



Fannie Mae®

Income Calculator Web Interface

User Guide



May 2024

Table of Contents

Chapter 1: Income Calculator	3
Overview.....	3
Purpose.....	3
Benefits.....	3
 Chapter 2: Navigating to and Accessing Income Calculator	 4
Welcome screen	4
Accessing Income Calculator	6
 Chapter 3: General Usage	 7
Information Icons	7
Income Calculator Identifier (ID)	9
Using Income Calculator for Loans with Multiple Evaluations	9
Save or Manage Data	10
Screen Navigation	11
 Chapter 4: Functionality and Screen Flow	 12
Start screen	12
Income Type screen	15
Employment Name screen	15
Length of Employment screen	16
Desktop Underwriter screen	17
Business Structure screen	20
Select Tax Year screen	21
Select Tax Forms screen	22
Input Tax Data screen	26
Findings Report screen	27
 Chapter 5: Additional Income Calculator Resources	 32

Chapter 1: Income Calculator

Overview

Income Calculator is an easy-to-use Fannie Mae-hosted service which uses tax return data to quickly calculate income for self-employed borrowers consistent with Fannie Mae *Selling Guide* policy. Relief from enforcement of representations and warranties (rep & warrant relief) is provided to lenders for the accuracy of the income calculation.

Fannie Mae's Income Calculator web interface is free to use and generates an immediate response including a qualifying income amount and informative messages. Originators can use Income Calculator's qualifying income amount in their Desktop Underwriter® (DU®) submission.

Fannie Mae's Income Calculator helps originators accurately calculate income for self-employed borrowers so they can make informed underwriting decisions, reduce origination cycle times, and limit repurchase risks.

Purpose

Income Calculator can help increase certainty of loan quality for borrowers with self-employed income. Calculating income for self-employed borrowers is not easy and can be time consuming and complicated for even the most seasoned originators. With a growing workforce of self-employed borrowers, and multiple options available, originators need a clear way to calculate income that's both accurate and efficient. With Fannie Mae's latest solution, we offer a new way to calculate income that increases the certainty of the calculation and helps reduce cycle time.

Benefits

The Income Calculator helps originators:

- **Easily calculate income** for self-employed borrowers.
- **Maximize the borrower's income** by utilizing allowable add-backs not found in 4506-C tax return transcript data, which may result in lower DTI due to higher income being calculated.
- Determine the qualifying monthly income before submitting to DU.
- Be eligible for enforcement relief of **rep and warrant** on the income calculation.



NOTE: *Income Calculator evaluations submitted via an integrated service cannot be managed using the Fannie Mae web interface. Refer to the integrated service for user guidance.*

Chapter 2: Navigating to and Accessing Income Calculator

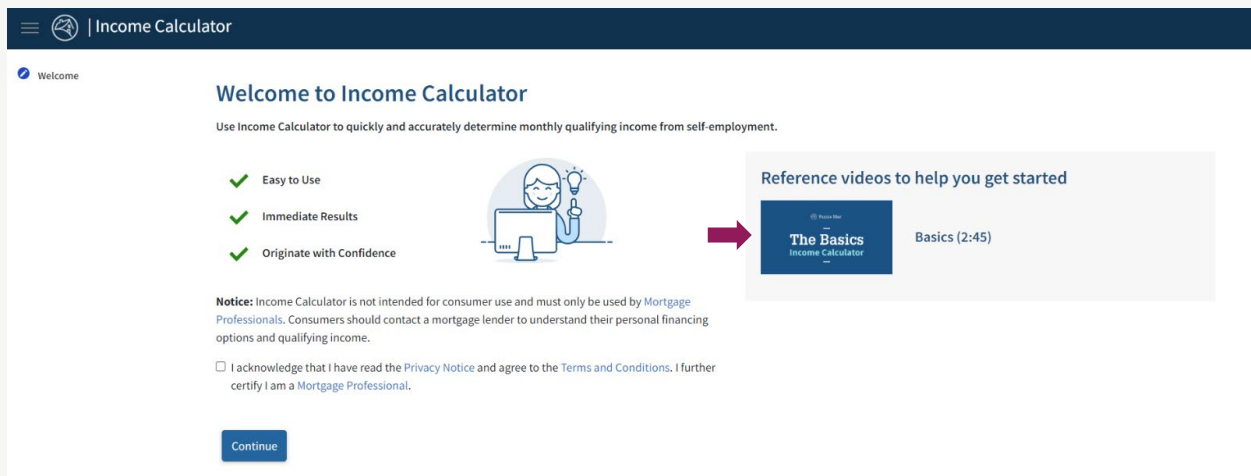
To navigate to Income Calculator, refer to this page: <https://incomecalculator.fanniemae.com>

Welcome screen

The **Welcome screen** contains the link to a reference video, a checkbox to agree to the Terms and Conditions for use, and a hyperlink to review them.

From the Welcome screen the user can:

- a** Access **Income Calculator reference videos**.

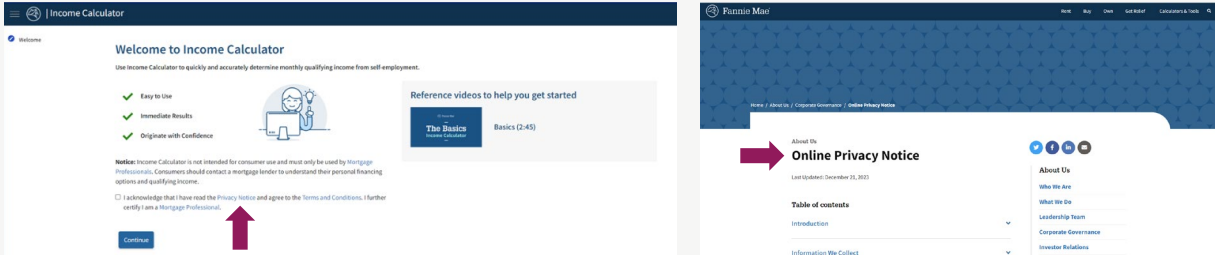


User clicks on one of the videos to learn more about Income Calculator:

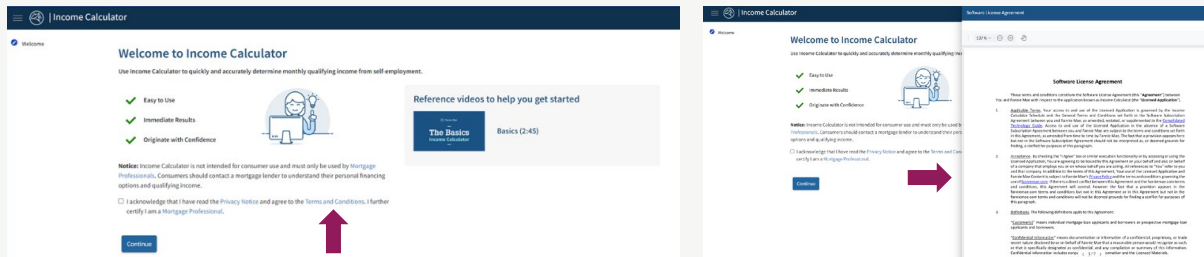


- b** Select **hyperlinks** to review the Privacy Notice, Terms and Conditions, or definition of Mortgage Professional.

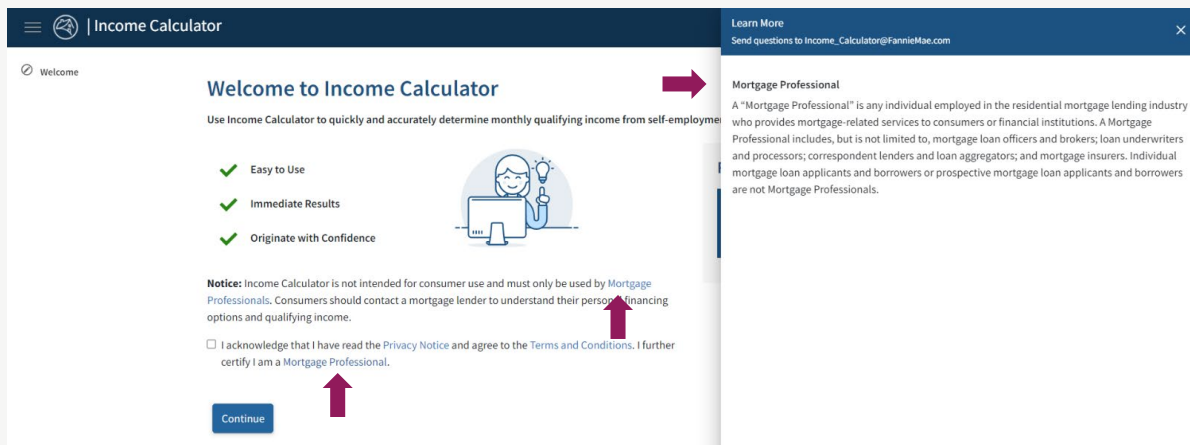
Privacy Notice



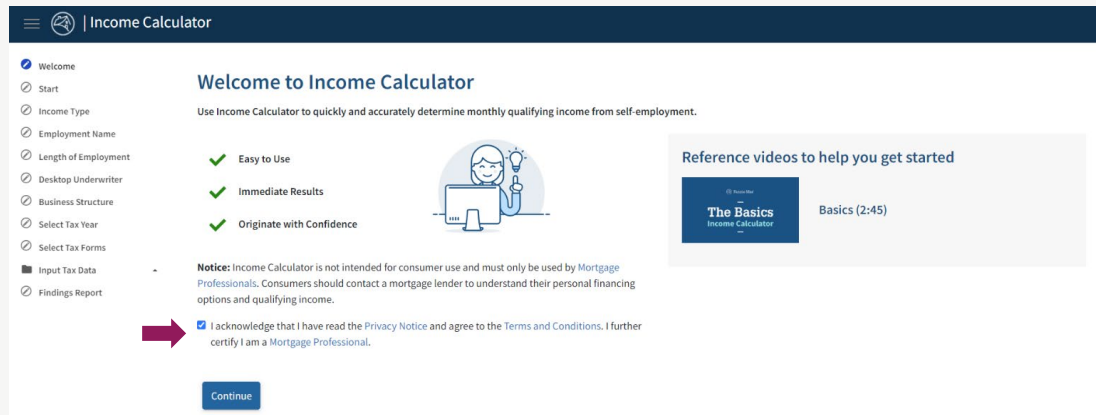
Terms and Conditions



Definition of Mortgage Professional



- c** Select the acknowledgement checkbox and navigation appears on the left side bar. Acknowledgment is required each time Income Calculator is accessed.



- d** Click the ‘**Continue**’ button to advance to the next screen.



NOTE: User *must* click the acknowledgement checkbox to continue.

