

Use this job aid for self-employed borrowers on FNMA or FHLMC loan products to ensure that the COVID-19 requirements announced in [2020-19 / LL-2020-03](#) are met.

**Income Calculation / Comparison**

<b>1</b>	Obtain standard income documentation (follow AUS requirements) and one of the following: A. An audited YTD <sup>1</sup> profit and loss statement, <b>OR</b> B. An unaudited YTD <sup>1</sup> profit and loss statement <b>and</b> 2 months <sup>2</sup> business account statements  <sup>1</sup> P&L must: <ul style="list-style-type: none"> <li>• cover the most recent month preceding the application date, and</li> <li>• be dated ≤ 60 calendar days prior to the note date</li> </ul> <sup>2</sup> Bank statements must be no older than the latest 2 months represented on the P&L <ul style="list-style-type: none"> <li>• For example, a P&amp;L through 05/31/2020 requires April and May bank statements</li> </ul>																						
<b>2</b>	Calculate income using existing <a href="#">Fannie Mae</a> or <a href="#">Freddie Mac</a> guidelines, as applicable, using FNMA Form 1084 / FHLMC Form 91.  <div style="text-align: right;">Enter the monthly amount here: _____</div>																						
<b>3</b>	Calculate YTD Earnings using P&L: <table style="width:100%; border:none;"> <tr> <td style="width:50%;">_____ Net Income</td> <td style="width:50%; text-align:right;"># of months included in P&amp;L: _____</td> </tr> <tr> <td>+ _____ Depreciation</td> <td style="text-align:right;">Borrower's percentage of ownership: _____</td> </tr> <tr> <td>+ _____ Depletion</td> <td></td> </tr> <tr> <td>+ _____ Amortization / Casualty Loss</td> <td></td> </tr> <tr> <td>+ _____ Other Non-Recurring Loss</td> <td></td> </tr> <tr> <td>_____ <b>Total</b></td> <td style="text-align:right;"><b>YTD Income:</b> _____</td> </tr> </table>			_____ Net Income	# of months included in P&L: _____	+ _____ Depreciation	Borrower's percentage of ownership: _____	+ _____ Depletion		+ _____ Amortization / Casualty Loss		+ _____ Other Non-Recurring Loss		_____ <b>Total</b>	<b>YTD Income:</b> _____								
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	Compare the P&L to the business tax returns or Schedule C, as applicable.																						
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<b>4</b>	For <b>unaudited</b> P&L only, confirm that account statements support / are not in conflict with the information included on the P&L.																						
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**Business Stability and Impact of COVID-19**

The following can be used to assess stability and continuance of income. Obtain explanation(s) and/or additional documentation when available to support the responses below. Examples include, but are not limited to, additional business bank statements, current balance sheet, a month-to-month trending analysis, an updated business plan, internet searches, current business receipts or contracts for new work.

- A. Is there a demand for the product or service currently offered by the business? \_\_\_ Yes \_\_\_ No
- B. Do local / state orders (i.e. shelter in place) restrict the operation of the business? \_\_\_ Yes \_\_\_ No
- C. Has there been an increase in cost or expenses related to maintaining the business? \_\_\_ Yes \_\_\_ No
- D. If there is a decrease in income, can it be assumed that the income will:
- Go back to pre-COVID levels? \_\_\_ Yes \_\_\_ No  
 \_\_\_ Temporary restrictions lifted and business will operate at full capacity.  
 \_\_\_ Other:
  - Continue at the lower amount? \_\_\_ Yes \_\_\_ No  
 \_\_\_ The business has been modified to support continued business / income.  
 \_\_\_ The decline was related to supply-chain issues, but have been resolved.  
 \_\_\_ The business is not operating at full capacity (less employees).  
 \_\_\_ Other:
- E. Does the business have documented liquid assets or access to additional capital (do not include SBA Payroll Protection Plan (PPP) or similar COVID-19 related programs)? \_\_\_ Yes \_\_\_ No

**Add comments to support business stability / instability. Additional comments can be added on page 2, if needed.**

**Use of Income**

**If the self-employed income can be classified as stable, the income can be used as follows.** Select one.

- \_\_\_ Income is the same or has increased (YTD vs tax returns). Use standard calculation (Step 2).  
 \_\_\_ Income has declined. Use the YTD, based on P&L (Step 3).

**If the income has declined and has not stabilized, the income cannot be included for qualifying.**

**Additional Comments:**