

Using Rental Income from a Business- Owned Property

TAX YEAR 2024

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How do you become an SEB expert?

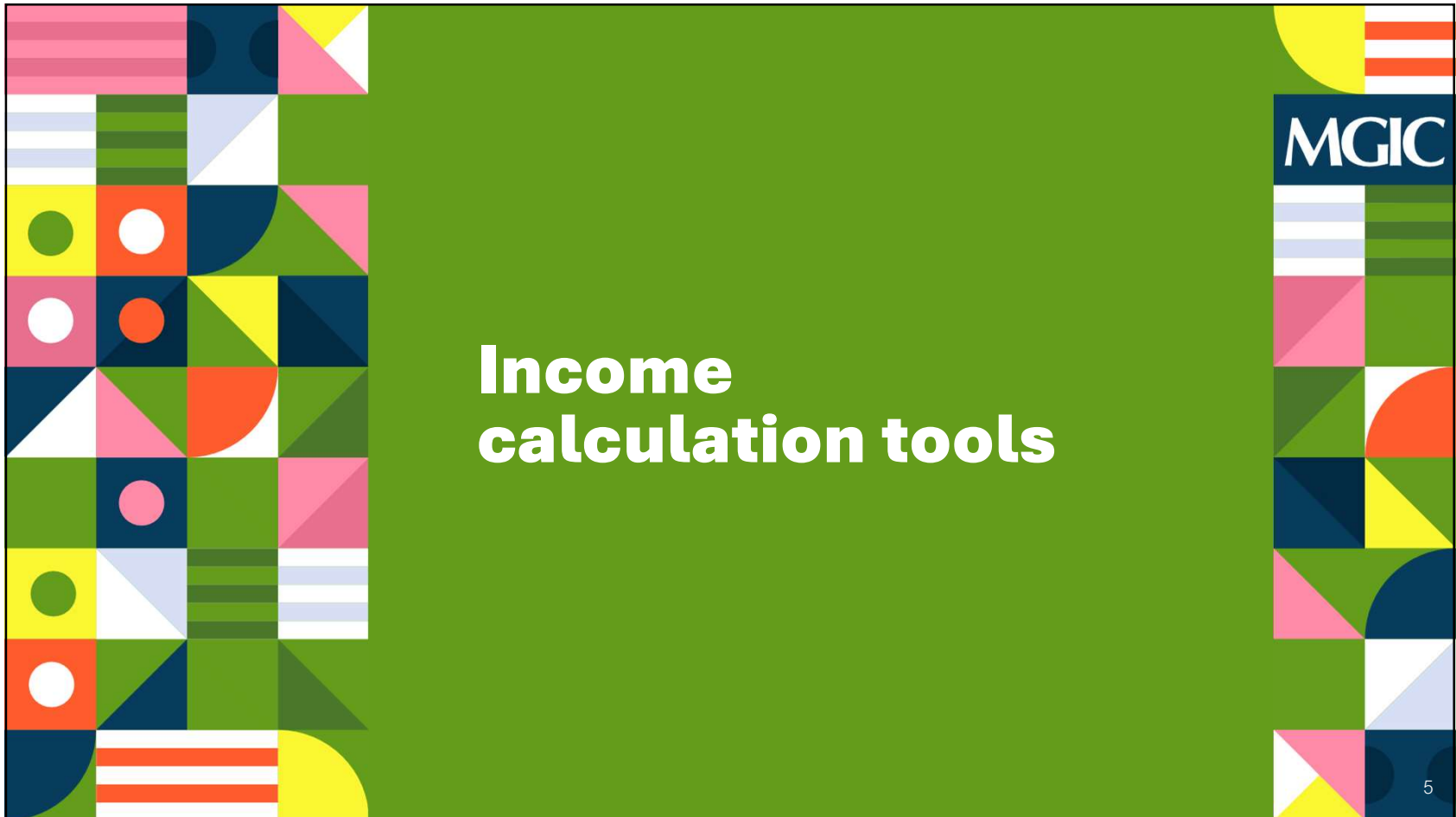


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One step at a time!



A decorative border surrounds a central green rectangle. The border consists of a grid of squares, each containing a different geometric pattern or color. The colors used include pink, blue, yellow, orange, green, and white. In the top right corner of the border, the MGIC logo is visible, featuring the letters "MGIC" in white on a dark blue background. The central green rectangle contains the text "Income calculation tools" in white, bold, sans-serif font.

**Income
calculation tools**

What do I need to start?

Loan application

- Tells borrower's story

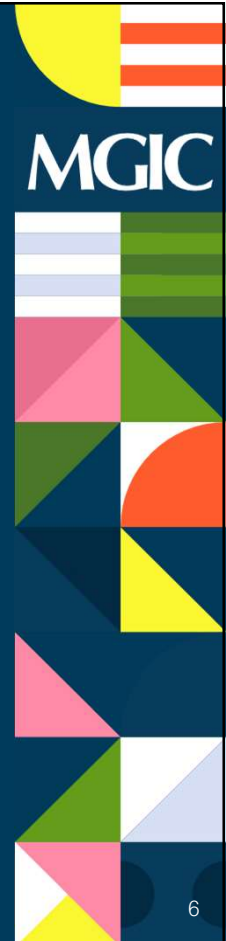
Tax returns

- Personal
- Business
- 1 or 2 years of each

Worksheet

- Documents your decisions

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Rental worksheets

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Fannie Mae Form 1039

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Rental Income Worksheet

Business Rental Income from non-subject Investment Property(ies): Qualifying Impact of Mortgaged Investment Property PITIA Expense

Documentation Required:
• IRS Form 8825 (Filed with either IRS Form 1065 or 1120S) OR
• Lease Agreement

Enter the mortgage and the mortgage loan account number.

Step 1. When using IRS Form 8825, determine the number of months the property was in service by dividing the Fair Rental Days by 30.
If Fair Rental Days are not reported, the property is considered to be in service for 12 months unless there is evidence of a shorter term of service.

Step 1. Result: Enter the number of months the property was in service. Result

Step 2. Calculate monthly property cash flow using Step 2A. IRS Form 8825 OR Step 2B. Lease Agreement.

Step 2A. IRS Form 8825 (IRS Form 1065 or 1120S) For each property complete ONLY 2A or 2B

Enter gross rents received. Enter

Enter total expenses. Subtract

Enter insurance expense. Add

Enter mortgage interest paid. Add

Enter tax expense. Add

Enter homeowners' association dues. This expense must be specifically identified on Form 8825 in order to add it back. Add

Enter depreciation expense or depletion. Add

Enter any one-time extraordinary expense (e.g., casualty loss). There must be evidence of the nature of the one-time extraordinary expense. Add

Equals adjusted rental income. Total 0 0 0 0 0

Enter the number of months the property was in service (Step 1. Result). Divide 0 0 0 0 0

Equals adjusted monthly rental income. Total 0 0 0 0 0

Enter PITIA (for non-subject property). Subtract

Step 2A. Result: Monthly property cash flow. Result 0 0 0 0 0

Step 2B. Lease Agreement For each property complete ONLY 2A or 2B
This method is used in certain circumstances (e.g., when the property was acquired subsequent to the most recent tax filing or the lender has justification for using a lease agreement)

Enter the gross monthly rent (from the lease agreement) For Enter

The remaining 25% accounts for vacancy loss, maintenance, and management expenses. Multiply x.75 x.75 x.75 x.75

Equals adjusted monthly rents. Total 0 0 0 0 0

Enter proposed PITIA (for subject property) or existing PITIA (for non-subject property). Subtract

Sheet1

Borrower Name: _____

Freddie Mac

Form 92

Net Rental Income Calculations – Schedule E

Form 92 is to be used to document the Seller's calculation of net rental income from Schedule E. This form is a tool to help the Seller calculate the net rental income from Schedule E; the Seller's calculations must be based on the requirements and guidance for the determination of stable monthly income in Guide Chapter 5306. This form does not replace the requirements and guidance for the analysis and treatment of rental income as described in Chapter 5306.

I. Net Rental Income from Schedule E (Subject 2- to 4-unit Primary Residence)

SUBJECT 2- TO 4-UNIT PRIMARY RESIDENCE NET RENTAL INCOME CALCULATION – SCHEDULE E¹
Refinance Transaction owned in the prior year(s)

Subject Property Address: _____

IRS 1040 Schedule E – Supplemental Income and Loss

Year: Year:

Rents received (+) (+)

Less total expenses (-) (-)

Insurance² (+) (+)

Mortgage interest paid to banks, etc.³ (+) (+)

Taxes (real estate only)³ (+) (+)

Depreciation and/or depletion (+) (+)

Homeowners association (HOA) dues (if specifically reported as an expense)⁴ (+) (+)

One time losses (e.g., casualty loss) if documented (+) (+)

Subtotal(s) \$ \$

Result: Net Rental Income (calculated to a monthly amount)⁴ \$ / =
(Sum of subtotal(s) divided by number of applicable months + Net Rental Income)
\$

¹Refer to Section 5306.11(3)(i) for net rental income calculation requirements

²This expense, if added back, must be included in the monthly housing expense being used to establish the DTI ratio

³The taxes added back must represent only real estate taxes included in the monthly housing expense

⁴Establishing DTI ratio (Section 5306.14(d)). The monthly housing expense must be added as a liability; the net rental income may be added to the stable monthly income

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MGIC rental income worksheet

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Rental Income Worksheet
MGIC

Business Rental

X
Form 8825

Property:
+
-

Rental Income (Loss) Calculation

33	Number of Months: Maximum 12		
34	Gross Rents: Form 8825 Line 2		
35	Total Expenses: Form 8825 Line 16	()	()
36	Depreciation: Form 8825 Line 14		
37	Taxes: Form 8825 Line 11		
38	Interest: Form 8825 Line 9		
39	Insurance: Form 8825 Line 7		
40	Other: Amortization/Casualty Loss/HOA Dues, if applicable: Form 8825 Line 15		
41	Annual Gross Rental Income (Loss)	\$ -	\$ -
42	Monthly Gross Rental Income (Loss)	N/A	N/A
43	Monthly PITIA	()	()
44	NET Monthly Rental Income (Loss)	N/A	N/A
45	Average NET Monthly Rental Income (Loss) _____ months		N/A

☐
Lease Agreement (or alternate)

Comments / Notes (For a new line, hold Alt and press Enter)


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Cash flow worksheets

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Cash Flow Analysis (Form 1084)


Borrower Name: _____

Business Name (optional): _____

This worksheet may be used to prepare a written evaluation of the analysis of income related to self-employment. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower for loan qualifying purposes.