Accessing Income Calculator

Income Calculator does not require user credentials to obtain system access. Users should understand:

- a** Income Calculator does not contain any Non-public Personal Information (NPI).
 - There is no collection of borrower names, Social Security numbers, addresses, account numbers, business names, business addresses or IRS Employer ID numbers.
 - An employment/reference name may be optionally provided, but should not contain NPI (see [Employment Name screen](#) for details)
- b** Activities such as updating tax return inputs or locking evaluation data can be performed by many different people, including people outside your organization.
- c** There are protections to maintain appropriate ownership of the evaluation data:
 - To search for a previously submitted case users must successfully answer a challenge question, such as, “What is the amount on Form1040, Line 8?” (see [Start screen](#) for details)
 - To associate a DU Casefile ID to an Income Calculator evaluation users must successfully answer one or more challenge questions, such as “What is the start date of the borrower’s employment submitted to DU?” (see [Desktop Underwriter screen](#) for details)
- d** There is limited case management functionality. Listing of a user’s previous evaluations is not currently available.

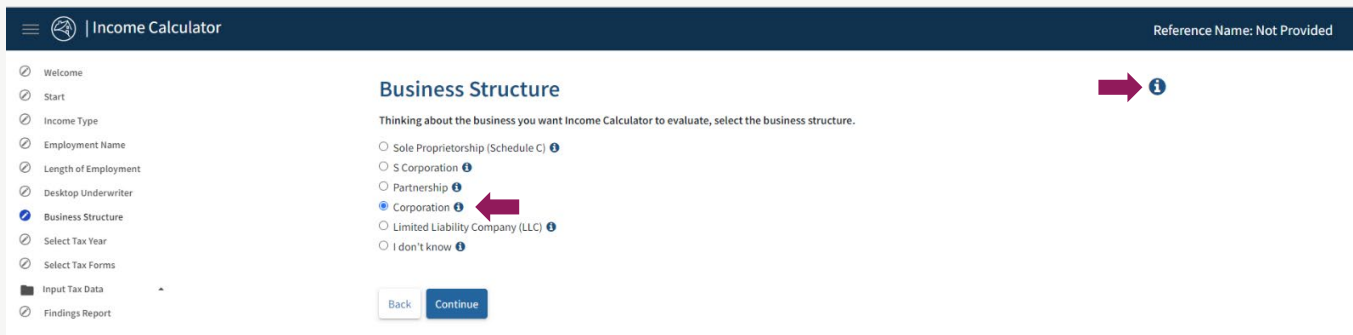
Chapter 3: General Usage

Information Icons

On each screen and for most fields within Income Calculator, users will find an ‘Information’ icon that will assist in both definition and navigation of the Application.

Some Information icons contain Frequently Asked Questions (FAQs) and in some instances hyperlinks to the Fannie Mae *Selling Guide* designed to support improved understanding of the requested data, system actions, and Fannie Mae policies.

An example using the ‘**Business Structure**’ screen:



When selected at the **screen level**, user will be presented with:

Learn More
×

Send questions to Income_Calculator@FannieMae.com

Use this screen to identify the business' structure if you know what it is. Income Calculator can help you identify the correct business structure if you're not sure. Knowing the business structure will enable Income Calculator to streamline tax return data collection.

■ Learn more about [Business Structures](#) in the Fannie Mae Selling Guide

FAQs:

Q. How do I determine if a business is a Limited Liability Company (LLC)?
 A. The name of the business on the tax returns may contain "Limited Liability Company" or "LLC", or there may be other information in the loan file.

Q. What happens if I select "I don't know"?
 A. If you select "I don't know", Income Calculator will try to identify the correct business structure as you provide the borrower's tax return data. The presence or absence of certain IRS tax return forms or data can help narrow down the business structure.

Q. The borrower's business structure has recently changed. For example, the business is structured as a Corporation in the current tax year but was structured as a Partnership in the prior tax year. What value should I select?
 A. Select the current business structure. If two year's business tax returns are required for documentation of income, or less than 12 months of income is reported on the current year's business tax returns, you will need to use another method to calculate the borrower's income. Income Calculator does not currently evaluate income when the borrower's business structure has changed from one year to the next.

- a** User is provided with overall definition of the 'Business Structure' screen
- b** Opportunity to select the 'Business Structures' hyperlink that will take the user directly to the Fannie Mae *Selling Guide* to learn more about Business Structures as defined in the Guide
- c** FAQs that have been prepared supporting the selection of Business Structures

When selected at the **field level** on the same screen, user will be presented with:

Learn More
×

Send questions to Income_Calculator@FannieMae.com

Corporation

A corporation is a state-chartered legal entity that exists separately and distinctly from its owners (who are called stockholders or shareholders).

■ Learn more about Corporations in the [Business Structures](#) section of the Fannie Mae Selling Guide.

- a** User is provided with the definition of the Business Structure selected (in this case a Corporation)
- b** Opportunity to select the 'Business Structures' hyperlink that will take the user directly to the Fannie Mae *Selling Guide* to learn more about the Corporation business structure as defined in the Guide

Income Calculator Identifier (ID)

Each Income Calculator evaluation is assigned a unique ID. Income Calculator IDs begin with a capital letter D, followed by three digits, followed by three capital letters (e.g. D123ABC). The ID is automatically assigned and will appear on each screen's header next to the Evaluation Name.

Because there is limited case management functionality it is important to take note of the ID as you will need it if you want to access the evaluation later.

Using Income Calculator for Loans with Multiple Evaluations

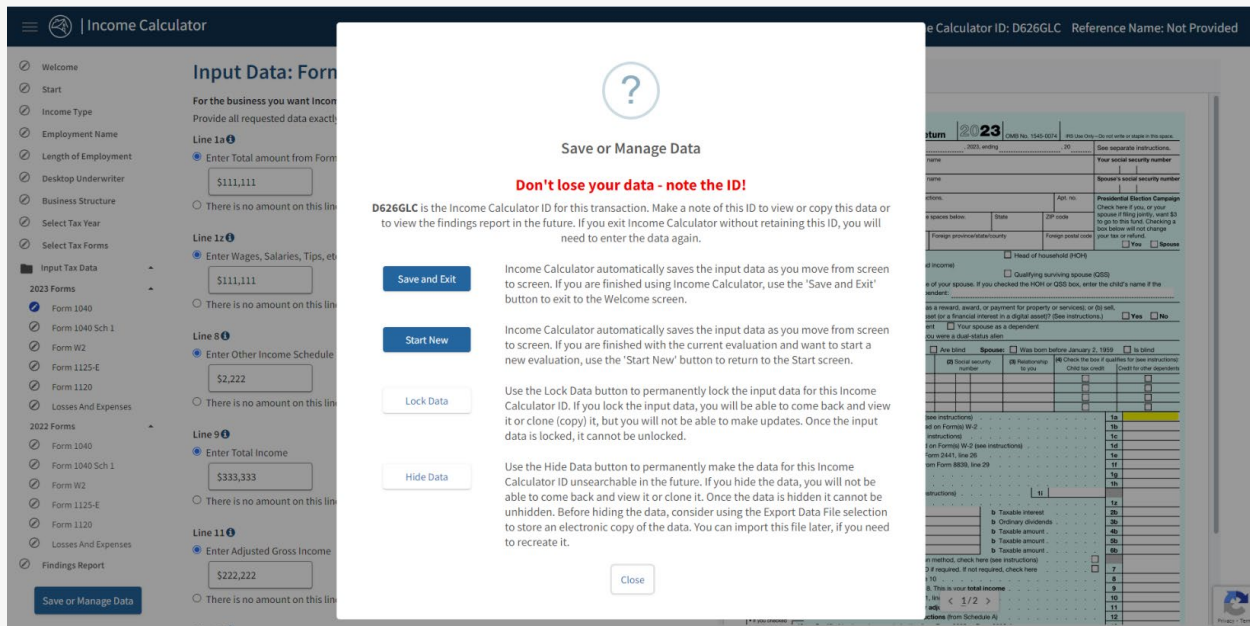
Income Calculator separately evaluates each borrower/business combination. If one borrower owns two businesses, two Income Calculator evaluations will be required. If one business is owned by three borrowers, three Income Calculator evaluations will be required. Income Calculator evaluations can be cloned (copied) to help users avoid duplicate manual data entry. Income Calculator does not consider other Income Calculator evaluations when generating its findings. Each business is evaluated on its own.

Each Income Calculator evaluation for an income the user plans to consider for underwriting purposes should correspond to a separately identified self-employment on the Uniform Residential Loan Application (URLA). Users are cautioned that multiple self-employments must not be commingled on the URLA. Each business must be distinctly identified on the URLA with an Employer Name, Start Date, Income Amount and other employment and income data; and if applicable, in accordance with the DU data specification.

If a borrower's self-employment income (or loss) will not be considered for underwriting purposes, an Income Calculator evaluation is not required. Users are cautioned to ensure they follow the Fannie Mae *Selling Guide* requirements to determine if a self-employed business' income or loss may be excluded from underwriting. Generally, if any self-employment income from a borrower is to be considered for underwriting purposes, then all self-employment income (or loss) for that borrower must be considered. Income Calculator does not determine which incomes (or losses) must be considered for underwriting purposes.

Save or Manage Data

Income Calculator automatically saves input data as the user moves from screen to screen. Once tax return data has been provided (and for a new request an Income Calculator ID has been generated), users should click the Save or Manage Data button to exit an evaluation. User will be presented four options prior to exiting the system:



Click the **'Save and Exit'** button to return to the Welcome screen, or simply close your browser.

Income Calculator automatically saves the input data as you move from screen to screen. If you are finished using Income Calculator, use the 'Save and Exit' button to exit to the Welcome screen.

Click the **'Start New'** button to return to the Start screen.

Income Calculator automatically saves the input data as you move from screen to screen. If you are finished with the current evaluation and want to start a new evaluation, use the 'Start New' button to return to the Start screen.

Click the **'Lock Data'** button to permanently prevent further edits to this evaluation.

Use the Lock Data button to permanently lock the input data for this Income Calculator ID. If you lock the input data, you will be able to come back and view it or clone (copy) it, but you will not be able to make updates. Once the input data is locked, it cannot be unlocked.

Click the **'Hide Data'** button to permanently make this evaluation unsearchable.



Use the Hide Data button to permanently make the data for this Income Calculator ID unsearchable in the future. If you hide the data, you will not be able to come back and view it or clone it. Once the data is hidden it cannot be unhidden. Before hiding the data, consider using the Export Data File selection to store an electronic copy of the data. You can import this file later, if you need to recreate it.



NOTE: Pay close attention to the definitions of **'Lock Data'** and **'Hide Data'** as these actions are permanent and will impact the future processing of evaluations.

