

Training Guide

LoanBeam Income Workbook

Last Update: December 4, 2024



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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

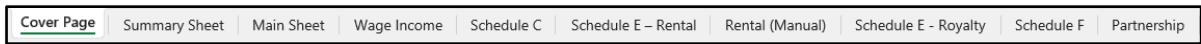
Borrower income is presented in an excel-based artifact allowing users to review and, if necessary, adjust the results.

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.



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 fro
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
Net Farm Profit/loss (Line 34)	+	AGRICULTURAL PRODUCT
Non-Tax Portion Ongoing Co-op and CCC Payments (Lines 3,4,5,6)	+	
Nonrecurring Other Income/Loss (Line 8)	Included	

Value: 89957
File: Jack Anderson 2022,2023,2024 Forms.pdf, PageNo: 60

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			
<i>Cells shaded in 'aqua' require manual entry.</i>			
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	Borrower 1	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
<i>Note: Loss/Expenses is ignored by default (making no adjustment for loss/expenses) to include or 'Exclude' to Ignore Income Loss/Expenses from adjustment.</i>			
Depletion (Line 12)	Excluded	\$ 100	\$ 1,000
Depreciation (Line 13)	Ignore Loss	\$ 2,400	\$ 2,000

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	Borrower 1	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 Q1, 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	Borrower 1	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 Representations and Warranties relief (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)	+	\$ -	\$ 81,245		
Business Miles (Line 44a)		\$ 1,000	\$ 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."

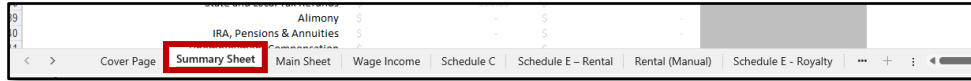
It has four main parts:

- 1) LoanBeam Announcements – Used to notify users of important system and product changes.
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.
- 2) 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.
- 3) Files Uploaded - Provides the list of documents that were uploaded to LBI.
- 4) Notes – Used to capture notes which the user wished to be memorialized along with the income report.

 <small>NOW PART OF LOANLOGICS</small>						
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)

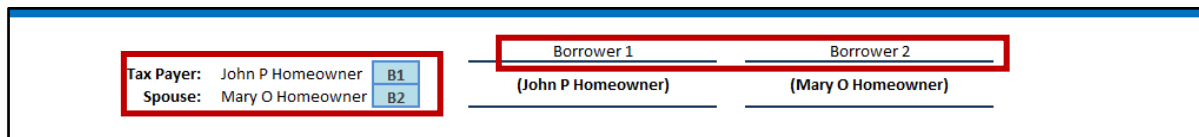
The Summary Sheet tab of the FNMA SEI 1084 displays the totals for each of the income/loss categories found throughout the workbook. It is specific to the FNMA SEI 1084 and adheres to Fannie Mae's buyer guidelines. Entity names presented in blue hyperlinks offer users a convenient way to navigation to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



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	\$ -	\$ -

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

Fannie Mae Representations and Warranties Relief

There are two ways to leverage LBI to determine R&W eligibility with Fannie Mae® (FNMA).

- 1) Integrated Flow (**NEW!**) – With integrated flow, LBI users can communicate self-employed income directly to FNMA’s Self-Employed Income Calculator for R&W assessment by entering the loan’s 10 digit DU Case File ID into the “DU Case ID” field.

If the DU Case File ID is entered into the workbook when the workbook is sent back to LBI via the upload process, LoanBeam will pass the ID over to Fannie Mae for R&W income evaluation.

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 the ID.

Important Note! The DU Case ID is entered once on the Summary Sheet, but is automatically recorded for each eligible entity (e.g., Schedule C) throughout the workbook. This provides users with the convenience of entering the value only once, while still allowing users to remove the ID from any business entity they do NOT wish to send to FNMA for R&W valuation.

- 2) Non-Integrated Flow (Legacy) – Used by lenders for many years, this flow allows the use of income data presented in the “self-employed” section at the top of the screen as “self-employed” income in FNMA’s Desktop Underwriter (DU) (along with Special Feature Code 777) to achieve R&W relief. To be eligible, each business’ income must maintain its “No change” indicator to the right of the income/loss value. 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/loss that may show up on income documents, but are NOT included in the scope of the FNMA R&W program.

