 was marked Final by mistake and you wish to include the income in qualifying income, use the "X to include income" box in [D].

Description	Annual Figures (Per Tax Returns)		Manual Overrides	
	2023	2022	2023	2022
S Corporation's name	PNBC SOLUTIONS INC		This S Corporation was marked as final Type an 'X' in cell 'I48' to include this income	
Shareholder's name	Borrower 1	JACK ANDERSON		
		JACK ANDERSON		
<u>Liquidity Ratios</u>	Current Ratio	N/A	N/A	
		View Breakdown	<input type="checkbox"/> "X" if the Business is Inventory Based	
Distributions (Line 16D)	\$	6,250	\$	5,550
Part 1: S Corporation Schedule K-1s				
Final K-1 Checkmark:		<input checked="" type="checkbox"/>		
Ordinary Income/(Loss), (Sch K-1, Line 1)	(+)	\$ 496,127	(+)	\$ 651,210
Net Rental Real Estate Income/(Loss), Other Net Rental Income/(Loss) (Sch K-1, Line 2,3)	(+)	\$ 5,220	(+)	\$ 27,250

Basis for Annual Income (FNMA SEI and SAM templates)

LBI uses either "K-1 Lines 1,2,3" or "Up to Distributions" as the Basis for Annual Income when calculating Total K-1 Income. The FNMA SEI and SAM templates use the business' liquidity ratios in deciding which income to use as the basis for the calculations.

If the entity's liquidity ratio is 1.0 or greater, then "K-1 Lines 1,2,3" is used as the Basis for Annual Income. If, however, the entity's liquidity ratio is less than 1.0, then it is considered not liquid and "Up to Distributions" (up to the value of K-1 Lines 1,2,3) is used. The "Basis for Annual Income" may be manually overridden by the underwriter.

Part 1: S Corporation Schedule K-1s				
Final K-1 Checkmark:		<input checked="" type="checkbox"/>		
Ordinary Income/(Loss), (Sch K-1, Line 1)	(+)	\$ 496,127	(+)	\$ 651,210
Net Rental Real Estate Income/(Loss), Other Net Rental Income/(Loss) (Sch K-1, Line 2,3)	(+)	\$ 5,220	(+)	\$ 27,250
Basis for annual income	(+)	Up to Distributions	(+)	Up to Distributions
Total K-1 Income:	\$	6,250	\$	5,550

[C] Part 2 (1120S Adjustments)

In the next section of the tab, LBI calculates the 1120S Adjustments to Business Cash Flow.

Form 1120S - Adjustments to Business Cash Flow					
Final Business Return Checkmark:					
Nonrecurring Net Gain/Loss (Line 4)	Ignore Loss	(-)	\$ 4,000	(-)	\$ (6,000)
Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gain/Loss or 'Exclude' to ignore Gain/Loss from adjustment.					
Nonrecurring Other Income/Loss (Line 5)	Ignore Loss	(-)	\$ 9,000	(-)	\$ 3,500
Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Income/Loss or 'Exclude' to ignore Income/Loss from adjustment.					
Depreciation (Form 1120S Line 14)		(+)	\$ 3,333	(+)	\$ 8,000
Depreciation (Form 8825 Line 14)		(+)	\$ 20,000	(+)	\$ 5,000
Depletion (Line 15)		(+)	\$ 6,100	(+)	\$ 2,300
Amortization (2023 Line 20 / 2022 Line 19)		(+)	\$ -	(+)	\$ -
Amortization (Form 8825 Line 15)		(+)	\$ -	(+)	\$ -
Casualty Loss (2023 Line 20 / 2022 Line 19)		(+)	\$ -	(+)	\$ -
Casualty Loss (Form 8825 Line 15)		(+)	\$ -	(+)	\$ -
Mortgage or Notes Payable in Less than 1 Year (Sch. L, Line 17d)	Included	(-)	\$ 35,000	(-)	\$ 33,600
Travel and Entertainment Exclusion (Sch. M-1, Line 3b)		(-)	\$ 6,250	(-)	\$ 6,000
Adjustments Subtotal:			\$ (24,817)		\$ (27,800)
Ownership % (Sch. K-1, Line G)		(x)	100.00%	(x)	100.00%
Proportionate Share of Adjustments to Business Cash Flows			\$ (24,817.00)		\$ (27,800.00)
"X" to exclude Adjustments					

[D] Totals

In the Totals section, the 1120S Adjustments are applied to the K-1 income or loss, ultimately giving us our qualifying income for the business.