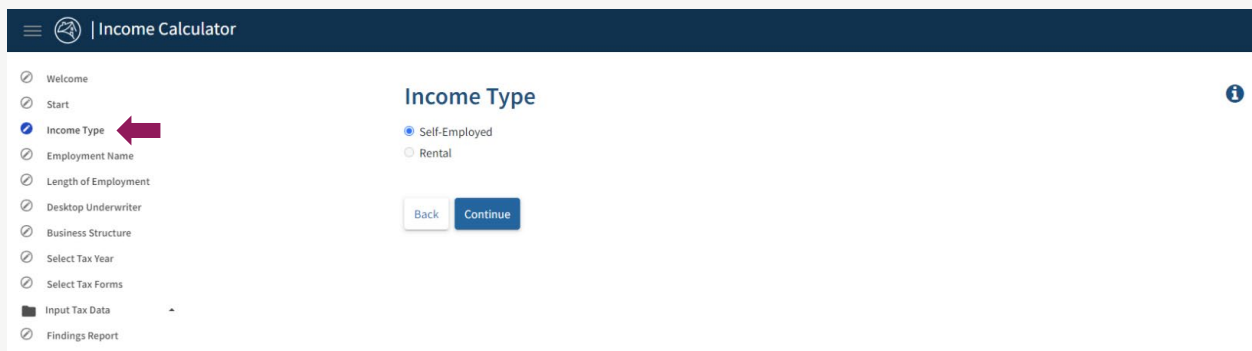
Screen Navigation

Users can click the 'Continue' button on any screen to advance to the next Income Calculator screen.

Users can click the 'Back' button on any screen to return the previous Income Calculator screen.

- It is NOT recommended to use your Browser's back button while navigating Income Calculator.

Users can select any screen name from the left navigation bar to be taken to that screen location.



Chapter 4: Functionality and Screen Flow

Start screen

Use this screen to begin a new Income Calculator evaluation or retrieve previously entered information.

Begin a **New Evaluation** one of two ways:

1a Select **'Enter Data'** – to begin a new evaluation by manually entering tax return data, or

1b Select **'Import'** – to upload a pre-defined data file into Income Calculator for evaluation. Income Calculator does not support import of tax return PDF files. See NOTE below.

2 Click the **'Start New Evaluation'** button to advance to the next screen.

Providing an Originator NMLS ID is optional.



NOTE: For more information about how to obtain an **import file**, please select the 'information' icon next to the 'Import' button or refer to the Income Calculator FAQ document.

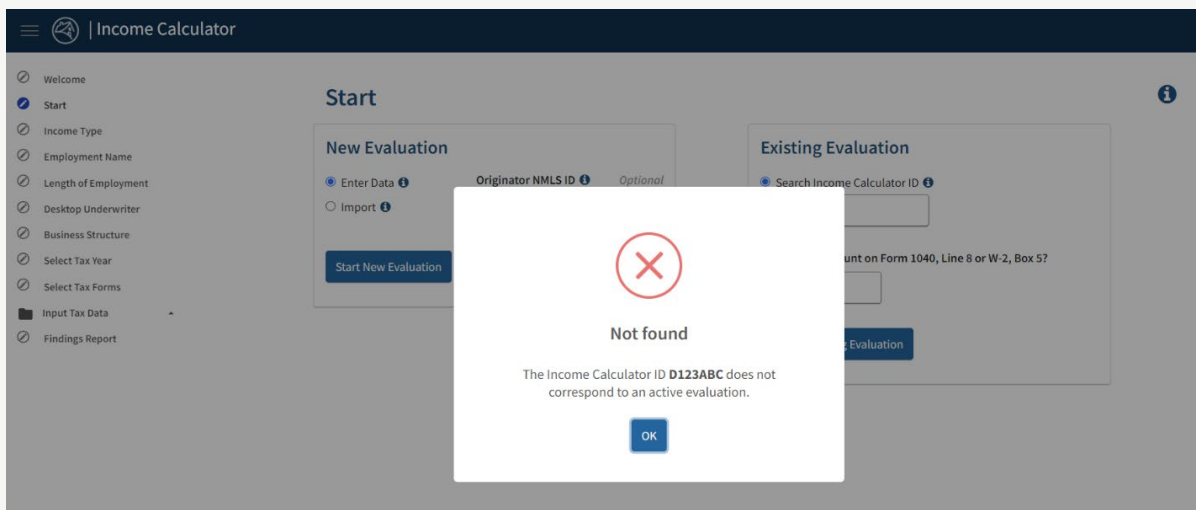
Search for an Existing Evaluation

- 1 Enter **Income Calculator ID** – Enter the ID that was issued during a prior submission – field is case sensitive (use all capital letters).
- 2 Answer the **Challenge Question** – enter the amount from the prior submission:
 - a Form 1040, Line 8, or
 - b W-2, Box 5
- 3 Click the **‘Search Existing Evaluation’** button. Income Calculator will attempt to retrieve the previously submitted data and will provide the following responses to the user:



NOTE: When submitting cases to Income Calculator, make note of the ID generated by Income Calculator as well as the answers to the above challenge questions to enable a successful Search experience later.

- a If Income Calculator cannot locate the previous evaluation, an error will appear.

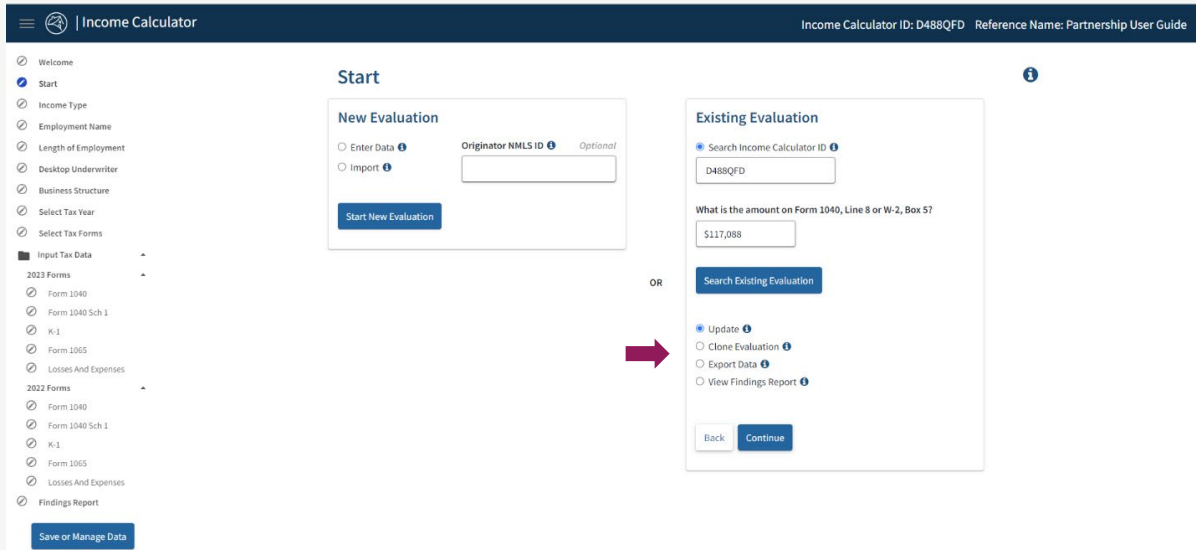


Potential reasons for error:

- The Income Calculator ID was mistyped. Check for pattern D123ABC, note all letters must be capitalized. Check that a space was not added at the end of the ID.
- The challenge question was not correctly answered.
- The number of unsuccessful attempts was excessive.
- A previous user selected the **‘Hide Data’** button making the evaluation unsearchable.
- The Income Calculator evaluation was originally submitted through an integrated connection with an authorized technology service provider (TSP). Updates to these evaluations must be handled through the TSP.

You may contact Income_Calculator@fanniemae.com for assistance.

b When Income Calculator search is successful, additional actions will be presented.



4 Four action options are available from user’s successful ‘Search’:

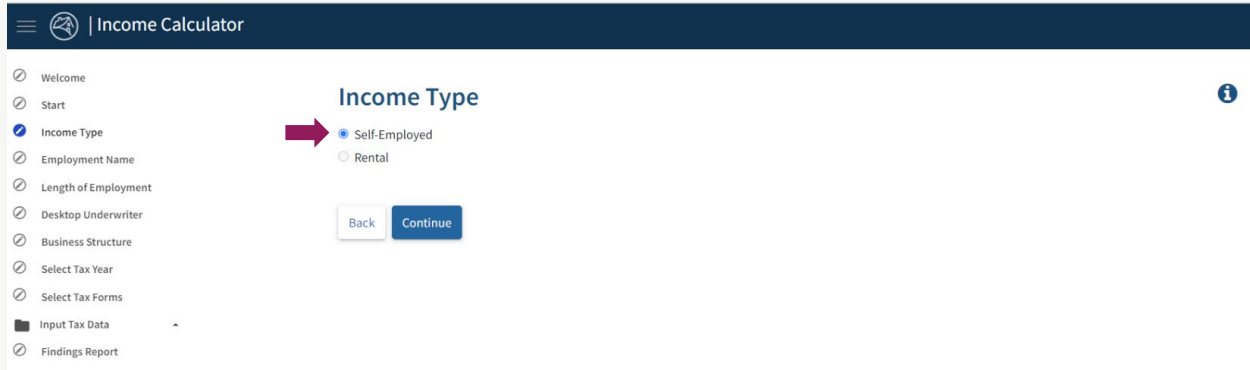
- a** Select ‘**Update**’ to add, remove or modify information associated to this Income Calculator ID.
- b** Select ‘**Clone Evaluation**’ to create a new Income Calculator evaluation using data copied from an existing Income Calculator evaluation. Cloning an existing evaluation will create a new Income Calculator ID.
- c** Select ‘**Export Data**’ to create a file that contains the Income Calculator input data.
- d** Select ‘**View Findings Report**’ to skip directly to the Income Calculator Findings Report screen.

5 Click the ‘**Continue**’ button to take the requested action.

Income Type screen

Use this screen to inform Income Calculator of the kind of income you want to evaluate.

- 1 Select **'Self-Employed'** if you want Income Calculator to evaluate income from a Sole Proprietorship (Schedule C), Partnership, S-Corporation (S-Corp), standard Corporation (C-Corp), or Limited Liability Company (LLC). **'Rental'** income calculation is not currently supported.