IRS Form 1040 – Individual Income Tax Return

	Year _____	Year _____
1. W-2 Income from Self-Employment	(+) _____	(+) _____
2. Schedule B – Interest and Ordinary Dividends		
a. Interest Income from Self-Employment	(+) _____	(+) _____
b. Dividends from Self-Employment	(+) _____	(+) _____
3. Schedule C – Profit or Loss from Business: Sole Proprietorship		
a. Net Profit or (Loss)	(+/-) _____	(+/-) _____
b. Nonrecurring Other (Income) Loss/Expenses	(+/-) _____	(+/-) _____
c. Depreciation	(+) _____	(+) _____
d. Depreciation	(+) _____	(+) _____
e. Non-deductible Travel and Meals Expenses	(-) _____	(-) _____
f. Business Use of Home	(+) _____	(+) _____
g. Amortization/Casualty Loss	(+) _____	(+) _____
4. Schedule D – Capital Gains and Losses		
a. Recurring Capital Gains	(+) _____	(+) _____
5. Schedule E – Supplemental Income and Loss		
Note: A lender may use Fannie Mae Rental Income Worksheets (Form 1037 or Form 1038) to calculate individual rental income (loss) reported on Schedule E.		
a. Royalties Received	(+) _____	(+) _____
b. Total Expenses	(-) _____	(-) _____
c. Depreciation	(+) _____	(+) _____
6. Schedule F – Profit or Loss from Farming		
a. Net Farm Profit or (Loss)	(+/-) _____	(+/-) _____
b. Non-Tax Portion Ongoing Coop and CCC Payments	(+) _____	(+) _____
c. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
d. Depreciation	(+) _____	(+) _____
e. Amortization/Casualty Loss/Depletion	(+) _____	(+) _____
f. Business Use of Home	(+) _____	(+) _____
Note: IRS Form 4797 (Sales of Business Property) is not included on this worksheet due to its infrequent use. If applicable, a lender may include analysis of the sale and related recurring capital gains.		
© 2019 Fannie Mae. Trademarks of Fannie Mae. Form 1084 June 2019 Page 1 of 8		



Form 91

Income Calculations

(Schedule Analysis Method)

Borrower Name: _____

Form 91 is to be used to document the Seller's calculation of the income for a self-employed Borrower. This form is a tool to help the Seller calculate the income for a self-employed Borrower; the Seller's calculations must be based on the requirements and guidance for the determination of stable monthly income in Topic 5300. This form does not replace the requirements and guidance for the analysis and treatment of the income for self-employed Borrowers as described in Chapters 5304 and 5305.

I. Income Calculations from IRS Form 1040

IRS Form 1040 Federal Individual Income Tax Return	Year: _____	Year: _____
1. W-2 Income from self-employment (reported on IRS Forms 1040 and 1120 or 1120S)		
Name of business: _____		
IRS Form 1040, W-2 Income – Officer Compensation (Section 5304.1(d)) ¹	(+) _____	(+) _____
Subtotal of W-2 income from self-employment	\$ _____	\$ _____
¹ Validate with business returns and IRS Form 1125-E, Compensation of Officers, as applicable		
2. Schedule B – Interest and Ordinary Dividends		
Recurring interest income (Chapter 5305)	(+) _____	(+) _____
Recurring dividend income (Chapter 5305)	(+) _____	(+) _____
Dividend income from self-employment reported on IRS Form 1120	(-) _____	(-) _____
Subtotal of dividends and interest	\$ _____	\$ _____
Freddie Mac Single-Family Seller/Service Guide Bulletin 2019-9 05/01/19 Page P91-1		

All-in-one self-employed income calculator

Excel XLSM – macro-enabled

Excel XLSX – macro-free

Excel XLSX – macro-free short

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SAM Worksheet - Help Document

The SAM Worksheet is a cash flow analysis tool. This help document provides instructions on how to use the tool.

Profit and Loss Statement Analysis

User Tips:

- Add business information to the top of the sheet.
- Click the "Calculate" button to update the results.
- Use the "Reset" button to clear the sheet.

Comparative Income Analysis Worksheet

Cost of Goods Sold (COGS) \$ - \$

Liquidity Worksheet

Determine business liquidity using tax return or interim balance sheet and entering the applicable line item.

Cash Flow Analysis Summary

In general:

- Use the Current Year data.
- Use the Quarterly data.

Typically, a result is provided in the Investor guide.

NOTE: If there is a change in the business name, select the box to the left of the dollar amount.

Subtotal \$ 10,000.00

SAM Cash Flow Analysis Worksheet

User Tips:

- Add business information in blue-shaded fields.
- Select the tax year(s) being reviewed.
- Click the "Calculate" button to update income source section.
- Use the "Reset" button to clear the sheet.
- For negative entries, please type "-" prior to number.
- For the instructions, hover over red triangles.
- For guidance, see the "Help" button.
- Select the "Save Worksheet" button on top to clear all information.
- To print several worksheets into one PDF, hold down the Command or Control key and click on the tabs that should be included, then print the document.

BORROWER NAME: **DATE:**

Input the Year(s):

Before you click on the "Calculate" button, please check the "Calculate" button to ensure the results are correct.

SCHEDULE D - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT

SCHEDULE E - SOLE PROPRIETORSHIP

Income:

Line Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1 Net Profit (Loss) (Line 1)												
2 Deduct nonrecourse income (Line 2)												
3 Depreciation (Line 3)												
4 Depreciation (Line 4)												
5 Non-Deductible Meals and Entertainment Exclusions (Line 5)												
6 Business Use of Home (Line 6)												
7 Business Miles (Part 1, Line 1) (Line 7) (Part 2, Line 7)												
8 Depreciation (Line 8) (Line 8) (Line 8) (Line 8)												
9 Total Mortgage Depreciation (Line 9)												
10 Amortization/Cash (Loss) (Line 10) (Line 10) (Line 10) (Line 10)												
SUBTOTAL												

SCHEDULE E - CAPITAL GAINS AND LOSSES

SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS

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Self-employed borrower and income analysis calculators

Equipped for speed and accuracy, our editable and auto-calculating worksheets are available in macro-enabled and macro-free versions.

MGIC > underwriting >

Gain instant access to MGIC's self-employed borrower and income analysis calculators

Updated for 2025:

- Employment & other income calculator

Updated for tax year 2024:

- All-in-one self-employed income calculator
- Rental income calculator

[Gain access now](#)



Loan application

Case study,
pages 10 - 12

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Uniform Residential Loan Application
Verify and complete the information on this application. If you are applying for information as directed by your Lender.

Section 1: Borrower Information. This section asks about employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information
Name (First, Middle, Last, Suffix)
JAMES JOHNSON
Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)
JAMES JOHNSON
Type of Credit
☐ I am applying for individual credit.
☒ I am applying for joint credit. Total Number of Borrowers: 1
Each Borrower intends to apply for joint credit. Your Initials: _____

Marital Status
☒ Married
☐ Separated
☐ Unmarried
Dependents (not listed by another Borrower)
Number: 0
Ages: _____
Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship

Current Address
Street 1750 PROSPERITY DRIVE
City JACKSON
How Long at Current Address? 12 Years 0 Months Housing ☐ No rent
If at Current Address for LESS than 2 years, list Former Address ☐ Does not apply
Street _____
City _____
How Long at Former Address? 0 Years 0 Months Housing ☐ No rent
Mailing Address - if different from Current Address ☐ Does not apply
Street _____
City _____

1b. Current Employment/Self Employment and Income ☐ Does not apply
Employer or Business Name PROPERTY MAINTENANCE NINJAS
Street 300 W. COMMERCIAL AVENUE
City JACKSON State TN ZIP 38303
Position or Title OWNER
Start Date 07/15/2024
How long in this line of work? 0 Years 0 Months
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% or more ☒ I have an ownership share of 25% or more

1c. IF APPLICABLE, Complete Information for Additional Employment
Employer or Business Name J & J PROPERTY SOLUTIONS
Street 2500 N EXECUTIVE DRIVE
City JACKSON State TN ZIP 38305
Position or Title OWNER
Start Date 07/01/2024
How long in this line of work? 0 Years 0 Months
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% or more ☒ I have an ownership share of 25% or more

1d. IF APPLICABLE, Complete Information for Additional Employment
Employer or Business Name HIDE AWAY STORAGE
Street 42 WILLOW BLVD
City JACKSON State TN ZIP 38305
Position or Title OWNER
Start Date 07/01/2024
How long in this line of work? 0 Years 0 Months
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% or more ☒ I have an ownership share of 25% or more

Section 3: Financial Information — Referring to the information on the Uniform Residential Loan Application and what you owe on them. ☐ I do not own any real estate.