Wages Paid to Borrower (FNMA SEI 1084)

On the Fannie Mae SEI template, if wages from the S Corporation were paid to the borrower, they may be manually entered on the line highlighted below.

Important Note! Wages paid to the borrower from their S Corporation may already be included in "Borrower Wages, salaries considered elsewhere" section of the Main Sheet. Including the income on the S Corporation's "Wages Paid from S Corporation to Borrower" line may "double dip" those wages. If you would prefer to move income from the Main Sheet to the S Corporation tab, be sure to remove it from the "Borrower Wages" line on the Main Sheet via manual override.

S Corporation Cash Flow Subtotal			
Wages Paid from S Corporation to Borrower	(+)		(+)
Other Manual Adjustments - Enter Negative Amount to Negate	(+)		(+)
S Corporation Total		\$ 476,530.00	\$ 650,660.00
Qualifying Income Per Tax Returns (Annual)		\$ 476,530.00	
Qualifying Income Per Tax Returns (Monthly)		\$ 39,710.83	
What was considered for QI, 2 Yr Avg. or CY?		CY	
Percentage of change from Previous Year to Current Year		(26.76%)	

"X" to exclude income

"X" to use the Profit and Loss Statement
If P&L is used, the QI is lesser of tax returns, P&L

Wages Paid to Borrower (Freddie Mac Form g1)

On the Freddie template, if wages from the S Corporation were paid to the borrower and the W-2 was scanned by LBI, the wages will automatically populate the Wages Paid fields. If the W-2 was not scanned, wages may be manually entered via the override columns to the right.

Important Note! Wages paid to the borrower from their S Corporation may already be included in "Borrower Wages, salaries considered elsewhere" section of the Main Sheet. Including the income on the S Corporation's "Wages Paid from S Corporation to Borrower" line may "double dip" those wages. If you would prefer to move income from the Main Sheet to the S Corporation tab, be sure to remove it from the "Borrower Wages" line on the Main Sheet via manual override.

Net S Corporation Subtotal:		\$ 531,530.00	\$ 491,530.00
Wages Paid from S Corporation to Borrower	Included	(+)	(+)
Other Manual Adjustments - Enter Negative Amount to Negate	(+)		(+)
S Corporation Total		\$ 576,811.00	\$ 534,497.00
Qualifying Income Per Tax Returns (Annual)		\$ 555,654.00	
Qualifying Income Per Tax Returns (Monthly)		\$ 46,304.50	
What was considered for QI, 2 Yr Avg. or CY?		2 Yr Avg	
Percentage of change from Previous Year to Current Year		7.92%	

"X" to exclude income

"X" to use the Profit and Loss Statement
If P&L is used, the QI is lesser of tax returns, P&L

S Corporation - FNMA SEI 1084 ONLY – NEW!

Additional FNMA Representations and Warranties Data Section

Overview

As an eligible income stream for FNMA's *integrated* R&W process, each S Corporation business has an "Additional FNMA Rep & Warrant Data" section used to capture data values required for R&W assessment.

Additional FNMA Rep & Warrant Data	
Business History Attestations	
DU Case ID	Click here to enter the DU Case ID
Include Business in DU Case File?	No
Years to Include	2024 & 2023
Employment Start Date (mm/dd/yyyy)	
<small>*Employment Start Date is the date the borrower obtained ownership.</small>	
There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?	<Select One>
Has the borrower owned >=25% of the business for more than 5 consecutive years?	<Select One>
K-1 was marked FINAL. Override?	<Select One>

Additional Data Validation Attestations		
	2024	2023
1120S		
Are Schedule M-3's attached? (Line C)	<Select One>	<Select One>
Number of Shareholders (Line I)		
Schedule M-3 (Form 1120S)		
Meals and Entertainment (Part III, Line 8c)		
Form 4562		
Amortization (Line 44)		
Form 4684		
Casualty Theft Income Property Short-Term Gain (Line 31)		
Casualty Theft Income Property Short-Term Loss (Line 32)		
Casualty Theft Long-Term Gain (Line 36)		
Casualty Theft Long-Term Loss (Line 37)		
Form W2		
Wages, tips, other compensation (Box 1)		
Medicare wages and tips (Box 5)		
Form 1040		
Was the Compensation of officers amount included as income in the borrower's personal returns? (Line 1)	<Select One>	<Select One>
<small>If a W2 is not available, Compensation of officers amount may be considered for income assessment if it is determined the amount was included as income on the borrower's personal tax return.</small>		
Non-Document Data		
Extraordinary One Time Expense Amount		
Carryover Loss		
Mortgages, notes and bonds payable in less than 1 year will be subtracted from qualifying income unless there is evidence that these obligations rollover regularly or they are a line of credit. Select one of the following descriptions:	<Select One>	<Select One>
Amount of Mortgages, notes and bonds payable less than 1yr that does NOT rollover		
Is business liquidity adequate?	<Select One>	<Select One>
If the Shareholder's name is a trust, make the appropriate section	<Select One>	<Select One>
Total amount of Amortization found on statements		