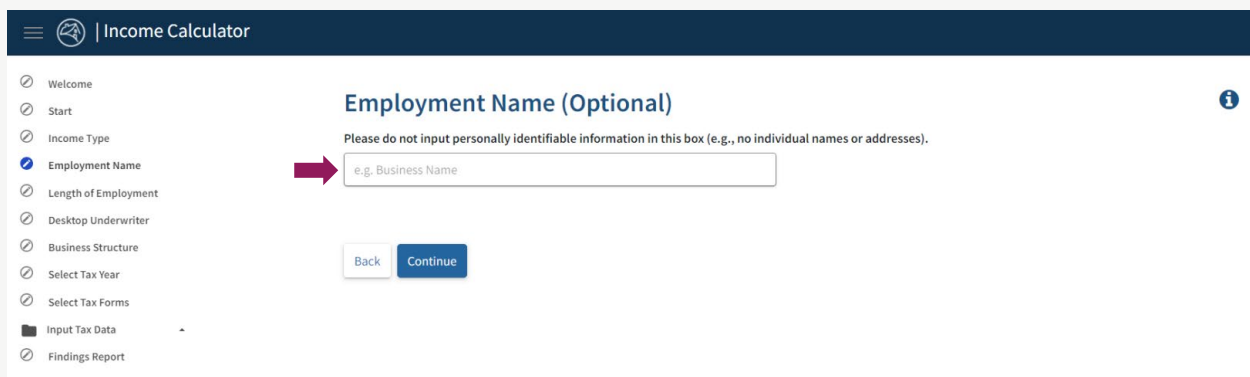


- 2 Click the **'Continue'** button to advance to the next screen.

Employment Name screen

Use this screen to create an optional reference name for the data from this income source. Creating a name will help you identify and track the correct income data when a borrower has more than one self-employment.

If you assign a name, it will appear on each Income Calculator screen and will be printed on the Income Calculator Findings Report. You may use the actual business name, or you may use a generic name such as "Borrower 1/ Business 1".

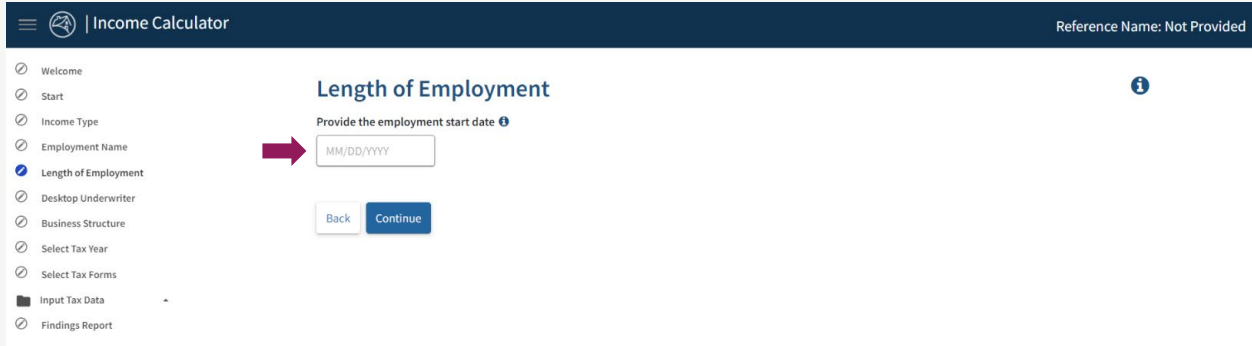


- 1 Enter **text information** in the box. You should ensure the reference name you select does not contain any non-public personally identifying information such as the borrower's full Social Security Number or borrower's full name. Up to 100 characters are permitted.
- 2 Click the **'Continue'** button to advance to the next screen.

Length of Employment screen

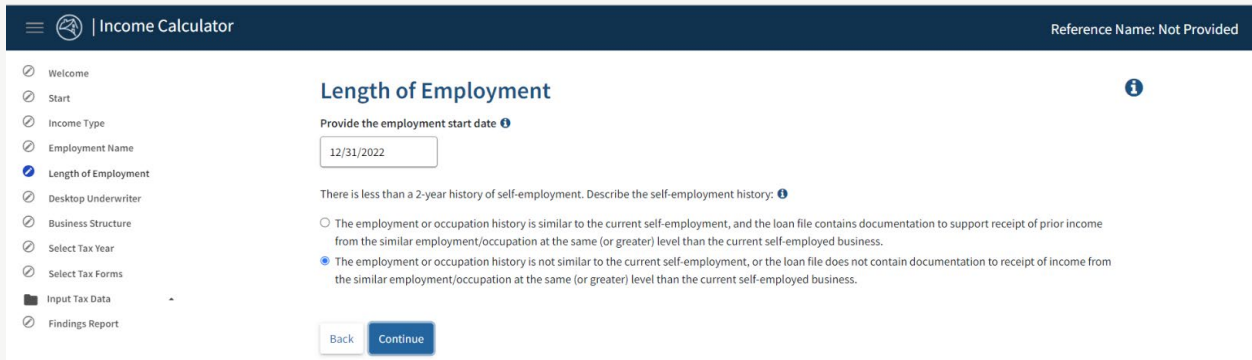
Use this screen to provide the date the borrower began this employment based on the tax return data.

Income Calculator requires an accurate employment start date to correctly calculate the monthly qualifying income. The date provided must match the Employment Start Date provided to DU, if applicable.

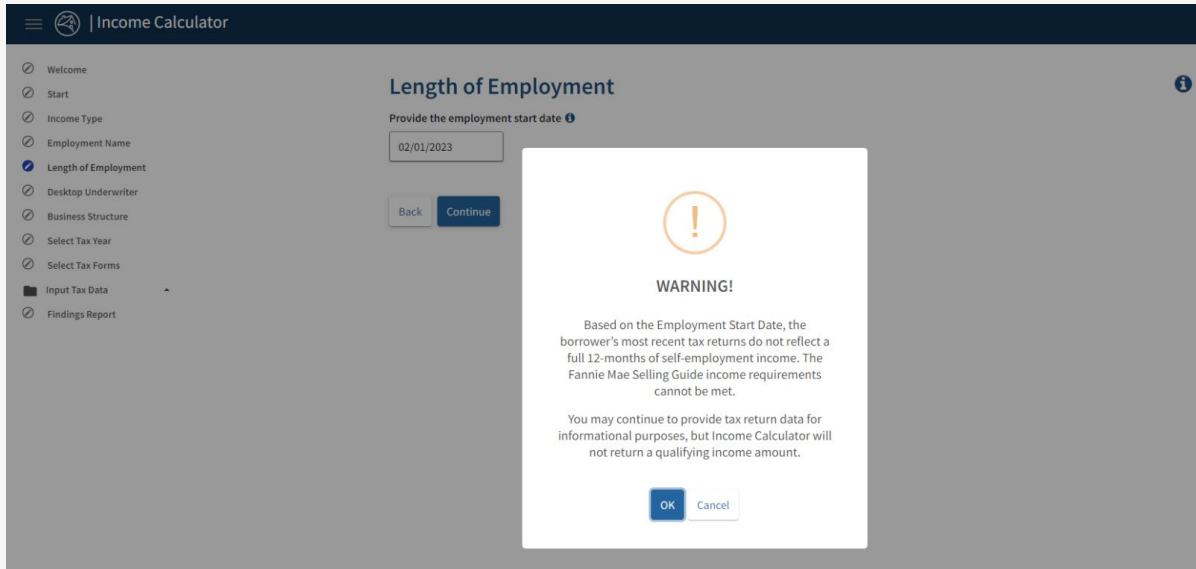


- 1 Enter using the date format of MM/DD/YYYY
- 2 Click the '**Continue**' button to advance to the next screen.

If Income Calculator determines the length of employment is between 12 and 23 months, **additional employment history information** will be required.



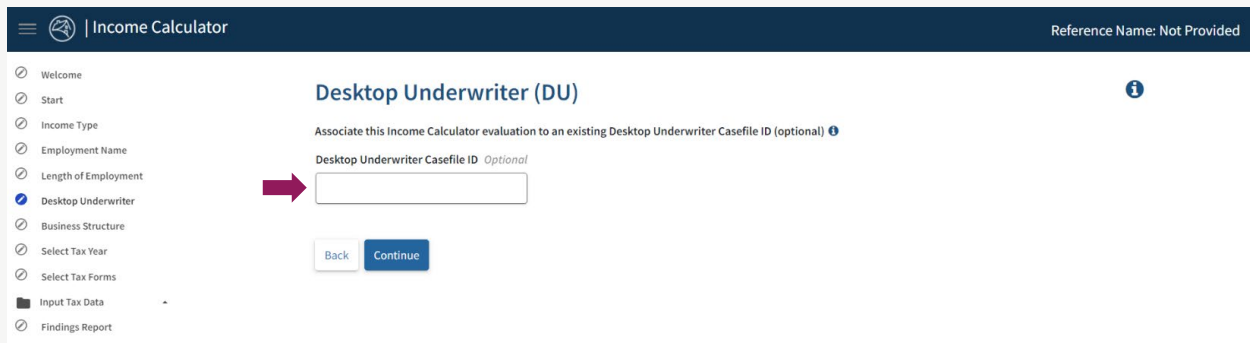
If Income Calculator determines the borrower's most recently filed tax returns do not reflect a full 12 months of self-employment income, a **warning message** will appear.



Desktop Underwriter screen

If the loan has been evaluated by Desktop Underwriter (DU), you can optionally associate (or link) or disassociate (or unlink) this Income Calculator evaluation to the DU Casefile ID.

Associating a DU Casefile ID is optional, however, to **obtain enforcement relief from representations and warranties** on the calculated income amount, an associated **DU Casefile ID is required in Income Calculator prior to delivery** of the loan.



- 1 Enter a valid **DU Casefile ID** to associate (link) it to your Income Calculator data. Income Calculator will retrieve loan data from Desktop Underwriter (DU) and may use it to populate some of the Income Calculator information. Income Calculator does not overwrite any DU submission data. Users must ensure their DU submissions contain the correct qualifying income amount. Currently, DU does not generate any messages related to Income Calculator.



NOTE: To associate the DU Casefile ID, be sure to have the following information on hand **from the DU submission:** Five-digit or nine-digit ZIP code of the borrower’s current residence

2 Enter **answers to two challenge questions** from the DU submission data.

The borrower’s Employment Start Date on the Length of Employment screen will automatically be carried over to populate the Employment Start Date on the Desktop Underwriter screen. Changes to the borrower’s Employment Start Date should be made on the Length of Employment screen.