Important income/loss totals may be found in this section, such as Rental Income or Wages.

Important Note! Data presented in gray is not included in the borrower's income/loss by default. That may be changed by using the "Main Sheet" (covered below).

Important Note! The "Wages (Paystubs/W-2)" field displays income/loss calculated from the Wages tab using borrower paystubs and W-2s. If no income/loss data is available on that tab, "Wages (Form 1040, Line 1z)" is displayed instead. Keep in mind that wages from the 1040 may already reflect income from 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	\$ -	\$ -
Installation Sale Income	\$ -	\$ -	\$ -
Schedule E - Rental			Total \$ 6,896.33
100 AMBAZAR, IRVINE, CA 92614 01	\$ -	\$ 2,835.00	
108 PALMER RESIDEN, IRVINE, CA 92461 01	\$ 4,061.33	\$ -	
Schedule E - Royalty			Total \$ 5,814.17
79 NEWPORT BEACH 01	\$ 5,814.17	\$ -	
Farm Income			Total \$ (428.33)
AGRICULTURAL PRODUCT	\$ (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 an orange box labelled "Total Income Per Borrower."

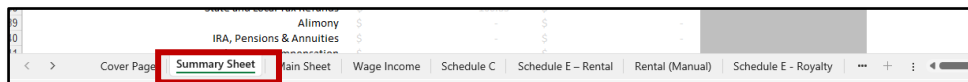
This is the monthly income the borrower qualifies for per Fannie Mae's guidelines, but is not guaranteed under the R&W program.

	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
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 91)

The Summary Sheet tab of the Freddie Mac Form 91 displays the totals for each of the income/loss categories found throughout the workbook. It is specific to the Freddie Mac Form 91 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.
Important 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 non-B1 and non-B2 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 manually reassigned to Borrower 2 (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	
LoanBeam is used as a tool and should be used with the understanding that the results generated do not constitute an approval. Cells shaded in 'light blue' require manual input. The results must be validated by an underwriter.													
I 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:		+			\$ -	\$ -						
II FORM 2106 - EMPLOYEE BUSINESS EXPENSES			Included	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					
III SCHEDULE B - INTEREST AND DIVIDEND INCOME			Included	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										Manual Overrides		
			2023 W-2	2022 W-2			2023 W-2		2022 W-2			
Box 1			\$ 62,028.71	\$ 48,681.81								
Box 5			\$ 65,242.79	\$ 49,214.96								
Fixed Income										Manual Overrides		
	Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	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										Manual Overrides		
	Calculation Method		Current Pay	Current Pay Monthly	YTD Earnings	YTD Monthly	2023 W-2 Monthly	2022 W-2 Monthly	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	\$ -	\$ -				
Total Income										Manual Overrides		
	Calculation Method		Q1									
Fixed Income Q1	Current Average +		\$ 4,333.33									
Variable Income Q1	+		\$ 995.25									
Total Monthly Q1	=		\$ 5,328.58									
Qualifying Income (Monthly)			\$ 5,328.58									

The Description section displays Employer and Employee information, along with the borrower's Pay Period, Pay Frequency, and the number of months YTD based on the most recent Paystub submitted.

Paystub wages are automatically assigned to Borrower 1 or Borrower 2 based on borrower name matching. If a Paystub name does not match a borrower, the Paystub will be assigned to "Other." All income assigned as "Other" is aggregated on the Summary Sheet under "Other Borrowers."

To manually assign the income to a borrower, select the appropriate borrower via the Employee drop-down.

Description										
Employer	GALAXY									
Employee	Other	Jack Anderson								
Pay Period	Bi-Weekly	1/7/2024			to			1/20/2024		
YTD Number of Months	1.00									

If the only documents uploaded to LoanBeam are W-2 wage documents (and no tax documents are present), then all wage income will be assigned to Borrower 1 by default. To assign the income to Borrower 2 or Other, use the Employee drop-down.

W-2 Income

W-2 Income is extracted from Box 1 and Box 5 of Form W-2 for the previous two years. This income is used for the **YTD + 12** and **YTD + 24** calculation methods, if selected.

W-2 Income can be updated via the Manual Overrides columns.