(The remainder of this page was intentionally left blank.)

Business History Attestations

The "Business History Attestations" section is used to capture entity level data needed for FNMA Representations & Warranties relief.

- 1) **DU Case ID** – The DU Case ID is the value that was entered on the Summary Sheet. This cell is not editable – it only displays the value entered on the Summary Sheet.
- 2) **Include Business in DU Case File?** – This field determines whether or not the business is included in the DU Case File.
 - a. **Important Note!** Selecting "No" instructs FNMA to exclude this business from your DU Case file, regardless of whether the DU Case ID is displayed.
 - b. **Important Note!** If income has previously been transmitted to DU but you would like to remove it, re-upload the Excel workbook with this cell set to "No." This will instruct FNMA to remove the income from DU.
 - c. **Important Note!** If the business is excluded from R&W evaluation, the DU Case ID for the business disappears.
- 3) **Years to Include** – This dropdown allows you to select which tax years to communicate to FNMA for R&W assessment. If two years have been uploaded, two years will be the default.
 - a. **Important Note!** If FNMA's SE income Calculator or DU suggests that only one year is needed for a certain business, use this field to restrict your communication to Fannie to one year.
 - b. **Important Note!** This choice is grayed out if the "Include Business in DU Case File" dropdown is set to "No."
- 4) **Employment Start Date** – This value is not found on the tax returns, but is critical to assessing R&W. The "Employee Start Date" is the date that the borrower obtained ownership of the business – which may be different from the date the business was established. For example, if a business started on 10/01/2005, was sold to your borrower on 01/15/2023, and your mortgage application date is 01/01/2024, then the business established date would be 10/01/2005, but the "Employment Start Date" would be "01/15/2023."
- 5) **There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?** – If the employment start date is fewer than 2 years before the date the workbook is being reviewed, then this field will appear. It is used to communicate to FNMA relevant employment history as it relates to running the business.
- 6) **Has the borrower owned >= 25% of the business for more than 5 consecutive years?** – Used to communicate business history that may or may not show up in the tax documents.
- 7) **K-1 marked as final. Override?** – If the K-1 was marked Final by mistake and you wish to include the income in qualifying income, please select the appropriate value from the dropdown.

Additional FNMA Rep & Warrant Data	
Business History Attestations	
DU Case ID	Click here to enter the DU Case ID
Include Business in DU Case File?	No
Years to Include	2024 & 2023
Employment Start Date (mm/dd/yyyy)	
<small>*Employment Start Date is the date the borrower obtained ownership.</small>	
There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?	<Select One>
Has the borrower owned >=25% of the business for more than 5 consecutive years?	<Select One>
K-1 was marked FINAL. Override?	<Select One>

(The remainder of this page was intentionally left blank.)

Additional Data Validation Attestations

In addition to the data that is automatically captured by LBI, there are some values that need to be completed manually by the user. Some of these values are found on income documents, others are based on borrower conversations.

The values are separated by document (if applicable) and have line descriptions which indicate where in the document they can be found. Values are broken out into two years.