3a. Property You Own If you are refinancing, list the property.
Address Street 1750 PROSPERITY DRIVE
City JACKSON
Status: Sold, Pending Sale, or Retained
Property Value \$475,000
Intended Occupancy: Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name Account Number Monthly Mortgage Payment
XYZ MORTGAGE 8012345 \$500.00
\$500.00

3b. IF APPLICABLE, Complete Information for Additional Property
Address Street 123 CLOUD STREET
City JACKSON
Status: Sold, Pending Sale, or Retained
Property Value \$250,000
Intended Occupancy: Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name Account Number Monthly Mortgage Payment
XYZ MORTGAGE 8015678 \$400.00
\$400.00

3c. IF APPLICABLE, Complete Information for Additional Property
Address Street 456 MAPLE STREET
City JACKSON
Status: Sold, Pending Sale, or Retained
Property Value \$1,000,000
Intended Occupancy: Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name Account Number Monthly Mortgage Payment
ABC COMMERCIAL BK 1581654321 \$1,000.00
\$1,000.00

3d. IF APPLICABLE, Complete Information for Additional Property
Address Street 789 OAKVIEW LANE
City JACKSON
Status: Sold, Pending Sale, or Retained
Property Value \$475,000
Intended Occupancy: Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name Account Number Monthly Mortgage Payment
XYZ MORTGAGE 8012345 \$500.00
\$500.00

Uniform Residential Loan Application — Additional Borrower

Verify and complete the information on this application as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information
Name (First, Middle, Last, Suffix)
JESSICA JOHNSON
Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)
JESS JOHNSON
Type of Credit
☐ I am applying for individual credit.
☒ I am applying for joint credit. Total Number of Borrowers: 2
Each Borrower intends to apply for joint credit. Your Initials: _____

Marital Status
☒ Married
☐ Separated
☐ Unmarried
Dependents (not listed by another Borrower)
Number: 0
Ages: _____
Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship

Current Address
Street 1750 PROSPERITY DRIVE
City JACKSON State TN ZIP 38305
How Long at Current Address? 0 Years 0 Months Housing ☐ No primary housing expense ☐ Own ☐ Rent \$0/month
If at Current Address for LESS than 2 years, list Former Address ☐ Does not apply
Street _____
City _____
How Long at Former Address? 0 Years 0 Months Housing ☐ No primary housing expense ☐ Own ☐ Rent \$0/month
Mailing Address - if different from Current Address ☐ Does not apply
Street _____
City _____

1b. Current Employment/Self Employment and Income ☐ Does not apply
Employer or Business Name CREATIVE DESIGN CONCEPTS
Street 2000 INNOVATIONS WAY
City JACKSON State TN ZIP 38301
Position or Title OWNER
Start Date 07/01/2024
How long in this line of work? 0 Years 0 Months
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% or more ☒ I have an ownership share of 25% or more

Gross Monthly Income
Base \$0/month
Overtime \$0/month
Bonus \$0/month
Commission \$0/month
Military \$0/month
Other \$0/month
TOTAL \$0.00/month

1c. IF APPLICABLE, Complete Information for Additional Employment/Self Employment and Income ☐ Does not apply
Employer or Business Name EQUITABLE PROPERTY GROUP, LLC
Street 1750 PROSPERITY DRIVE
City JACKSON State TN ZIP 38305
Position or Title OWNER
Start Date 07/01/2024
How long in this line of work? 0 Years 0 Months
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% or more ☒ I have an ownership share of 25% or more

Gross Monthly Income
Base \$0/month
Overtime \$0/month
Bonus \$0/month
Commission \$0/month
Military \$0/month
Other \$0/month
TOTAL \$0.00/month

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Borrowers' businesses

1b. Current Employment/Self-Employment and Income ☐ Does not apply

Employer or Business Name PROPERTY MAINTENANCE NINJAS Phone (731) 226 - 1255

Street 800 W. COMMERCIAL AVENUE Unit # _____

City JACKSON State TN ZIP 38305 Country USA

Position or Title OWNER

Start Date 02 / 15 / 2021 (mm/dd/yyyy)

How long in this line of work? 4 Years _____ Months

☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25%. Monthly Income (or Loss) \$ 4932

☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Gross Monthly Income

Base \$ _____ /month

Overtime \$ _____ /month

Bonus \$ _____ /month

Commission \$ _____ /month

Military Entitlements \$ _____ /month

Other \$ _____ /month

TOTAL \$ 0.00 /month

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income

Employer or Business Name J & J PROPERTY SERVICES

Street 2500 N EXECUTIVE DRIVE

City JACKSON

Position or Title OWNER

Start Date 09 / 01 / 2016 (mm/dd/yyyy)

How long in this line of work? 7 Years _____ Months

☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25%. Monthly Income (or Loss) \$ _____

☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Gross Monthly Income

Base \$ _____ /month

Overtime \$ _____ /month

Bonus \$ _____ /month

Commission \$ _____ /month

Military Entitlements \$ _____ /month

Other \$ _____ /month

TOTAL \$ _____ /month

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income

Employer or Business Name HIDE AWAY STORAGE

Street 42 WILLOW BLVD

City JACKSON

Position or Title OWNER

Start Date 01 / 01 / 2019 (mm/dd/yyyy)

How long in this line of work? 6 Years _____ Months

☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25%. Monthly Income (or Loss) \$ 95.83

☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Gross Monthly Income

Base \$ _____ /month

Overtime \$ _____ /month

Bonus \$ _____ /month

Commission \$ _____ /month

Military Entitlements \$ _____ /month

Other \$ _____ /month

TOTAL \$ 0.00 /month

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income ☐ Does not apply

Employer or Business Name EQUITABLE PROPERTY GROUP, LLC Phone (731) 122 - 8544

Street 1750 PROSPERITY DRIVE Unit # _____

City JACKSON State TN ZIP 38305 Country USA

Position or Title OWNER

Start Date 05 / 20 / 2018 (mm/dd/yyyy)

How long in this line of work? 5 Years _____ Months

☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25%. Monthly Income (or Loss) \$ 2096

☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Gross Monthly Income

Base \$ _____ /month

Overtime \$ _____ /month

Bonus \$ _____ /month

Commission \$ _____ /month

Military Entitlements \$ _____ /month

Other \$ _____ /month

TOTAL \$ 0.00 /month

1b. Current Employment/Self-Employment and Income ☐ Does not apply

Employer or Business Name CREATIVE DESIGN CONCEPTS Phone (731) 122 - 8544

Street 1000 INNOVATIONS WAY Unit # _____

Position or Title _____

Start Date _____ (mm/dd/yyyy)

How long in this line of work? _____ Years _____ Months

☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25%. Monthly Income (or Loss) \$ 2096

☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Gross Monthly Income

Base \$ _____ /month

Overtime \$ _____ /month

Bonus \$ _____ /month

Commission \$ _____ /month

Military Entitlements \$ _____ /month

Other \$ _____ /month

TOTAL \$ 0.00 /month

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A decorative border surrounds the central text area. It features a grid of squares and rectangles in various colors (pink, blue, yellow, green, orange, white) with geometric patterns like stripes, dots, and triangles. The MGIC logo is visible in the top right corner of the border.

**Property owned by
business**

**LLC owns real estate and will
report income on IRS Form
1065 or 1120-S which will
include IRS Form 8825**

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Meet Jessica Johnson

50% partner in Equitable Property Group, LLC (property owner)

- Schedule E, page 2
- Partnership Schedule K-1
- Form 1065
- Form 8825

100% owner of Creative Design Concepts, Inc.

- SEB W-2
- Form 1120



Schedule K-1 (Form 1120-S)

Ownership
percentage

Part II: Box G

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Schedule K-1 (Form 1120-S) Department of the Treasury Internal Revenue Service		2024	OMB No. 1545-0123	
For calendar year 2024, or tax year beginning / / 2024 ending / /		Final K-1 Amended K-1		
Shareholder's Share of Income, Deductions, Credits, etc. See separate instructions.		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items		
Part I Information About the Corporation		1 Ordinary business income (loss)		
A Corporation's employer identification number		13 Credits		
B Corporation's name, address, city, state, and ZIP code		2 Net rental real estate income (loss)		
C IRS Center where corporation filed return		3 Other net rental income (loss)		
D Corporation's total number of shares Beginning of tax year End of tax year		4 Interest income		
		5a Ordinary dividends		
		5b Qualified dividends		
		14 Schedule K-3 is attached if checked		
		6 Royalties		
		15 Alternative minimum tax (AMT) items		
		7 Net short-term capital gain (loss)		
		8a Net long-term capital gain (loss)		
		8b Collectibles (28%) gain (loss)		
		8c Unrecaptured section 1250 gain		
Part II Information About the Shareholder		9 Net section 1231 gain (loss)		
E Shareholder's identifying number		10 Other income (loss)		
F1 Shareholder's name, address, city, state, and ZIP code		16 Items affecting shareholder basis		
F2 If the shareholder is a disregarded entity, a trust, an estate, or a nominee or similar person, enter the individual or entity responsible for reporting:		17 Other information		
F3 What type of entity is this shareholder?		11 Section 179 deduction		
G Current year allocation percentage %		12 Other deductions		
H Shareholder's number of shares Beginning of tax year End of tax year				
I Loans from shareholder Beginning of tax year \$ End of tax year \$				
For IRS Use Only		18 More than one activity for at-risk purposes*		
		19 More than one activity for passive activity purposes*		
		* See attached statement for additional information.		