W-2 Income		2023 W-2		2022 W-2		Manual Overrides	
		2023 W-2	2022 W-2	2023 W-2	2022 W-2	2023 W-2	2022 W-2
Box 1		\$ 52,467.21	\$ 29,228.82	\$ 52,467.21	\$ 29,228.82	\$ 52,467.21	\$ 29,228.82
Box 5		\$ 45,587.59	\$ 29,228.82	\$ 45,587.59	\$ 29,228.82	\$ 45,587.59	\$ 29,228.82

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	QI
Fixed Income QI	Current Average	\$ 4,333.33
Variable Income QI	Current Average	\$ 995.25
Total Monthly QI		\$ 5,328.58
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	\$ 136.29				
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 QI	Current Average +	\$ 5,487.50
Variable Income QI	+	\$ -
Total Monthly QI	=	\$ 5,487.50
Qualifying Income (Monthly)		\$ 5,487.50
		Included
		Included
		Excluded
Notes		

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)	Included			\$ -	\$ -
		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					
<i>Cells shaded in 'aqua' require manual entry.</i>					
		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 effect 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

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. The following are the unique features of the FNMA SEI 1084 workbook's Schedule C tab.

Additional FNMA Representations and Warranties Data Section

Overview

As an eligible income stream for FNMA's *integrated* R&W process, each Schedule C 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	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		
NON-deductible meals	2023	2022
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 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 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.

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		
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:	Borrower 2	Annual Figures (Per Tax Returns)		Manual Overrides	
		2023	2022	2023	2022
<ul style="list-style-type: none"> Schedule E (IRS Form 1040) OR Lease Agreement or Fannie Mae Form 1007 or Form 1025 		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.,XXXXX)	(+)		(+)		
	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	
Warning: This calculation is based on the tax returns provided. If the tax returns are not accurate, the calculation may be incorrect.						
	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
		• Schedule E (IRS Form 1040) OR • Lease Agreement or Fannie Mae Form 1025	Location Of Rental Property 100.AMBAZAR, IRVINE, CA 92614 01	Location Of Rental Property 100.AMBAZAR, IRVINE, CA 92614	
Step 1. Result: The number of days the property was in service:	365	366			

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.,XXXXX)	(+)		(+)		
	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	
Warning: This calculation is based on the tax returns provided. If the tax returns are not accurate, the calculation may be incorrect.						
	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:		\$		\$	
	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' Form 1040 Schedule E - Supplemental Income and Loss		Net Rental Income Calculation(s)		Manual Override	
		Non-Subject Investment Property		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' Form 1040 Schedule E - Supplemental Income and Loss		Net Rental Income Calculation(s)		Manual Override	
		Non-Subject Investment Property		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' Form 1040 Schedule E - Supplemental Income and Loss		Net Rental Income Calculation(s)	
		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).	
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 (lines 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 QI, 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
[A] Entity Information				
Partnership's name	TNT PARTNERSHIP	TNT PARTNERSHIP		
Partner's name	Borrower 1 JACK ANDERSON	Jack Anderson		
Liquidity Ratios	Current Ratio	0.00	0.00	
		View Breakdown		<input type="checkbox"/> "X" if the Business is Inventory Based
Distributions (Line 19A)	\$ 3,550	\$ 2,250		
Part 1: Partnership Schedule K-1s				
[B] K-1 Income				
Final K-1 Checkmark:				
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				
[C] 1065 Adjustments				
Final Business Return Checkmark:				
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
[D] Totals				
Partnership Cash Flow Subtotal				
Wages Paid from Partnership to Borrower	(+)	(+)		
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)			<input type="checkbox"/> "X" to exclude income
Qualifying Income Per Tax Returns (Monthly)	\$ (733.33)			<input type="checkbox"/> "X" to use the Profit and Loss Statement
What was considered for QI, 2 Yr Avg. or CY?	CY			
Percentage of change from Previous Year to Current Year	(2.47%)			
IB Notified 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	Borrower 1 JACK ANDERSON	Jack Anderson		
Liquidity Ratios	Current Ratio	0.00	0.00	
		View Breakdown		<input type="checkbox"/> "X" if the Business is Inventory Based
Distributions (Line 19A)	\$ 3,550	\$ 2,250		

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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	Borrower 1	JOHN DOE		JOHN DOE		
Liquidity Ratios	Current Ratio	N/A		N/A		<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	Borrower 1	JACK ANDERSON		Jack Anderson		
Liquidity Ratios	Current Ratio	N/A		N/A		<input type="checkbox"/> "X" if the Business is Inventory Based
	Distributions (Line 19A)	\$	3,550	\$	2,250	
Part 1: Partnership Schedule K-1s						
Final K-1 Checkmark:		<input checked="" type="checkbox"/>			This Partnership was marked as final	
Ordinary Income/Loss, (Sch K-1, Line 1)	(+)	\$	985	(+)	\$	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

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:		<input checked="" type="checkbox"/>					
Ordinary Income/Loss, (Sch K-1, Line 1)	(+)	\$	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
<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)
					"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.