Additional Data Validation Attestations		2024	2023
1120S			
	Are Schedule M-3's attached? (Line C)	<Select One>	<Select One>
	Number of Shareholders (Line I)		
Schedule M-3 (Form 1120S)			
	Meals and Entertainment (Part III, Line 8c)		
Form 4562			
	Amortization (Line 44)		
Form 4684			
	Casualty Theft Income Property Short-Term Gain (Line 31)		
	Casualty Theft Income Property Short-Term Loss (Line 32)		
	Casualty Theft Long-Term Gain (Line 36)		
	Casualty Theft Long-Term Loss (Line 37)		
Form W2			
	Wages, tips, other compensation (Box 1)		
	Medicare wages and tips (Box 5)		
Form 1040			
	Was the Compensation of officers amount included as income in the borrower's personal returns? (Line 1)	<Select One>	<Select One>
<small>If a W-2 is not available, Compensation of officers' amount may be considered for income assessment if it is determined the amount was included as income on the borrower's personal tax return.</small>			
Non-Document Data			
	Extraordinary One Time Expense Amount		
	Carryover Loss		
	Mortgages, notes and bonds payable in less than 1 year will be subtracted from qualifying income unless there is evidence that these obligations rollover regularly or they are a line of credit. Select one of the following descriptions:	<Select One>	<Select One>
	Amount of Mortgages, notes and bonds payable less than 1yr that does NOT rollover		
	Is business liquidity adequate?	<Select One>	<Select One>
	If the Shareholder's name is a trust, make the appropriate section	<Select One>	<Select One>
	Total amount of Amortization found on statements		

(The remainder of this page was intentionally left blank.)

S Corporation Liquidity

LB1 performs a Liquidity Analysis — using both Current and Quick Ratios — for each S Corporation. The liquidity information is pulled directly from the Schedule L.

If the S Corporation is liquid (ratio > 1.0), the ratio will appear green. If the business is not solvent (ratio < 1.0), the ratio will appear red.

If the Schedule L is not present or has no values, the liquidity ratios will be zero, and the entity will not be considered solvent.

S Corporation's name	PNBC SOLUTIONS INC	PNBC SOLUTIONS INC	Manual Overrides	
Shareholder's name	JACK ANDERSON	JACK ANDERSON		
Current Assets (Schedule L)	2023	2022	2023	2022
Cash (Line 1)	\$ 45,000	\$ 51,000		
Accounts Receivables (Line 2b -(d))	\$ 10,000	\$ 7,500		
Inventories (Line 3 -(d))	\$ 12,000	\$ 9,600		
U.S Gov't Securities (Line 4)	\$ 9,600	\$ 7,760		
Tax-exempt securities (Line 5)	\$ 21,000	\$ 7,760		
Other Current Assets (Line 6)	\$ 40,000	\$ 35,000		
Total - Adjusted Current Assets	\$ 137,600	\$ 118,620		
Current Liabilities (Schedule L)	2023	2022	2023	2022
Accounts Payable (Line 16)	\$ 30,000	\$ 35,000		
Mortgage, notes, bonds payable in less than 1 year (Line 17d)	\$ 35,000	\$ 33,600		
Other Current Liabilities (Line 18)	\$ 20,000	\$ 18,000		
Total - Adjusted Current Liabilities	\$ 85,000	\$ 86,600		
Liquidity Ratios	2023	2022		
Current Ratio	1.62	1.37		
Quick Ratio	1.48	1.26		

To view the formulas used to calculate the Current and Quick Ratios, click the ratio name under the Liquidity Ratios header.

Liquidity Ratios	
Current Ratio	
Quick Ratio	
<div> <div>Current Ratio:</div> <div>Total Adjusted Current Assets / Total Current Liabilities</div> </div>	
<div> <div>Quick Ratio Calculation:</div> <div>(Total Adjusted Current Assets - Inventories) / Total Current Liabilities</div> </div>	

Important Note! S Corp liquidity calculated on the FNMA SEI and SAM templates will help determine the Qualifying Income of the business. Liquidity on the Freddie Mac Form 91 template is informational only and does not affect the Qualifying Income of the business.

Corporation

Income or loss from type C Corporations (Tax Form 1120) will appear on the Corporation tab.