3 Click the ‘**Continue**’ button to advance to the next screen.

4 Income Calculator will attempt to associate the evaluation with the indicated DU Casefile ID.

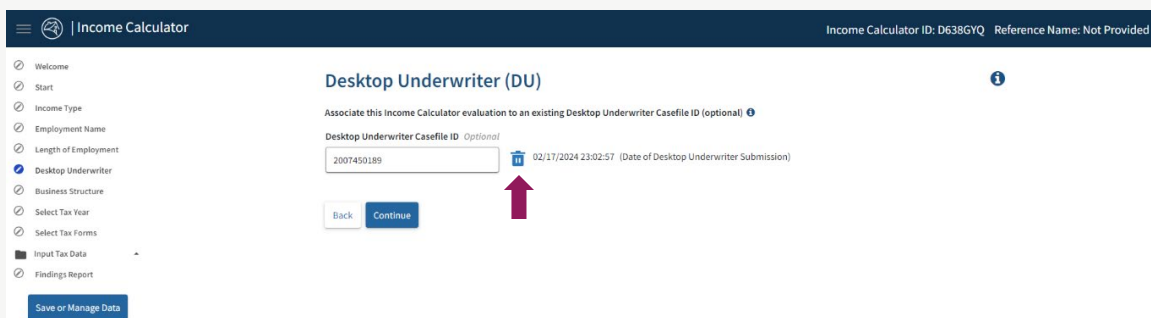
- a** If Income Calculator cannot associate the DU Casefile ID, an error will appear.

Potential reasons for error:

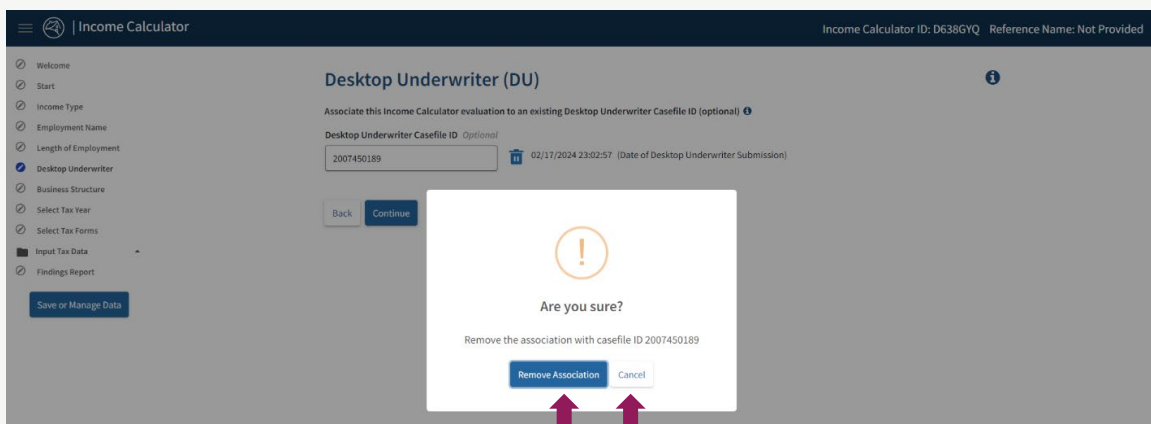
- The DU Casefile ID was mistyped. Check for ten digits.
- The challenge questions were not correctly answered.
- The number of unsuccessful attempts was excessive.
- The loan submitted to DU does not contain any self-employment income.

You may contact Income_Calculator@fanniemae.com for assistance.

- b** If Income Calculator associates the DU Casefile ID, the user will be advanced to the next screen.
- c** If a user has previously associated a DU Casefile ID to an Income Calculator evaluation and needs to remove the association to DU, the user should navigate to the Desktop Underwriter screen (either by clicking through the screens or using the left navigation bar) and take the following actions:

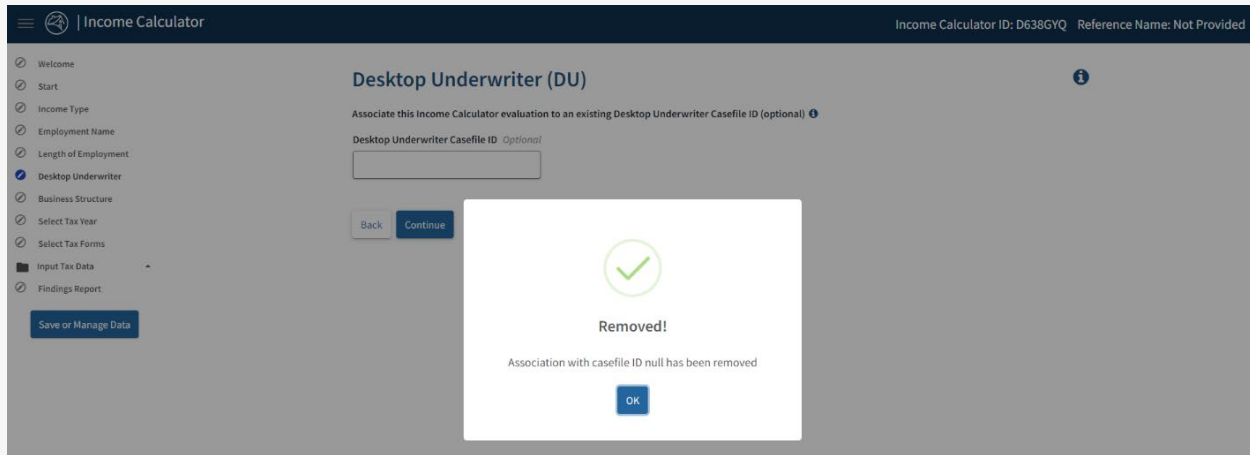


- Use the **trashcan** icon to **remove the association** (unlink).
- Click the **'Continue'** button.
- User will be provided a **confirmation** request.



- If the user clicks the **'Cancel'** button, the DU Casefile ID will remain associated with the Income Calculator case.

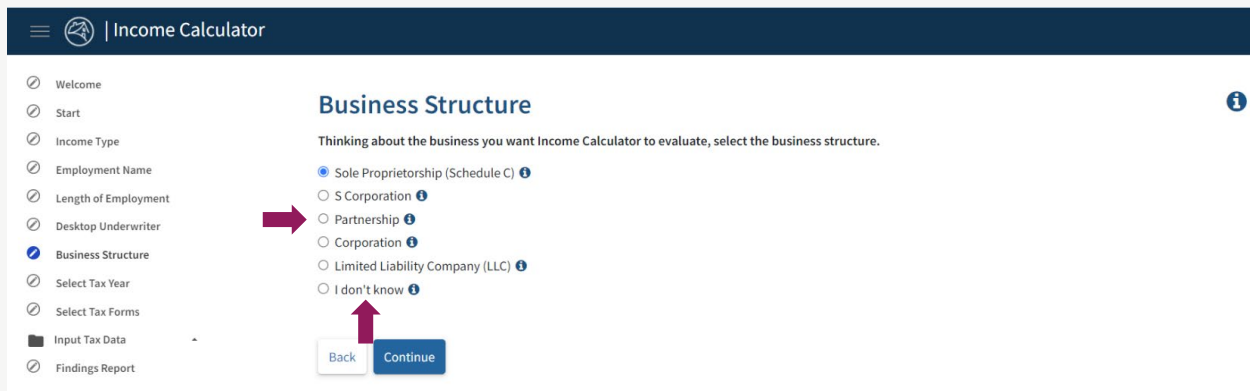
- If the user clicks the **'Remove Association'** button, the association between the DU Casefile and the Income Calculator evaluation will be removed and the user will receive the following confirmation message:



- The user must click the **'OK'** button to acknowledge the action.

Business Structure screen

Use this screen to identify the business' structure. If you're not sure, Income Calculator can help identify the correct business structure. Knowing the business structure will enable Income Calculator to streamline tax return data collection.



- 1** Select the **appropriate business structure** to be evaluated by Income Calculator.
- 2** Select **'I don't know'** to allow Income Calculator to help guide you through the business structure determination.
- 3** Click the **'Continue'** button to advance to the next screen.



NOTE: Select “Limited Liability Corporation (LLC)” if applicable. The Select Tax Forms screen and other data collection will identify the whether the business is a Partnership LLC, S-Corporation LLC, or Single-Member (Sole Proprietor) LLC.



NOTE: When “Limited Liability Corporation (LLC)” or “I don’t know” is selected on the Business Structures screen, Income Calculator will try to identify the correct business structure by presenting a variety of tax return form screens. If the tax return form is not present or not applicable to the business being evaluated, click the ‘Skip’ button at the bottom of the screen.

Select Tax Year screen

Use this screen to provide information about whether the borrower has filed their tax returns for the most recent tax year.

- 1** Select ‘**Yes**’ if the borrower has filed their federal income tax returns for the most recent calendar year. For example, if the current date is February 19, 2024, and the borrower has filed their 2023 federal income tax return, select Yes.
- 2** Select ‘**No**’ if the borrower has not filed their federal income tax returns for the most recent calendar year. For example, if the current date is February 19, 2024, and the borrower has not filed their 2023 federal income tax return, select No.
- 3** Click the ‘**Continue**’ button to advance to the next screen.

Select Tax Forms screen

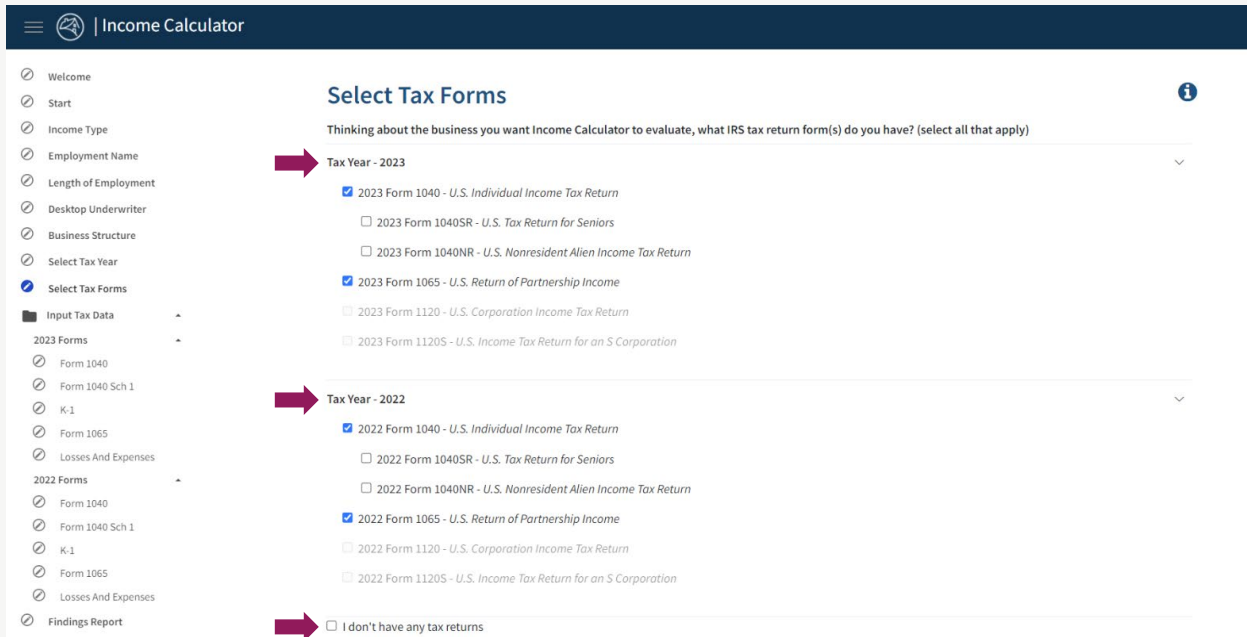
Use this screen to take an inventory of the IRS tax return forms you have related to this income source. At minimum, you must have the most recent year individual (personal) tax returns.