Ownership % (Sch. K-1, Line J)	Adjustments Subtotal:	\$ (26,800)	\$ (24,675)
	Capital Ending	50.00%	(X) 50.00%
Proportionate Share of Adjustments to Business Cash Flow	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)	\$ (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		
Percentage of change from Previous Year to Current Year	(2.47%)		

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

Partnership - FNMA SEI 1084 ONLY

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 Partnership tab. The following are the unique features of the FNMA SEI 1084 workbook's Partnership tab.

Additional FNMA Representations and Warranties Data Section

Overview

As an eligible income stream for FNMA's *integrated* R&W process, each Partnership 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	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		
NON-deductible meals	2023	2022
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 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 the business for more than 5 consecutive years?** – Used to communicate business history that may or may not show up in the tax documents.

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 >=25% of 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.

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		
Schedule 1	2023	2022
Net Operating Loss (Line 8a)		
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)		
Non-Document Data		
Extraordinary One Time Expense Amount		
Carryover Loss		

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

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		[A] Entity Information
Shareholder's name		JACK ANDERSON		JACK ANDERSON		
Borrower 1		JACK ANDERSON		JACK ANDERSON		
Liquidity Ratios		Current Ratio		1.62	1.37	<input type="checkbox"/> "X" if the Business is Inventory Based
Distributions (Line 16D)		\$ 6,250	\$ 5,550	View Breakdown		
Part 1: S Corporation Schedule K-1s						
Final K-1 Checkmark:						[B] K-1 Income
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			
Form 1120S - Adjustments to Business Cash Flow						
Final Business Return Checkmark:						[C] 1120S Adjustments
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)	<input type="checkbox"/> "X" to exclude Adjustments		
S Corporation Cash Flow Subtotal						
Wages Paid from S Corporation to Borrower		(+) \$ -	(+) \$ -			[D] Totals
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		<input type="checkbox"/> "X" to exclude income		
Qualifying Income Per Tax Returns (Monthly)		\$ 39,710.83				
What was considered for QI, 2 Yr Avg. or CY?		CY		<input type="checkbox"/> "X" to use the Profit and Loss Statement If P&L is used, the QI is lesser of tax returns, P&L		
Percentage of change from Previous Year to Current Year		(26.76%)				
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		
Borrower 1		JACK ANDERSON		JACK ANDERSON		
Liquidity Ratios		Current Ratio		1.62	1.37	<input type="checkbox"/> "X" if the Business is Inventory Based
Distributions (Line 16D)		\$ 6,250	\$ 5,550	View Breakdown		

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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		PNBC SOLUTIONS INC	
Shareholder's name	Borrower 1	JOHN DOE	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.	
		JOHN DOE		
Liquidity Ratios	Current Ratio	N/A	View Breakdown	
		N/A	"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		PNBC SOLUTIONS INC	
Shareholder's name	Borrower 1	JACK ANDERSON	JACK ANDERSON	
		JACK ANDERSON		
Liquidity Ratios	Current Ratio	N/A	View Breakdown	
		N/A	"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:		X	This S Corporation was marked as final	
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
			Type an 'X' in cell 'I48' to include this income	

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:				
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)
<i>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.</i>					
Nonrecurring Other Income/Loss (Line 5)	Ignore Loss	(-)	\$ 9,000	(-)	\$ 3,500
<i>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.</i>					
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)

[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 91)

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:			
Wages Paid from S Corporation to Borrower	Included	(+)	\$ 45,281.00
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 Liquidity

LBI 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 +

Current Ratio:
Total Adjusted Current Assets / Total Current Liabilities

Liquidity Ratios

Current Ratio

Quick Ratio +

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

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		-		

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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)		+	\$ 10,000	\$ 15,000
Depletion (Line 21)		+	\$ 4,100	\$ 4,200

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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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