Description		Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
Corporation Name	Borrower 1	ABC CORPORATION	ABC CORPORATION		
Final Business Return Checkmark :					
Taxable Income/Loss (Line 30)	+	\$ 82,205	\$ 99,809		
Total Tax (Line 31)	-	\$ 17,263	\$ 20,960		
Nonrecurring Capital Net Gains/Losses (Lines 8)	Ignore Loss	\$ -	\$ -		
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gains/Losses or 'Excluded' to ignore Gains/Losses from adjustment.</i>					
Nonrecurring Net Gains/Losses (Lines 9)	Ignore Loss	\$ -	\$ -		
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gains/Losses or 'Excluded' to ignore Gains/Losses from adjustment.</i>					
Nonrecurring Other Income/Loss (Line 10)	Ignore Loss	\$ 2,500	\$ 6,000		
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Income/Loss or 'Excluded' to ignore Income/Loss from adjustment.</i>					
Depreciation (Line 20)	+	\$ 10,000	\$ 15,000		
Depletion (Line 21)	+	\$ 4,100	\$ 4,200		
Amortization/Casualty Loss (Line 26)	+	\$ -	\$ -		
Net Operating Loss and Special Deductions (Line 29a and Line 29b)	+	\$ -	\$ 5,100		
Mortgage or Notes Payable in Less than 1 Year (Sch. L, Line 17d)	Included	\$ 21,000	\$ 18,200		
Meals and Entertainment Exclusion (Sch. M-1, Line 5c)	-	\$ 7,700	\$ 2,400		
Subtotal [a]		\$ 47,842	\$ 76,549		
Ownership % (1125-E - Line 1d)		100%	100%		
Corporation Total [a*b]		\$ 47,842.00	\$ 76,549.00		
Dividends Paid to Borrower - Sch. C, Line 19 (Line 4)	-	\$ -	\$ 3,000		
Corporation Subtotal		\$ 47,842.00	\$ 73,549.00		
Wages Paid to Borrower from Corporation	+				
Corporation Net Total		\$ 47,842.00	\$ 73,549.00		
Qualifying Income Per Tax Returns (Annual)		\$ 47,842.00			
Qualifying Income Per Tax Returns (Monthly)		\$ 3,986.83	'X' to exclude income		
What was considered for QI, 2 Yr Avg, or CY?		CY			
Percentage of change from Previous Year to Current Year		(34.95%)			

LB Noticed a declining trend in the income. Please review documentation that shows evidence of stabilization of the income.

For income/loss to be calculated for Corporations, the borrower's ownership percentage must be manually entered. This value may be found on Form 1125-E or Schedule G of the business returns.

Until this field is manually entered, a flag appears: "Please enter ownership % for the tax years."

Important Note! Corporation income/loss is not included in the borrower's qualifying income unless the ownership percentage is manually entered.

Important Note! The FNMA SEI 1084 workbook requires a 100% ownership percentage for both years for income/loss to be included in qualifying income.

Subtotal [a]		\$ 47,842	\$ 76,549	
Ownership % (1125-E - Line 1d)				Please enter ownership % for the year 2023 & 2022.
Corporation Total [a*b]		\$ -	\$ -	
Dividends Paid to Borrower - Sch. C, Line 19 (Line 4)	-	\$ -	\$ 3,000	
Corporation Subtotal		\$ -	\$ -	
Wages Paid to Borrower from Corporation	+			
Corporation Net Total		\$ -	\$ -	
Qualifying Income Per Tax Returns (Annual)		\$ -		
Qualifying Income Per Tax Returns (Monthly)		\$ -	'X' to exclude income	
What was considered for QI, 2 Yr Avg, or CY?		CY		
Percentage of change from Previous Year to Current Year		-		

LoanBeam Workbook User Guide

Once the ownership percentage is manually entered, the borrower's qualifying income or loss and associated information is revealed.

Subtotal [a]		\$ 47,842	\$ 76,549
Ownership % (1125-E - Line 1d)		100%	100%
Corporation Total [a*b]		\$ 47,842.00	\$ 76,549.00
Dividends Paid to Borrower - Sch. C, Line 19 (Line 4)	-	\$ -	\$ 3,000
Corporation Subtotal		\$ 47,842.00	\$ 73,549.00
Wages Paid to Borrower from Corporation	+		
Corporation Net Total		\$ 47,842.00	\$ 73,549.00
Qualifying Income Per Tax Returns (Annual)		\$ 47,842.00	
Qualifying Income Per Tax Returns (Monthly)		\$ 3,986.83	'X' to exclude income
What was considered for QI, 2 Yr Avg. or CY?		CY	
Percentage of change from Previous Year to Current Year		(34.95%)	

Default settings for Corporation "Nonrecurring Other Income/Loss" vary by workbook. Dropdown choices may include:

- **Included** – Includes income or loss in QI calculations
- **Excluded** – Excludes income or loss from QI calculations
- **Ignore Loss (not in all workbooks)** – Includes income but excludes losses from QI calculations