Some selections may be grayed out (not able to be selected). Income Calculator will determine which tax return forms to enable based on selections made on the Business Structure screen. If 'LLC' or 'I don't know' was selected on the Business Structure screen, several options on the Select Tax Forms screen will be presented to the user to help drive the determination of the correct Business Structure.

Selections made for the current tax year will dynamically adjust which options are enabled for the previous year.

Users must select at least '**Form 1040**', '**Form 1040-SR**' or '**Form 1040-NR**' for the most recent year. One of the following is required to continue:

- Two years of personal and business federal tax returns,
- One year of personal and business federal tax returns (permitted under certain conditions), or
- Two years of personal federal tax returns (waiver of business tax returns may be permitted under certain conditions).

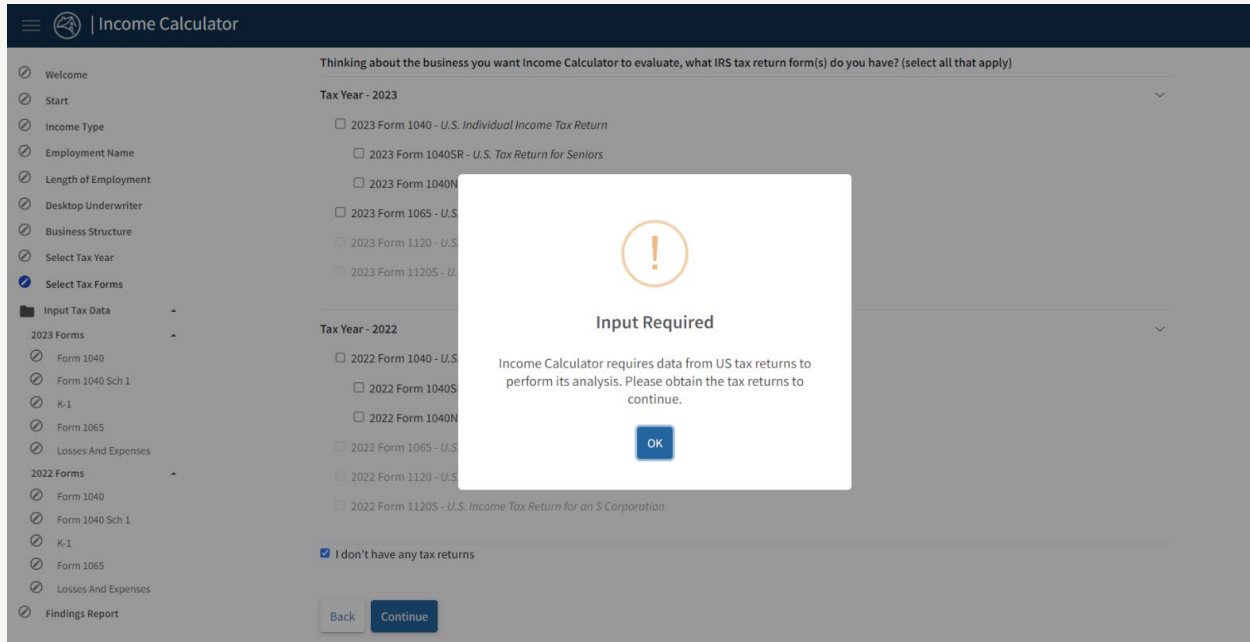


The screenshot shows the 'Select Tax Forms' screen. On the left is a sidebar with navigation options: Welcome, Start, Income Type, Employment Name, Length of Employment, Desktop Underwriter, Business Structure, Select Tax Year, **Select Tax Forms**, Input Tax Data, 2023 Forms (Form 1040, Form 1040 Sch 1, K-1, Form 1065, Losses And Expenses), 2022 Forms (Form 1040, Form 1040 Sch 1, K-1, Form 1065, Losses And Expenses), and Findings Report. The main content area has a title 'Select Tax Forms' and a sub-header 'Thinking about the business you want Income Calculator to evaluate, what IRS tax return form(s) do you have? (select all that apply)'. There are two sections for 'Tax Year - 2023' and 'Tax Year - 2022'. Each section has a dropdown menu for the tax year and a list of tax forms with checkboxes. The 2023 section has '2023 Form 1040 - U.S. Individual Income Tax Return' and '2023 Form 1065 - U.S. Return of Partnership Income' selected. The 2022 section has '2022 Form 1040 - U.S. Individual Income Tax Return' and '2022 Form 1065 - U.S. Return of Partnership Income' selected. At the bottom, there is a checkbox for 'I don't have any tax returns'. Red arrows point to the 'Tax Year' dropdown menus and the 'I don't have any tax returns' checkbox.

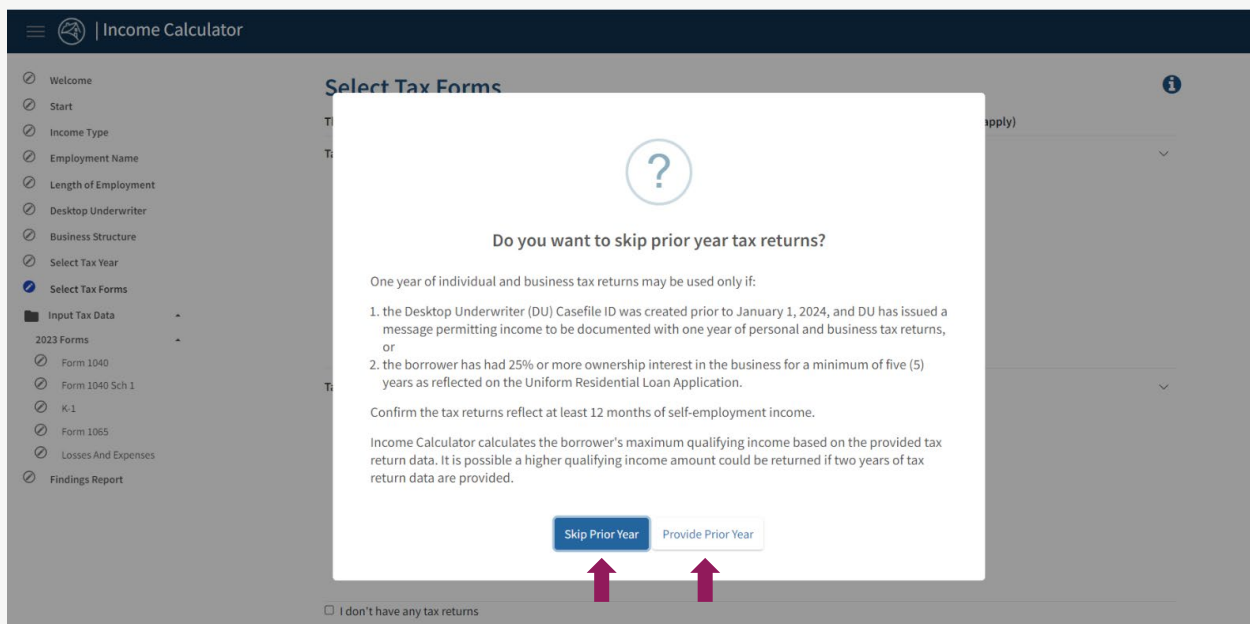
Income Calculator evaluates whatever tax return data is provided by the user. If the borrower provides information beyond what is required in the *Selling Guide*, you may provide it to Income Calculator for consideration.

Deselect the tax return forms for the prior year to remove that data from the Income Calculator evaluation. Note that this action cannot be undone, if you deselect a prior tax year you will need to re-enter it if you want it considered in the evaluation.

- If user selects **'I don't have any tax returns'** and then clicks the **'Continue'** button, the following error will be presented. The user must click the **'OK'** button and select the appropriate Tax Forms for their submission.

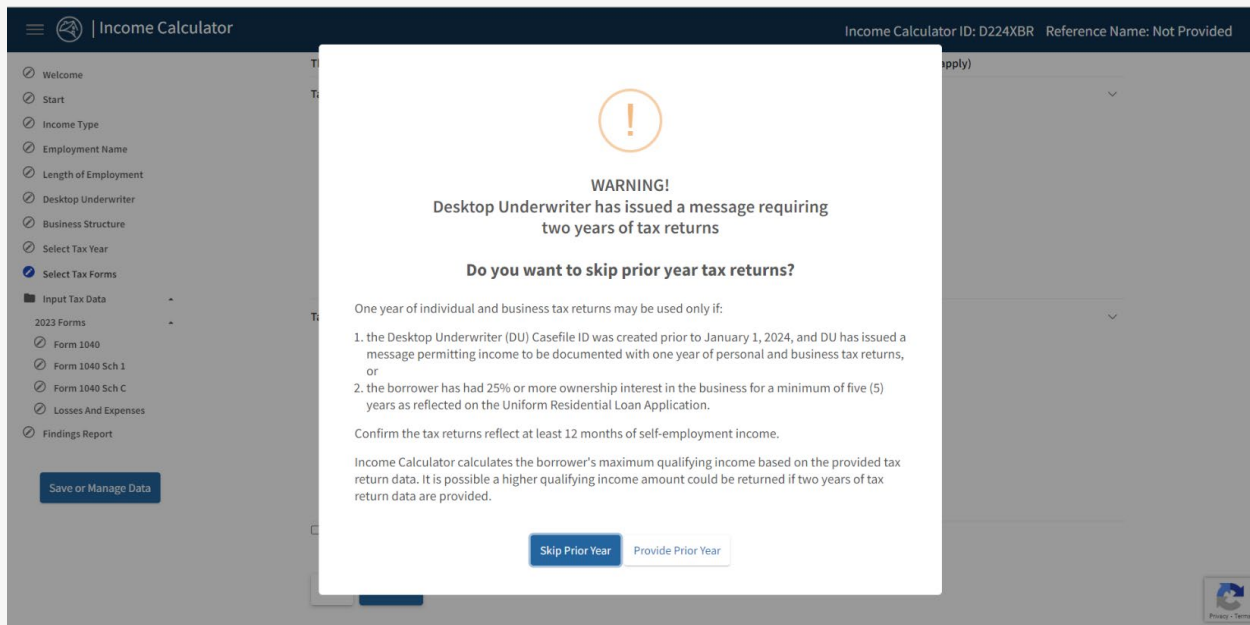


- If the prior year Tax Returns are not selected, user may be prompted to confirm exclusion.