Schedule K-1 (Form 1065)

Ownership
percentage

Part II: Box J

mortgage guaranty
insurance corporation

Schedule K-1 (Form 1065) Department of the Treasury Internal Revenue Service

2024 For calendar year 2024, or tax year

beginning 1/1/2024 ending 12/31/2024

Partner's Share of Income, Deductions, Credits, etc. See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS center where partnership filed return:

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G General partner or LLC member-manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's:

TIN Name

I1 What type of entity is this partner?

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

Check if decrease is due to:

Sale or Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse	\$	\$
Recourse	\$	\$

K2 Check this box if item K1 includes liability amounts from lower tier partnerships

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions

L Partner's Capital Account Analysis

Beginning capital account	\$
Capital contributed during the year	\$
Current year net income (loss)	\$
Other income (decrease) (other) (disposition)	\$
Withdrawals and distributions	\$
Ending capital account	\$

M Did the partner contribute property with a built-in gain (loss)?

Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	14 Self-employment earnings (loss)
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked
4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	20 Other information
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	21 Foreign taxes paid or accrued
13 Other deductions	
22 More than one activity for at-risk purposes*	
23 More than one activity for passive activity purposes*	

*See attached statement for additional information.

For IRS Use Only

651123 OM 1065-0123

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/form1065 Cat. No. 1139-04R Schedule K-1 (Form 1065) 2024

A decorative border surrounds the central text. It features a grid of colorful squares and rectangles in shades of pink, blue, yellow, green, and orange. Some squares contain geometric shapes like circles and triangles. The MGIC logo is visible in the top right corner of the border.

**Tax forms:
Personal and
business**

2024 Form 1040

Case study,
pages 16 & 17

mortgage guaranty
insurance corporation

Form 1040 (2024) U.S. Individual Income Tax Return 2024

Your first name and middle initial: James
If joint return, spouse's first name and middle initial: Jessica
Home address (number and street), if you have one: 1750 Prosperity Drive
City, town, or post office, if you have a foreign address: Jackson
Foreign country name: Jackson

Filing Status: ☐ Single ☒ Married filing jointly
Check only one box.
If you checked the MFS, a qualifying person is a child or spouse who lived with you for more than half the year (see instructions).

Digital Assets: At any time during 2024, did you have a digital asset? ☐ Yes ☒ No
Standard Deduction: ☐ Standard Deduction ☒ Spouse itemizes on a separate return

Age/Blindness: You: ☐ Were born before 1954 ☐ Born 1954-1963 ☐ Born 1964-1979 ☐ Born 1980-1999 ☐ Born 2000-2023
Dependents: (see instructions) If more than four dependents, see instructions and check here: ☐ Yes ☒ No

Income: 1a Total amount from Form 1041-1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 1531, 1532, 1533, 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2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 2682, 2683, 2684, 2685, 2686, 2687, 2688, 2689, 2690, 2691, 2692, 2693, 2694, 2695, 2696, 2697, 2698, 2699, 2700, 2701, 2702, 2703, 2704, 2705, 2706, 2707, 2708, 2709, 2710, 2711, 2712, 2713, 2714, 2715, 2716, 2717, 2718, 2719, 2720, 2721, 2722, 2723, 2724, 2725, 2726, 2727, 2728, 2729, 2730, 2731, 2732, 2733, 2734, 2735, 2736, 2737, 2738, 2739, 2740, 2741, 2742, 2743, 2744, 2745, 2746, 2747, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, 2756, 2757, 2758, 2759, 2760, 2761, 2762, 2763, 2764, 2765, 2766, 2767, 2768, 2769, 2770, 2771, 2772, 2773, 2774, 2775, 2776, 2777, 2778, 2779, 2780, 2781, 2782, 2783, 2784, 2785, 2786, 2787, 2788, 2789, 2790, 2791, 2792, 2793, 2794, 2795, 2796, 2797, 2798, 2799, 2800, 2801, 2802, 2803, 2804, 2805, 2806, 2807, 2808, 2809, 2810, 2811, 2812, 2813, 2814, 2815, 2816, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2824, 2825, 2826, 2827, 2828, 2829, 2830, 2831, 2832, 2833, 2834, 2835, 2836, 2837, 2838, 2839, 2840, 2841, 2842, 2843, 2844, 2845, 2846, 2847, 2848, 2849, 2850, 2851, 2852, 2853, 2854, 2855, 2856, 2857, 2858, 2859, 2860, 2861, 2862, 2863, 2864, 2865, 2866, 2867, 2868, 2869, 2870, 2871, 2872, 2873, 2874, 2875, 2876, 2877, 2878, 2879, 2880, 2881, 2882, 2883, 2884, 2885, 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2893, 2894, 2895, 2896, 2897, 2898, 2899, 2900, 2901, 2902, 2903, 2904, 2905, 2906, 2907, 2908, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2923, 2924, 2925, 2926, 2927, 2928, 2929, 2930, 2931, 2932, 2933, 2934, 2935, 2936, 2937, 2938, 2939, 2940, 2941, 2942, 2943, 2944, 2945, 2946, 2947, 2948, 2949, 2950, 2951, 2952, 2953, 2954, 2955, 2956, 2957, 2958, 2959, 2960, 2961, 2962, 2963, 2964, 2965, 2966, 2967, 2968, 2969, 2970, 2971, 2972, 2973, 2974, 2975, 2976, 2977, 2978, 2979, 2980, 2981, 2982, 2983, 2984, 2985, 2986, 2987, 2988, 2989, 2990, 2991, 2992, 2993, 2994, 2995, 2996, 2997, 2998, 2999, 3000, 3001, 3002, 3003, 3004, 3005, 3006,

Schedule 1

Case study, page 18

mortgage guaranty
insurance corporation

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.		2024 Attachment Sequence No. 01	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR <u>James & Jessica Johnson</u>		Your social security number <u>000-00-0000</u>			
For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss					
Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k .					
Part I Additional Income					
1 Taxable refunds, credits, or offsets of state and local income taxes		1			
2a Alimony received		2a			
b Date of original divorce or separation agreement (see instructions):					
3 Business income or (loss). Attach Schedule C		3		53,365.	
4 Other gains or (losses). Attach Form 4797		4			
5 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		5		98,600.	
6 Farm income or (loss). Attach Schedule F		6			
7 Unemployment compensation		7			
8 Other income:					
a Net operating loss		8a			
b Gambling		8b			
c Cancellation of debt		8c			
d Foreign earned income exclusion from Form 2555		8d			
e Income from Form 8853		8e			
f Income from Form 8889		8f			
g Alaska Permanent Fund dividends		8g			
h Jury duty pay		8h			
i Prizes and awards		8i			
j Activity not engaged in for profit income		8j			
k Stock options		8k			
l Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property		8l			
m Olympic and Paralympic medals and USOC prize money (see instructions)		8m			
n Section 951(a) inclusion (see instructions)		8n			
o Section 951A(a) inclusion (see instructions)		8o			
p Section 461(f) excess business loss adjustment		8p			
q Taxable distributions from an ABL account (see instructions)		8q			
r Scholarship and fellowship grants not reported on Form W-2		8r			
s Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d		8s			
t Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan		8t			
u Wages earned while incarcerated		8u			
v Digital assets received as ordinary income not reported elsewhere. See instructions		8v			
z Other income. List type and amount:		8z			
9 Total other income. Add lines 8a through 8z		9			
10 Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8		10		151,965.	

For Paperwork Reduction Act Notice, see your tax return instructions. Schedule 1 (Form 1040) 2024

Personal 1040 Schedule E – Part II

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mortgage guaranty
insurance corporation

Schedule E (Form 1040) 2024 Attachment Sequence No. 13 Page 2

Name(s) shown on return. Do not enter name and social security number if shown on other side.
James & Jessica Johnson Your social security number
000-00-0000

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations

Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you must check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (f) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. ☐ Yes ☒ No

	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A	Hide Away Storage	P	<input type="checkbox"/>	00-0000000	<input type="checkbox"/>	<input type="checkbox"/>
B	Equitable Property Group, LLC	P	<input type="checkbox"/>	00-0000000	<input type="checkbox"/>	<input type="checkbox"/>
C	J & J Property Solutions	S	<input type="checkbox"/>	00-0000000	<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss	
(a) Passive loss allowed (attach Form 8582 if required)	(b) Passive income from Schedule K-1	(c) Nonpassive loss allowed (see Schedule K-1)	(d) Section 179 expense deduction from Form 4562
A	2,000.		10,000.
B	26,000.		
C	61,000.		
D			
29a Totals	87,000.		10,000.
b Totals	2,000.		
30 Add columns (h) and (i) of line 29a			30 97,000.
31 Add columns (g), (i), and (j) of line 29b			31 2,000.
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31			32 95,000.

Part III Income or Loss From Estates and Trusts

(a) Name	(b) Employer identification number
A	
B	

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a			35
36 Add columns (c) and (e) of line 34b			36
37 Total estate and trust income or (loss). Combine lines 35 and 36			37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 2b
38				
39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below			40
41 Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Schedule 1 (Form 1040), line 5			41 98,600.
42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120-S), box 17, code AN; and Schedule K-1 (Form 1041), box 14, code F. See instructions		42	
43 Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040, Form 1040-SR, or Form 1040-NR from all rental real estate activities in which you materially participated under the passive activity loss rules		43	

REV 01/24/25 TTR Schedule E (Form 1040) 2024

Schedule K-1 (Form 1065)

Case study, page 49

mortgage guaranty
insurance corporation

Schedule K-1 (Form 1065) 2024

Department of the Treasury Internal Revenue Service

For calendar year 2024, or tax year beginning ending

Partner's Share of Income, Deductions, Credits, etc.

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 00-000000

B Partnership's name, address, city, state, and ZIP code
EQUITABLE PROPERTY GROUP, LLC
1750 PROSPERITY DRIVE
JACKSON, TN 38305

C IRS center where partnership filed return.