Nonrecurring Capital Net Gains/Losses (Lines 8)	Ignore Loss	-	\$ -	\$ -
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gains/Losses or 'Excluded' to ignore Gains/Losses from adjustment.</i>				
Nonrecurring Net Gains/Losses (Lines 9)	Ignore Loss	-	\$ -	\$ -
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Gains/Losses or 'Excluded' to ignore Gains/Losses from adjustment.</i>				
Nonrecurring Other Income/Loss (Line 10)	Ignore Loss		\$ 2,500	\$ 6,000
<i>Note: Loss is ignored by default (making no adjustment for loss). Change drop down to 'Include' to include Income/Loss or 'Excluded' to ignore Income/Loss from adjustment.</i>				
Depreciation (Line 20)	Included	+	\$ 10,000	\$ 15,000
Depletion (Line 21)	Ignore Loss	+	\$ 4,100	\$ 4,200

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Corporation - FNMA SEI 1084 ONLY – NEW!

Additional FNMA Representations and Warranties Data Section

Overview

As an eligible income stream for FNMA's *integrated* R&W process, each Corporation has an "Additional FNMA Rep & Warrant Data" section used to capture data values required for R&W assessment.

Additional FNMA Rep & Warrant Data			
Business History Attestations			
DU Case ID	Click here to enter the DU Case ID		
Include Business in DU Case File?	No		
Years to Include	2024 & 2025		
Employment Start Date (mm/dd/yyyy)			
<small>*Employment Start Date is the date the borrower obtained ownership.</small>			
There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?	<Select One>		
Has the borrower owned >=25% of the business for more than 5 consecutive years?	<Select One>		
K-1 was marked FINAL. Override?	<Select One>		
Additional Data Validation Attestations			
1120	2024	2023	
Are Schedule M-3's attached? (Section A, Line 4)	<Select One>	<Select One>	
Cash Distributions (Schedule M-2, Line 5a)			
1125-E			
Number of Corporate Owners			
Are all the corporation's owners borrowers on the application?			
<small>*Above choice is automatically set to "True" if the number of owners is equal to "1"</small>			
Does the borrower own 25% or more of the business?			
Schedule M-3 (Form 1120)			
Meals and Entertainment (Part III, Line 11c)			
Form 4562			
Amortization (Line 44)			
Form 4684			
Casualty Theft Non-Income Property Short-Term Gain/Loss (Line 31)			
Casualty Theft Income Property Short-Term Gain/Loss (Line 32)			
Casualty Theft Long-Term Gain (Line 36)			
Casualty Theft Long-Term Loss (Line 37)			
Form W2			
Wages, tips, other compensation (Box 1)			
Medicare wages and tips (Box 5)			
Statement(s)			
Amortization			
Form 1040			
Was the Compensation of Officers amount included as income in the borrower's personal tax return? (Line 1)	<Select One>	<Select One>	
Non-Document Data			
Extraordinary One Time Expense Amount			
Mortgages, notes and bonds payable in less than 1 year will be subtracted from qualifying income unless there is evidence that these obligations rollover regularly or they are a line of credit. Select one of the following descriptions:	<Select One>	<Select One>	
Amount of Mortgages, notes and bonds payable less than 1yr that does NOT rollover			

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Business History Attestations

The "Business History Attestations" section is used to capture entity level data needed for FNMA Representations & Warranties relief.

- 8) **DU Case ID** – The DU Case ID is the value that was entered on the Summary Sheet. This cell is not editable – it only displays the value entered on the Summary Sheet.
- 9) **Include Business in DU Case File?** – This field determines whether or not the business is included in the DU Case File.
 - a. **Important Note!** Selecting "No" instructs FNMA to exclude this business from your DU Case file, regardless of whether the DU Case ID is displayed.
 - b. **Important Note!** If income has previously been transmitted to DU but you would like to remove it, re-upload the Excel workbook with this cell set to "No." This will instruct FNMA to remove the income from DU.
 - c. **Important Note!** If the business is excluded from R&W evaluation, the DU Case ID for the business disappears.
- 10) **Years to Include** – This dropdown allows you to select which tax years to communicate to FNMA for R&W assessment. If two years have been uploaded, two years will be the default.
 - a. **Important Note!** If FNMA's SE income Calculator or DU suggests that only one year is needed for a certain business, use this field to restrict your communication to Fannie to one year.
 - b. **Important Note!** This choice is grayed out if the "Include Business in DU Case File" dropdown is set to "No."
- 11) **Employment Start Date** – This value is not found on the tax returns, but is critical to assessing R&W. The "Employee Start Date" is the date that the borrower obtained ownership of the business – which may be different from the date the business was established. For example, if a business started on 10/01/2005, was sold to your borrower on 01/15/2023, and your mortgage application date is 01/01/2024, then the business established date would be 10/01/2005, but the "Employment Start Date" would be "01/15/2023."
- 12) **There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?** – If the employment start date is fewer than 2 years before the date the workbook is being reviewed, then this field will appear. It is used to communicate to FNMA relevant employment history as it relates to running the business.
- 13) **Has the borrower owned >= 25% of the business for more than 5 consecutive years?** – Used to communicate business history that may or may not show up in the tax documents.
- 14) **K-1 marked as final. Override?** – If the K-1 was marked Final by mistake and you wish to include the income in qualifying income, please select the appropriate value from the dropdown.