- If the user clicks the **'Skip Prior Year'** button, the user will be taken to the first screen in the **'Input Tax Data'** section.

- If the user clicks the **‘Provide Prior Year’** button, the user will return to the **‘Select Tax Forms’** screen to make additional selections.
- If a DU Casefile ID has been associated to the Income Calculator evaluation, and DU issued a message requiring two years of tax returns, and the previous year’s tax returns are not selected by the user, a **warning message** will appear prompting confirmation of exclusion.

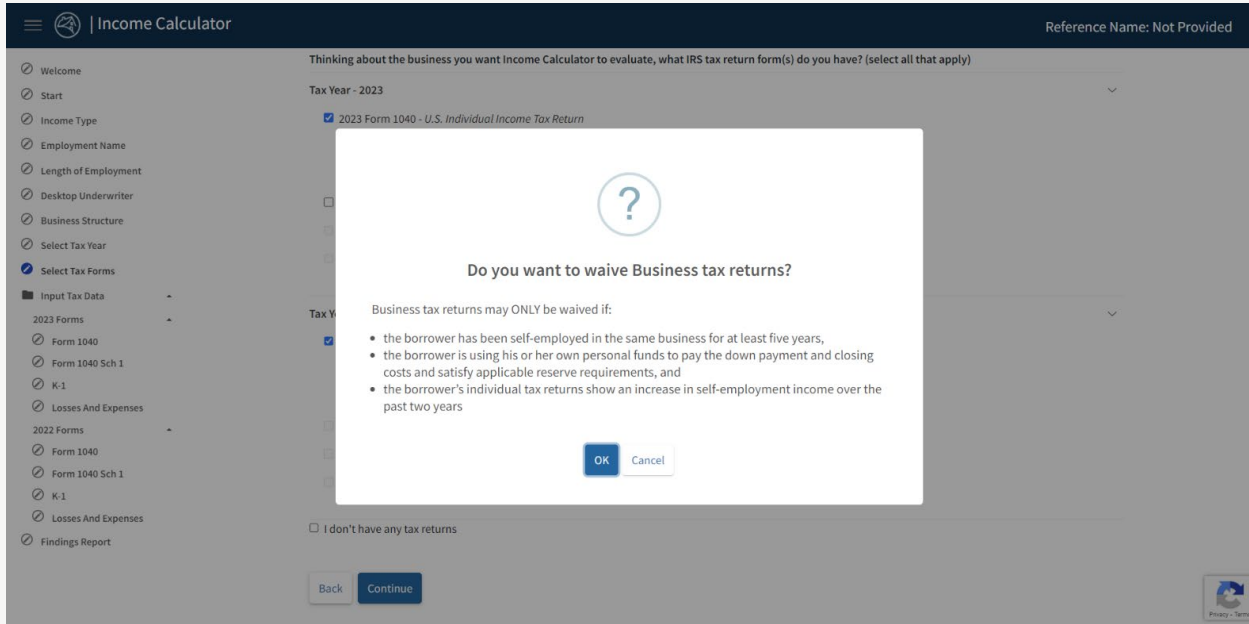


- If the user clicks the **‘Skip Prior Year’** button, the user will be taken to the first screen in the **‘Input Tax Data’** section.
- If the user clicks the **‘Provide Prior Year’** button, the user will return to the **‘Select Tax Forms’** screen to make additional selections.



NOTE: See [Desktop Underwriter screen](#) for instructions to associate or remove association of a DU Casefile ID to an Income Calculator evaluation.

- 1 If the Business Structure is a Corporation, Limited Liability Company (LLC), Partnership, or S-Corporation, but no business return selections are made on the **'Select Tax Forms'** Screen, user will be prompted to confirm current selection:



The screenshot shows the 'Income Calculator' web interface. The left sidebar contains a navigation menu with options like 'Welcome', 'Start', 'Income Type', 'Employment Name', 'Length of Employment', 'Desktop Underwriter', 'Business Structure', 'Select Tax Year', 'Select Tax Forms', 'Input Tax Data', '2023 Forms', '2022 Forms', and 'Findings Report'. The 'Select Tax Forms' option is currently selected. The main content area displays a question: 'Thinking about the business you want Income Calculator to evaluate, what IRS tax return form(s) do you have? (select all that apply)'. Below this, 'Tax Year - 2023' is shown, and '2023 Form 1040 - U.S. Individual Income Tax Return' is selected. A modal dialog box is overlaid on the screen with a question mark icon and the text: 'Do you want to waive Business tax returns?'. Below the question, it states: 'Business tax returns may ONLY be waived if:' followed by a bulleted list of conditions:

- the borrower has been self-employed in the same business for at least five years,
- the borrower is using his or her own personal funds to pay the down payment and closing costs and satisfy applicable reserve requirements, and
- the borrower's individual tax returns show an increase in self-employment income over the past two years

 At the bottom of the dialog are 'OK' and 'Cancel' buttons. The background interface is dimmed, showing 'Back' and 'Continue' buttons at the bottom.

- 2 If the user clicks the **'OK'** button, the user will be taken to the first screen in the **'Input Tax Data'** section.
- 3 If the user clicks the **'Cancel'** button, the user will return to the **'Select Tax Forms'** screen to make additional selections.

Input Tax Data screen

Once the user has selected the Business Structure, indicated the most recent federal income tax year that the borrower has filed, and selected the tax return forms to be used in the evaluation, Income Calculator will present screens enabling entry of the tax return information.

The user will be provided an example of the federal income tax form highlighting where the relevant data is located on the form.

Users should provide all requested tax return information **exactly as it appears on the tax return form**. Users should **follow all screen instructions** for data entry. Do not adjust input amounts of tax return information based on underwriting assessments, such as whether an income or loss amount is recurring or non-recurring.

- 1 All fields must include an answer. If there is no data on the field requested, the user should select **‘There is no amount/value/date on this line’**
- 2 The user must enter all data and click the **‘Continue’** button to progress through each tax form and each year provided.
- 3 Each Business Structure has a unique set of tax return screens and forms.
- 4 The tax return screens are dynamically generated. As the user provides tax return information additional screens may be displayed.
- 5 Tax return information may be conditionally displayed or disabled. As the user provides tax return information, collection of additional tax return data or supplemental data may be enabled.
- 6 Users may provide supplemental, non-tax return data which Income Calculator will use in the application of Fannie Mae’s *Selling Guide* policies for income calculation. The Income Calculator Findings Report will generate messages confirming supplemental was provided.

Findings Report screen

Income Calculator’s evaluation results are displayed in a Findings Report containing multiple sections. Users have the option to ‘**Export Data**’ and/or ‘**View/Save/Print PDF**’.

Findings Summary:

This section contains important information including the Income Calculator ID and the amount of monthly qualifying income for which Fannie Mae will offer enforcement relief from representations and warranties.

Tax Return and Income Calculator side by side comparison (Cashflow):

The columns highlighted in gray show the data the user provided in the Input Tax Data screens. The columns highlighted in blue show the data used to calculate the Monthly Qualifying Income amount.

Use the pencil icons to quickly navigate to the specific data input location.

	Tax Returns		Income Calculator		Change
	2022	2021	2022	2021	
Borrower's income from K-1					
Ordinary business income (loss)	\$76,637.00	\$68,111.00	\$76,637.00	\$68,111.00	12.52%
Net rental real estate income (loss)	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Other net rental income (loss)	\$0.00	\$0.00	\$0.00	\$0.00	N/A
K-1 Income			\$76,637.00	\$68,111.00	12.52%
K-1 Distributions	\$79,712.00	\$52,386.00	\$79,712.00	\$52,386.00	52.16%

Click the hyperlinks to learn more about amounts that may appear inconsistent.

Income Calculator		Income Calculator ID: D562ZLQ Reference Name: Test S-Corp				
Welcome	Extraordinary one-time expenses ⓘ	\$100.00	\$0.00	\$0.00	\$0.00	N/A
Start	Mortgages, notes or bonds payable in less than 1 year ⓘ	\$20,000.00	\$0.00	Learn More	\$0.00	N/A
Income Type	Travel and entertainment (M-1) ⓘ	\$0.00	\$807.00	\$0.00	-\$807.00	N/A
Employment Name	Meals and entertainment (M-3) ⓘ	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Length of Employment						
Desktop Underwriter						
Business Structure	Subtotal Business Income			-\$2,617.00	\$5,295.00	

Learn More ✕

Send questions to Income_Calculator@FannieMae.com

Income Calculator has deducted a portion of the total Mortgages, notes, and bonds payable in less than 1 year for tax year 2022. The loan file must contain supporting documentation that the non-deducted amount of Mortgages, notes, and bonds payable in less than 1 year rollover regularly or are a line of credit.

Monthly Qualifying Income calculation and other Analysis:

The Monthly Qualifying Income is **transparently calculated**.

Click the expansion links ('>' at the far right of each line) to display the full Comparative Income Analysis and Business Liquidity Analysis.

Note: A **green check-mark** is an indication that the analysis is acceptable. A red warning triangle will indicate when lender review is needed.

Income Calculator		Income Calculator ID: D562ZLQ Reference Name: Test S-Corp				
Welcome	Borrower's Share of Business Income ⓘ			-\$2,617.00	\$5,295.00	
Start	W-2 Medicare wages ⓘ	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Income Type	Compensation of Officers ⓘ	\$20,000.00	\$24,000.00	\$20,000.00	\$0.00	N/A
Employment Name	K-1 Income or Distributions (from above) ⓘ			\$76,637.00	\$68,111.00	
Length of Employment						
Desktop Underwriter						
Business Structure	TOTAL			\$94,020.00	\$73,406.00	28.08%
Select Tax Year	Monthly Qualifying Income $\$94,020.00 + \$73,406.00 = \$167,426.00 / 24 \text{ months} = \$6,976.08$					
Select Tax Forms	Comparative Income Analysis ✓ ⓘ					>
Input Tax Data	Business Liquidity Analysis ✓ ⓘ					>
2022 Forms						
Form 1040						
Form 1040 Sch 1						
K-1						

Comparative Income Analysis

The year-over-year comparison of Gross Income, Expenses, and Taxable Income is displayed, along with the narrative trend of 'Increasing', 'Level' or 'Declining'.