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.) 000-00-0001

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
JESSICA JOHNSON
1750 PROSPERITY DRIVE
JACKSON, TN 38305

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's:
TIN Name

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here.

J Partner's share of profit, loss, and capital (see instructions).

	Beginning	Ending
Profit	50 %	50 %
Loss	50 %	50 %
Capital	50 %	50 %

Check if decrease is due to:
☐ Sale or ☐ Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse		
Qualified nonrecourse financing		
Recourse		

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships

K3 Check if any of the above liability is subject to guarantee or other payment obligation by the partner. See instructions.

Part III Partner's Capital Account Analysis

Beginning capital account

Capital contributed during the year

Current year net income (loss)

Other increase (decrease) (attach explanation)

Withdrawals and distributions

Ending capital account

M Did the partner contribute property with a built-in gain (loss)?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 754(c) Gain or (Loss)
Beginning

Ending

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	14 Self-employment earnings (loss)
2 Net rental real estate income (loss) 26,000	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked
4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions 26,000
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	20 Other information
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	21 Foreign taxes paid or accrued
13 Other deductions	
22 More than one activity for at-risk purposes*	
23 More than one activity for passive activity purposes*	

*See attached statement for additional information.

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Schedule K-1 (Form 1065) 2024

Form 1065

Case study, page 44

mortgage guaranty
insurance corporation

Form 1065 (2024) U.S. Return of Partnership Income OMB No. 1545-0123

For calendar year 2024, or tax year beginning 2024, ending 2024

Go to www.irs.gov/Form1065 for instructions and the latest information

2024

Form 1065 (2024) Page 2

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box: ☐ Yes ☐ No

Form 1065 (2024) Page 3

Schedule B Other Information (continued)

Form 1065 (2024) Page 4

Schedule B Other Information (continued)

Form 1065 (2024) Page 5

Schedule K Partners' Distributive Share Items

1 Ordinary business income (loss) (page 1, line 23) 1

Form 1065 (2024) Page 6

Schedule K Partners' Distributive Share Items

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13e, and 21. 52,000

2 Analysis by partner type: (i) General partners, (ii) Limited partners, (iii) Corporate, (iv) Individual (active), (v) Individual (passive), (vi) Partnership, (vii) Exempt organization, (viii) Nonmember/Other

Schedule L Balance Sheets per Books

1 Cash 2

2 Trade notes and accounts receivable 3

3 Inventories 4

4 U.S. Government securities 5

5 Tax-exempt securities 6

6 Other current assets (attach statement) 7

7a Loans to partners (or persons related to partners) 8

8 Mortgage and real estate loans 9

9 Other investments (attach statement) 10

10a Buildings and other depreciable assets 11

11 Less accumulated depreciation 12

12a Depreciable assets 13

13 Less accumulated depreciation 14

14 Land (net of any amortization) 15

15a Intangible assets (amortizable only) 16

16 Less accumulated amortization 17

17 Other assets (attach statement) 18

18 Total assets 19

Liabilities and Capital

19a Accounts payable 20

20a Mortgages, notes, bonds payable in less than 1 year 21

21 Other current liabilities (attach statement) 22

22a All nonrecourse loans 23

23a Loans from partners (or persons related to partners) 24

24a Mortgages, notes, bonds payable in 1 year or more 25

25 Other liabilities (attach statement) 26

26a Partners' capital accounts 27

27 Total liabilities and capital 28

Schedule M-1 Reconciliation of Income (Loss) per Books With Analysis of Net Income (Loss) per Return

1 Net income (loss) per books 52,000

2 Income included on Schedule K, line 1, 2, 3e, 8, 9a, 7, 8, 9b, 10, and 11, not included on books this year (itemize) 3

3 Guaranteed payments (other than health insurance) 4

4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13e, and 21 (itemize) 5

5 Depreciation 6

6 Add lines 1 through 5 52,000

7 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize) 8

8 Tax-exempt interest 9

9 Deductions included on Schedule K, lines 1 through 13e, and 21, not charged against book income this year (itemize) 10

10 Depreciation 11

11 Add lines 6 and 7 52,000

12 Income (loss) (Analysis of Net Income (Loss) per Return line 1). Subtract line 8 from line 6 52,000

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year 2

2 Capital contributed: a Cash, b Property 3

3 Net income (loss) (see instructions) 4

4 Other increases (decreases) 5

5 Add lines 1 through 4 6

6 Distributions: a Cash, b Property 7

7 Other decreases (itemize) 8

8 Add lines 6 and 7 9

Form 8825

Case study, page 51

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Form 8825
(Rev. November 2018)
Department of the Treasury
Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation
OMB No. 1545-0123

▶ Attach to Form 1065 or Form 1120S.
▶ Go to www.irs.gov/Form8825 for the latest information.

Name: **EQUITABLE PROPERTY GROUP, LLC** Employer identification number: **00-0000000**

1 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.

Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
A 321 SUNSET VIEW MEMPHIS, TN 38111	1	365	0
B			
C			
D			

Rental Real Estate Income

	A	B	C	D
2 Gross rents	67,200			

Rental Real Estate Expenses

	A	B	C	D
3 Advertising	700			
4 Auto and travel				
5 Cleaning and maintenance	600			
6 Commissions				
7 Insurance	1,100			
8 Legal and other professional fees				
9 Interest (see instructions)	5,800			
10 Repairs				
11 Taxes	4,200			
12 Utilities	400			
13 Wages and salaries				
14 Depreciation (see instructions)	2,400			
15 Other (list) ▶				
16 Total expenses for each property. Add lines 3 through 15	15,200			
17 Income or (loss) from each property. Subtract line 16 from line 2	52,000			

18a Total gross rents. Add gross rents from line 2, columns A through H. **67,200**

18b Total expenses. Add total expenses from line 16, columns A through H. **15,200**

19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities.

20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1).

20b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed.

(1) Name (2) Employer identification number

21 Net rental real estate income (loss). Combine lines 18a through 20a. Enter the result here and on: **52,000**

• Form 1065 or 1120S: Schedule K, line 2

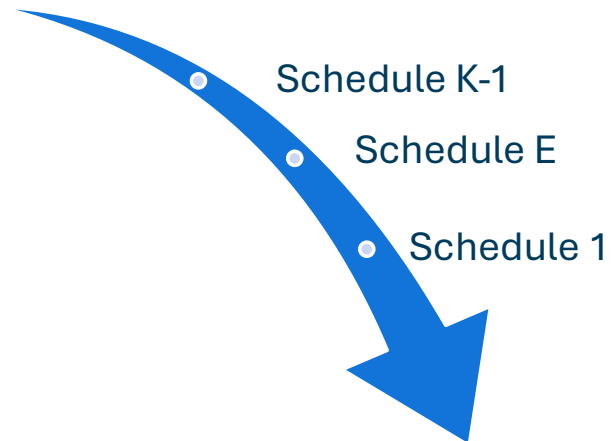
For Paperwork Reduction Act Notice, see instructions.

Form **8825** (Rev. 11-2018)

How does this income flow?

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Form 1065/Form 8825 or
Form 1120-S/Form 8825