Additional FNMA Rep & Warrant Data	
Business History Attestations	
DU Case ID	
Include Business in DU Case File?	No
Years to Include	2024 & 2023
Employment Start Date (mm/dd/yyyy)	
<small>*Employment Start Date is the date the borrower obtained ownership.</small>	
There appears to be less than 2 years of self-employment. Which selection best describes the self-employment history?	<Select One>
Has the borrower owned >=25% of the business for more than 5 consecutive years?	<Select One>
K-1 was marked FINAL. Override?	<Select One>

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Additional Data Validation Attestations

In addition to the data that is automatically captured by LBI, there are some values that need to be completed manually by the user. Some of these values are found on income documents, others are based on borrower conversations.

The values are separated by document (if applicable) and have line descriptions which indicate where in the document they can be found. Values are broken out into two years.

Additional Data Validation Attestations		2024	2023
1120			
	Are Schedule M-3's attached? (Section A, Line 4)	<Select One>	<Select One>
	Cash Distributions (Schedule M-2, Line 5a)		
1125-E			
	Number of Corporate Owners		
	Are all the corporation's owners borrowers on the application?		
	<small>*Above choice is automatically set to "True" if the number of owners is equal to "1"</small>		
	Does the borrower own 25% or more of the business?		
	Schedule M-3 (Form 1120)		
	Meals and Entertainment (Part III, Line 11c)		
	Form 4562		
	Amortization (Line 44)		
	Form 4684		
	Casualty Theft Non-Income Property Short-Term Gain/Loss (Line 31)		
	Casualty Theft Income Property Short-Term Gain/Loss (Line 32)		
	Casualty Theft Long-Term Gain (Line 36)		
	Casualty Theft Long-Term Loss (Line 37)		
	Form W2		
	Wages, tips, other compensation (Box 1)		
	Medicare wages and tips (Box 5)		
	Statement(s)		
	Amortization		
	Form 1040		
	Was the Compensation of Officers amount included as income in the borrower's personal tax return? (Line 1)	<Select One>	<Select One>
	Non-Document Data		
	Extraordinary One Time Expense Amount		
	Mortgages, notes and bonds payable in less than 1 year will be subtracted from qualifying income unless there is evidence that these obligations rollover regularly or they are a line of credit. Select one of the following descriptions:	<Select One>	<Select One>
	Amount of Mortgages, notes and bonds payable less than 1yr that does NOT rollover		

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Transcripts Comparison

If LBI has received Tax Transcripts along with the borrower's tax returns, the transcript data is automatically used to validate LBI's OCR analysis via the Transcripts Comparison tab.

Line Item	2023			2022		
	Amount (Form 1040 / 1040-SR)	Amount (Tax Transcript)	Difference	Amount (Form 1040 / 1040-SR)	Amount (Tax Transcript)	Difference
Wages, Salaries, tips, Etc. (Form 1040, Line 1z)	\$ 8,400	\$ 8,400	Data Matched	\$ 4,200	\$ 4,200	Data Matched
Total Income (Form 1040, Line 9)	\$ 504,863	\$ 504,863	Data Matched	\$ 428,492	\$ -	N/A
Adjusted Gross Income (Form 1040, Line 11)	\$ 471,863	\$ 471,863	Data Matched	\$ 385,770	\$ 365,770	\$ (20,000.00)
Schedule C Income (Form 1040, Sch 1 Line 3)	\$ 133,696	\$ -	N/A	\$ 68,215	\$ -	N/A
Schedule E Income (Form 1040, Sch 1 Line 5)	\$ 148,180	\$ 148,180	Data Matched	\$ 144,512	\$ -	N/A

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