Note: A 'Declining' trend will generate a message requiring the lender to ensure the loan file contains documentation that supports the borrower's self-employed income has stabilized if the income is to be used for loan qualification.

	2022	2021	Change
Gross Receipts or Sales	\$135,263.00	\$128,778.00	
Returns and Allowances	\$0.00	\$0.00	
Gross Income	\$135,263.00	\$128,778.00	5.04%
Cost of Goods Sold	\$0.00	\$0.00	
Total Deductions	\$48,626.00	\$60,667.00	
Expenses	\$48,626.00	\$60,667.00	-19.85%
Expenses / Gross Income	35.95%	47.11%	
Taxable Income	\$86,637.00	\$68,111.00	27.20%
Taxable Income / Gross Income	64.05%	52.89%	

Taxable Income Trend: ● Increasing

Business Liquidity Analysis

The liquidity ratios are transparently calculated. Income Calculator will assess the distributions, Quick Ratio and Current Ratio to determine if the business has adequate liquidity to support the withdrawal of earnings. In accordance with the Fannie Mae *Selling Guide*, **lenders may perform their own liquidity analysis** (outside of Income Calculator). Users can indicate they wish to use the lender's own liquidity analysis on the K-1 screen.

Liquidity Ratios	
Cash	\$15,804.00
Accounts receivable	\$0.00
U.S. government obligations	\$0.00
Tax-exempt securities	\$0.00
Other current assets	\$25,000.00
Assets Excluding Inventory	\$40,804.00
Inventory	\$0.00
Total Current Assets	\$40,804.00
Accounts Payable	\$5,000.00
Mortgages, notes, bonds payable in less than 1 year	\$20,000.00
Other current liabilities	\$0.00
Total Current Liabilities	\$25,000.00
Quick Ratio (Acid-Test Ratio)	1.63
Current Ratio (Working Capital Ratio)	1.63

Income Calculator Messages:

Risk/Eligibility Messages

This section of the Findings Report contains important information related to the income calculation or eligibility for enforcement relief from representations and warranties.

☰
Income Calculator ID: D562ZLQ Reference Name: Test S-Corp

<ul style="list-style-type: none"> ☉ Welcome ☉ Start ☉ Income Type ☉ Employment Name ☉ Length of Employment ☉ Desktop Underwriter 	<p>Income Calculator Messages</p> <p>Risk / Eligibility</p> <ol style="list-style-type: none"> 1. Income Calculator determined the Monthly Qualifying Income from this employment is \$6,976.08. The lender remains responsible for the integrity of the data submitted to Income Calculator. 2. Income Calculator has not included the Compensation of officers amount for tax year 2021 because the user indicated it was not included in the borrower's personal tax returns.
---	--

Data Integrity Messages

This section of the Findings Report contains important information related to discrepancies in input data. Users should confirm the accuracy of the provided data. If accurate, no additional information, documentation or explanation is required.

☰
Income Calculator ID: D562ZLQ Reference Name: Test S-Corp

<ul style="list-style-type: none"> ☉ Welcome ☉ Start ☉ Income Type ☉ Employment Name 	<p>Data Integrity</p> <ol style="list-style-type: none"> 3. No W-2 information was provided for this evaluation. The \$24,000.00 Compensation of officers amount from Line 7 of Form 1120S is an indication that wages may have been paid to the borrower in tax year 2021. Confirm the accuracy of the W-2 income data and resubmit as necessary.
--	--

Verifications/Condition Messages

This section of the Findings Report contains important information related to the income calculation and required loan file documentation.

If a DU Casefile ID was not associated, messages will be displayed to remind users how to correctly report self-employment income in DU, along with other DU message reminders. Once a DU Casefile ID has been associated, the DU reminder messages will not display.

☰
Income Calculator ID: D562ZLQ Reference Name: Test S-Corp

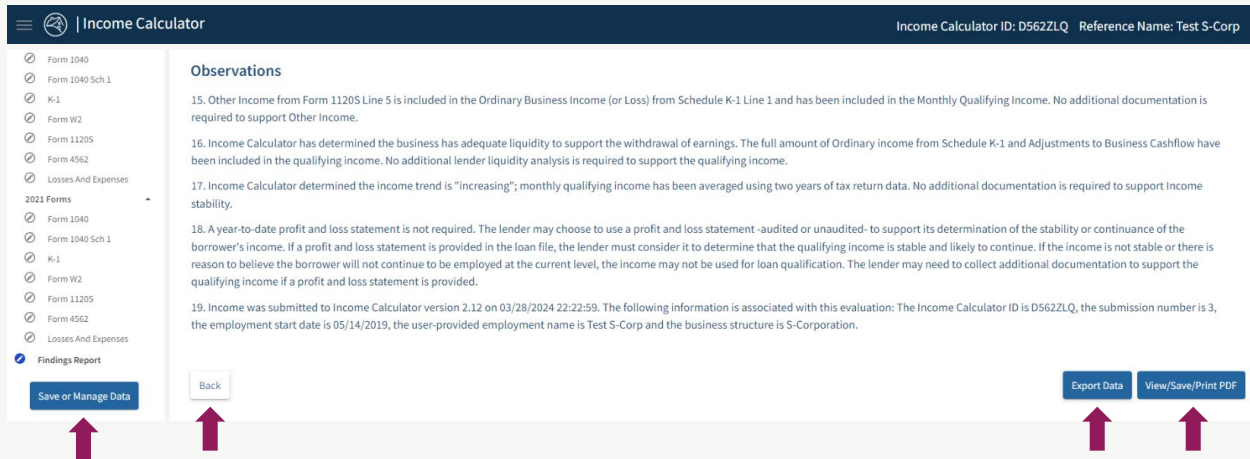
<ul style="list-style-type: none"> ☉ Welcome ☉ Start ☉ Income Type ☉ Employment Name ☉ Length of Employment ☉ Desktop Underwriter ☉ Business Structure ☉ Select Tax Year ☉ Select Tax Forms <li style="background-color: #1a3d4d; color: white; padding: 2px;">☑ Input Tax Data <li style="padding-left: 10px;">2022 Forms <li style="padding-left: 20px;">☉ Form 1040 <li style="padding-left: 20px;">☉ Form 1040 Sch 1 <li style="padding-left: 20px;">☉ K-1 <li style="padding-left: 20px;">☉ Form W2 <li style="padding-left: 20px;">☉ Form 1120S <li style="padding-left: 20px;">☉ Form 4562 <li style="padding-left: 20px;">☉ Losses And Expenses <li style="padding-left: 10px;">2021 Forms <li style="padding-left: 20px;">☉ Form 1040 <li style="padding-left: 20px;">☉ Form 1040 Sch 1 	<p>Verifications / Conditions</p> <ol style="list-style-type: none"> 4. The loan file must contain a completed Income Calculator Findings Report. This report may be stored in the loan file in lieu of Fannie Mae Forms 1084 and 1088 or similar forms. 5. The lender determined the business had extraordinary one-time expenses. The loan file must contain the lender's underwriting analysis describing the circumstances that justify the extraordinary and one-time nature of the expense, along with any documentation obtained to support this determination. 6. Income Calculator has deducted a portion of the total Mortgages, notes, and bonds payable in less than 1 year for tax year 2022. The loan file must contain supporting documentation that the non-deducted amount of Mortgages, notes, and bonds payable in less than 1 year rollover regularly or are a line of credit. 7. Perform and document a verbal verification of employment in accordance with the Fannie Mae Selling Guide. 8. The lender must: (1) comply with any DU messages, (2) determine that age of documentation requirements are met, and (3) determine the eligibility of the income being used to qualify. 9. Self-employment income must be entered as Monthly Income (or Loss) in Section 1b/1c of the Uniform Residential Loan Application. Also, the checkboxes 'Check if you are the Business Owner or are Self-Employed' and 'I have an ownership share of 25% or more' must be selected. Do not enter self-employed income as Other Income. If the borrower has self-employment income from multiple businesses, enter each source as a separate employment/business name on the Uniform Residential Loan Application. 10. Business income is included in the monthly qualifying income. The loan file must contain a signed IRS Form 4506-C for each personal and business tax return documenting income used to qualify for the loan. 11. Obtain a completed and signed IRS Form 4506-C for each borrower whose income is used to qualify for the loan at or before closing. An alternate form is also acceptable if it authorizes the release of comparable tax information from the IRS. Refer to the Fannie Mae Selling Guide for additional information. 12. Income Calculator has included the Compensation of officers amount for tax year 2022 because the user indicated it was included in the borrower's personal tax returns. 13. The qualifying monthly income has been calculated using tax returns that are more than one year old. The disbursement date and loan file documents must meet the Fannie Mae Selling Guide requirements for allowable age of Federal Income Tax Returns. Based on the loan application date and disbursement date, additional IRS tax documents may be required and the lender may need to perform additional income stability analysis outside of Income Calculator. If this loan disburses on or after 1/1/2025, the loan must be requalified with income from 2023 tax returns. 14. The loan file must contain the borrower's federal individual (personal) and business income tax returns: Form 1040 with all schedules and Form 1120S with all schedules (including the borrower's Schedule K-1) for tax years 2022 and 2021.
---	---

Observation Messages

This section of the Findings Report contains important information related to the income calculation and overall evaluation.

If a DU Casefile ID was associated, a message will display DU information including the DU submission date and submission count. This DU information is provided as a method to help you track resubmissions between DU and Income Calculator. The DU submission count and Income Calculator submission count are not meant to align.

Users can **Export Data** and/or **View/Save/Print the PDF** file:



Recommendations and Reminders:

- Submit the loan to Desktop Underwriter (DU) using the Monthly Qualifying Income on the Findings Report.
 - Associate this evaluation to Desktop Underwriter (DU) on the Desktop Underwriter (DU) screen in Income Calculator prior to delivery.
 - The lender remains responsible for the data's integrity (ensuring the data was transcribed correctly from the tax returns to Income Calculator).
- 1** Click the '**View/Save/Print PDF**' button to print the Income Calculator Findings Report. The Income Calculator Findings Report must be stored in the loan file to obtain enforcement relief from representations and warranties.
 - 2** Click the '**Export Data**' button to create a file that contains the data displayed on the Income Calculator Findings Report along with calculations and key input data used in the Income Calculator evaluation.
 - 3** Click the '**Back**' button to return to the previous screen or select a screen using the left navigation bar.
 - 4** Click the '**Save or Manage Data**' button to return to the Start or Welcome screens or to exit.

Chapter 5: Additional Income Calculator Resources

To learn more about Income Calculator, please visit the [Income Calculator Resource Page](#).

Questions regarding specific Income Calculator evaluations can be sent to Income_Calculator@fanniemae.com. Include the Income Calculator ID (e.g. D123ABC) in your email, if available.