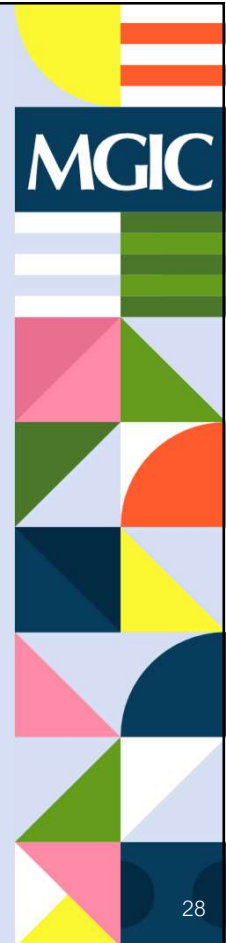
Page 1 of 1040

Form 1065 – Partnership

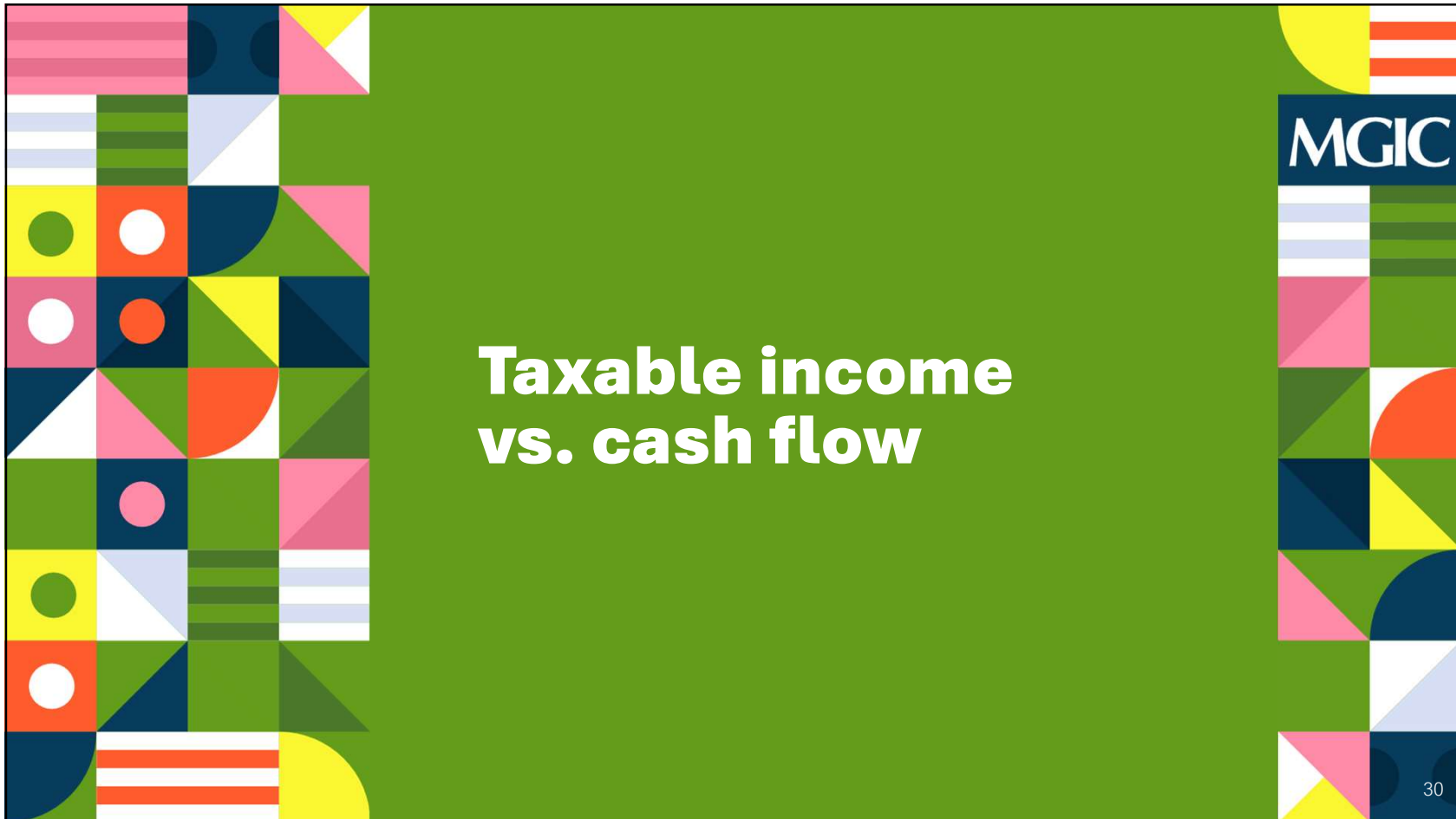
Equitable Property Group, LLC

- Real estate owned by business
- Mortgage on real estate is in Jessica's name
- Partnership return incomplete
 - Contains Form 8825
- Form 8825 (similar to Schedule E Rental)
 - Source for K-1

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**Taxable income
vs. cash flow**

30

3 key concepts

- 1 Noncash expenses
- 2 IRS limited loss/expenses
- 3 Recurring and nonrecurring income and expenses

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Schedule K-1 (Form 1065) 2024

For Paperwork Reduction Act Notice, see instructions.

Form **8825** (Rev. 11-2018)

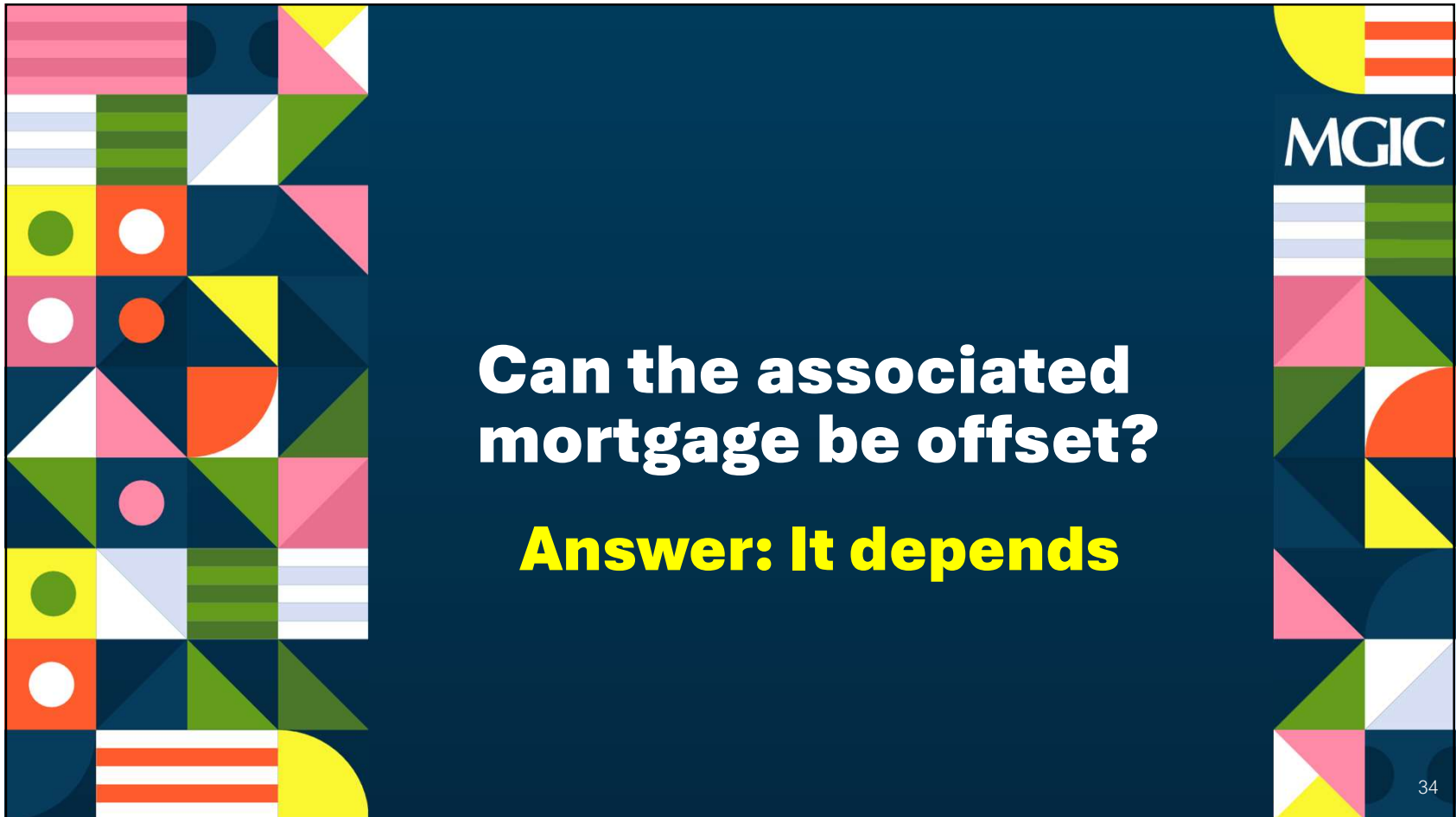
JSA
438455 1.000

Effect on cash flow analysis

SAM Cash Flow Analysis Worksheet

X	PARTNERSHIP	Nan	Equitable Property Group - Jessica	2024	2023
SCHEDULE K-1					
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.				
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			\$ 26,000.00	\$ 22,000.00
26	Guaranteed Payments: LINE 4c				
	SUBTOTAL			\$ 26,000.00	\$ 22,000.00
FORM W-2					
27	Wages: W-2, Box 5 (in general)				
FORM 1065					
28	Passthrough (Income) Loss from Other Partnerships: LINE 4				
29	Deduct nonrecurring income: LINES 5, 6 & 7			()	()
30	Depreciation: LINE 16c				
31	Depreciation (FORM 8825): LINE 14			\$ 2,400.00	\$ 2,200.00
32	Depletion: LINE 17				
33	Amortization/Casualty Loss/Nonrecurring Loss: from statement or LINES 5,6 & 7				
34	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 16, Column d			()	()
35	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 4b			()	()
	SUBTOTAL			\$ 2,400.00	\$ 2,200.00
36	Multiplied by Ownership Percentage			50.00%	50.00%
	Partner's Total Share of Income (Loss)			\$ 1,200.00	\$ 1,100.00
				\$27,200	\$23,100.00
				/24 = \$2,095.83	

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Can the associated mortgage be offset?

Answer: It depends

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34





Fannie Mae®



Who is your end investor?

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35

Freddie Mac – Seller Guide: Section 5304.1 (j)



Updated 03/05/25

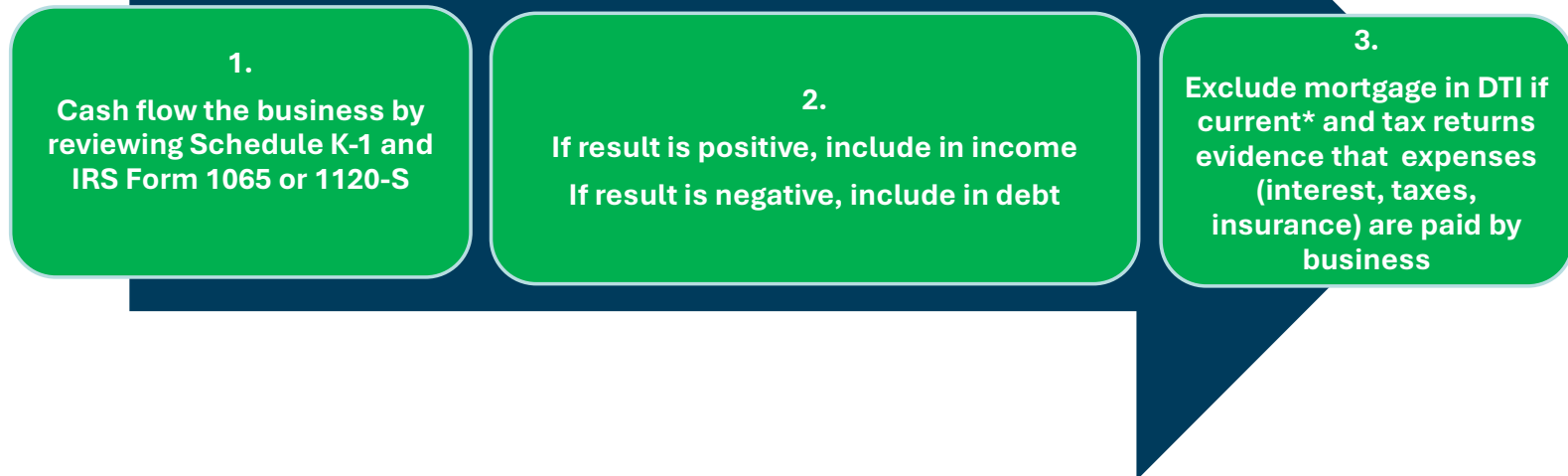
[Freddie Mac Home](#)
[Single-Family Division](#)
[Multifamily Division](#)
[Capital Markets Division](#)
[Renters, Buyers and Owners](#)

(j) IRS Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation

The following table contains requirements and guidance pertaining to rental real estate income and expenses reported on IRS Form 8825:

Rental real estate income and expenses reported on IRS Form 8825	
Topic	Requirements and guidance
IRS Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation	<p>All rental real estate income and expenses reported on IRS Form 8825 for partnerships and S-corporations are to be treated as self-employment income, regardless of whether the partnership or S-corporation is a disregarded entity and regardless of whether the partnership or S-corporation is a limited liability partnership or S-corporation.</p> <p>Refer to Form 940 for more information on the self-employment tax and its proportionate share of the partnership or S-corporation's self-employment tax.</p> <p>(v) Self-employed Borrower's debt paid by the Borrower's business</p> <p>When a self-employed Borrower is obligated on a debt that has been paid by the Borrower's business for 12 months or longer, the monthly payment for that debt may be excluded from the monthly DTI ratio if the following requirements are met:</p> <ul style="list-style-type: none"> • The Mortgage file contains evidence that the debt has been paid timely by the Borrower's business for no less than the most recent 12 months. • The tax returns evidence that business expenses associated with the debt (e.g., interest, lease payments, taxes, insurance) have been reported and support that the debt has been paid by the business.

FHLMC – Regardless if borrower is personally obligated for rental property?



Fannie Mae Guidelines – B3-3.1-08

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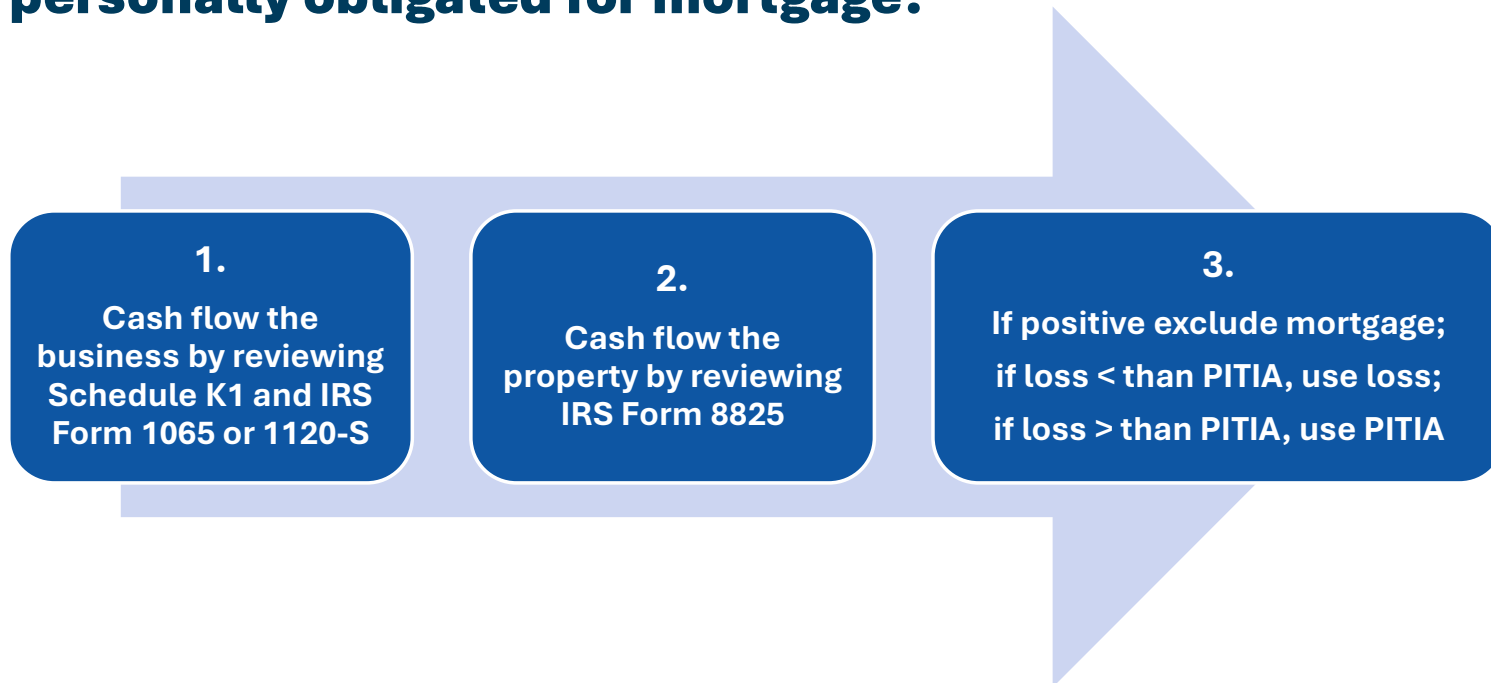
Offsetting Monthly Obligations for Rental Property Reported through a Partnership or an S Corporation

If the borrower is personally obligated on the mortgage debt (as evidenced by inclusion of the related mortgage(s) on the credit report) and gross rents and related expenses are reported through a partnership or S corporation, the business tax returns may be used to offset the property's PITIA. The steps described below should be followed:

1. Obtain the borrower's business tax returns, including IRS Form 8825 for the most recent year.
2. Evaluate each property listed on Form 8825, as shown below:
 - From total gross rents, subtract total expenses. Then add back insurance, mortgage interest, taxes, homeowners' association dues (if applicable), depreciation, and non-recurring property expenses (if documented accordingly).
 - Divide by the number of months the property was in service.
 - Subtract the entire PITIA (proposed for subject property or actual for real estate owned) to determine the monthly property cash flow.
3. If the resulting net cash flow is **positive**, the lender may exclude the property PITIA from the borrower's monthly obligations when calculating the debt-to-income ratio.
4. If the resulting net cash flow is **negative** (that is, the rental income derived from the investment property is not sufficient to fully offset the property PITIA), the calculated negative amount must be included in the borrower's monthly obligations when calculating the debt-to-income ratio.

In order to include a positive net rental income received through a partnership or an S corporation in the borrower's monthly qualifying income, the lender must evaluate it according to Fannie Mae's guidelines for income received from a partnership or an S corporation. See [B3-3.4-01, Analyzing Partnership Returns for a Partnership or LLC](#) and [B3-3.4-02, Analyzing Returns for an S Corporation](#).

FNMA – What if borrower is personally obligated for mortgage?



Form 8825

Rental Income Worksheet

Business Rental

Form 8825

Property: 3

Jessica is personally liable for debt...but Partnership owns the property

Rental Income (Loss) Calculation

35	Number of Months: Maximum 12	12
36	Gross Rents: Form 8825 Line 2	\$ 67,200.00
37	Total Expenses: Form 8825 Line 16	(\$ 15,200.00)
38	Insurance: Form 8825 Line 7	\$ 1,100.00
39	Mortgage Interest: Form 8825 Line 9	\$ 5,800.00
40	Taxes: Form 8825 Line 11	\$ 4,200.00
41	Depreciation/Depletion: Form 8825 Line 14	\$ 2,400.00
42	Add Back HOA Dues: Must be specifically identified on Schedule E	
43	One-Time Extraordinary Expenses (Casualty Loss): Provide evidence of the nature of the one-time extraordinary expense	
44	Annual Gross Rental Income (Loss)	\$ 65,500.00
45	Monthly Gross Rental Income (Loss)	\$ 5,458.33
46	Monthly PITIA	3,200.00
47	NET Monthly Rental Income (Loss)	\$ 2,258.33

Verify the total mortgage payment

Form 8825 Rental Real Estate Income and Expenses of a Partnership or an S Corporation
 (Rev. November 2018)
 Department of the Treasury
 Internal Revenue Service

OMB No. 1545-0123
 Attach to Form 1065 or Form 1120S.
 Go to www.irs.gov/Form8825 for the latest information.

Name: **EQUITABLE PROPERTY GROUP, LLC** Employer identification number: **00-0000000**

1 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.

Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
A 321 SUNSET VIEW MEMPHIS, TN 38111	1	365	0
B			
C			
D			

2 Rental Real Estate Income

	A	B	C	D
2 Gross rents	67,200			
3 Advertising	700			
4 Auto and travel				
5 Cleaning and maintenance	600			
6 Commissions				
7 Insurance	1,100			
8 Legal and other professional fees				
9 Interest (see instructions)	5,800			
10 Repairs				
11 Taxes	4,200			
12 Utilities	400			
13 Wages and salaries				
14 Depreciation (see instructions)	2,400			
15 Other (list)				
16 Total expenses for each property. Add lines 3 through 15.	15,200			
17 Income or (loss) from each property. Subtract line 16 from line 2.	52,000			
18a Total gross rents. Add gross rents from line 2, columns A through H.	67,200			
18b Total expenses. Add total expenses from line 16, columns A through H.	15,200			
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities.				
20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1).				
20b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed.				
(1) Name	(2) Employer identification number			
21 Net rental real estate income (loss). Combine lines 18a through 20a. Enter the result here and on:	52,000			

Form 8825 (Rev. 11-2018)

Rental income worksheet

Rental Income Worksheet

Business Rental

Form 8825

Property: 321 Sunset View, Memphis, TN

Rental Income (Loss) Calculation

35

Number of Months: Maximum 12

12

\$

67,200.00

(\$

15,200.00)

\$

1,100.00

\$

5,800.00

\$

4,200.00

\$

2,400.00

42

Add Back HOA Dues: Must be specifically identified on Schedule E

43

One-Time Extraordinary Expenses (Casualty Loss): Provide evidence of the nature of the one-time extraordinary expense

44

Annual Gross Rental Income (Loss)

\$ 65,500.00

45

Monthly Gross Rental Income (Loss)

\$ 5,458.33

46

Monthly PITIA

(\$ 3,200.00)

47

NET Monthly Rental Income (Loss)

\$ 2,258.33

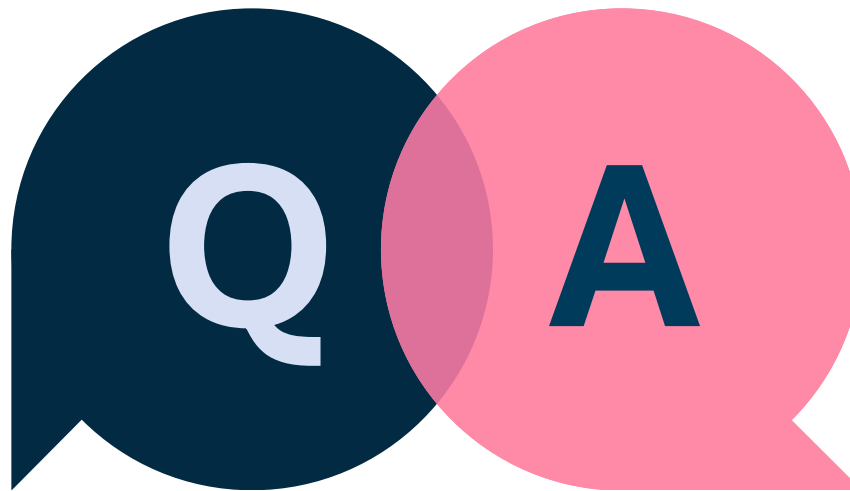
NET Monthly Rental Income (Loss)

- When positive, do nothing with income; exclude PITIA from DTI
- When negative < PITIA, include loss in DTI; exclude PITIA from DTI
- When negative > PITIA, do nothing with loss; include PITIA in DTI

OK

Line 14

MGIC

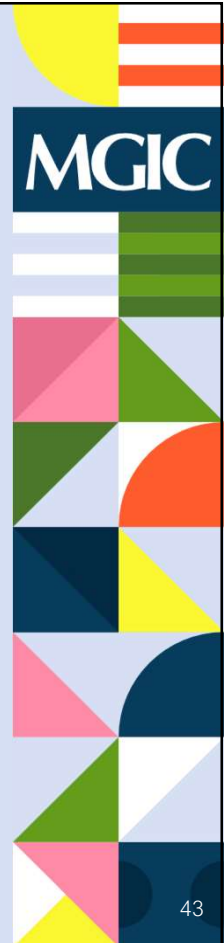


**mortgage guaranty
insurance corporation**

Purpose of cash flow analysis

Verify qualifying income that is:

- Stable
- Likely to continue



TOOLS FOR SUCCESS!



mgic.com/seb

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Self-employed borrower and income analysis calculators

Editable and auto-calculating worksheets fitted specifically for loan officers and mortgage pros.

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Equipped for speed and accuracy, our editable and auto-calculating worksheets are now available in macro-enabled and macro-free versions:

Updated for tax year 2023:

- All-in-one self-employed income calculator
- Rental income calculator


Updated for 2024:

- Employment and other income calculator


[Gain access now](#)

MGIC worksheets

**mortgage guaranty
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SEB and income analysis calculators and resources



MGIC > underwriting > seb >


Updated calculators

Our editable and auto-calculating worksheets are designed for speed and accuracy. We recommend you use the macro-enabled versions but also offer watch the overview alternatives if you cannot use Excel worksheets with macros. To learn more, download our Calculator FAQs or watch the overview videos below.

PLEASE NOTE: Download and save a copy to your desktop as a template.


All-in-one calculator	New	All-in-one calculator	New	Income calculator	New	Rental calculator	New
<h3>All-in-one self-employed income calculator</h3> <p>Full workbook</p> <p>All-in-one self-employed income calculator updated for tax year 2024</p> <p>Available in macro-enabled and macro-free versions</p> <p>This calculator incorporates 4 worksheets, including S&M cash flow analysis, liquidity, comparative income analysis and P&L statement analysis. (2/10/2025)</p> <p>Download macro-enabled ► Download macro-free ►</p>		<h3>All-in-one self-employed income calculator</h3> <p>Condensed version</p> <p>All-in-one self-employed income calculator updated for tax year 2024</p> <p>Macro-free short form</p> <p>This is a condensed version of our macro-free self-employed calculator, with just one of each type of business entity. (2/10/2025)</p> <p>Download macro-free ►</p>		<h3>Income calculator</h3> <p>Employment and other income calculator</p> <p>Available in macro-enabled and macro-free versions</p> <p>This worksheet is designed to calculate salaried borrowers' monthly qualifying income (fixed and variable) and gross up non-taxable income. (1/2/2025)</p> <p>Download macro-enabled ► Download macro-free ►</p>		<h3>Rental calculator</h3> <p>Rental income calculator</p> <p>Available in macro-enabled and macro-free versions</p> <p>Cash flow income from a principal residence (2- to 4-unit), investment property or business rental by reviewing tax returns or leases. (1/2/2025)</p> <p>Download macro-enabled ► Download macro-free ►</p>	

Video




All-in-one self-employed income calculator

Video




Employment and other income calculator

FAQs



Calculator FAQs

Infographic

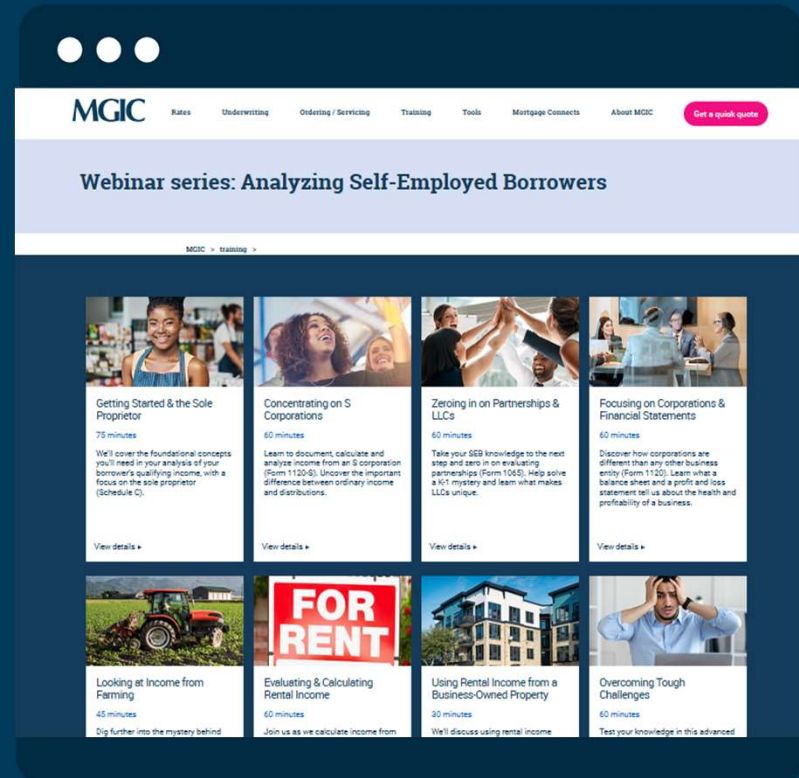


CHARACTERISTICS OF A COMMON SELF-EMPLOYED BUSINESS

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Webinar series: Analyzing Self-Employed Borrowers

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 <p>Getting Started & the Sole Proprietor 75 minutes We'll cover the foundational concepts you'll need in your analysis of your borrower's qualifying income, with a focus on the sole proprietor (Schedule C).</p> <p>View details »</p>	 <p>Concentrating on S Corporations 60 minutes Learn to document, calculate and analyze income from an S corporation (Form 1120-S). Uncover the important difference between ordinary income and distributions.</p> <p>View details »</p>	 <p>Zeroing in on Partnerships & LLCs 60 minutes Take your SEB knowledge to the next step and zero in on evaluating partnerships (Form 1065). Help solve a K1 mystery and learn what makes LLCs unique.</p> <p>View details »</p>	 <p>Focusing on Corporations & Financial Statements 60 minutes Discover how corporations are different than any other business entity (Form 1120). Learn what a balance sheet and a profit and loss statement tell us about the health and profitability of a business.</p> <p>View details »</p>
 <p>Looking at Income from Farming 45 minutes Dig further into the mystery behind</p>	 <p>Evaluating & Calculating Rental Income 60 minutes Join us as we calculate income from</p>	 <p>Using Rental Income from a Business-Owned Property 30 minutes We'll discuss using rental income</p>	 <p>Overcoming Tough Challenges 60 minutes Test your knowledge in this advanced</p>

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A screenshot of the MGIC website's 'Magic Minutes training series' page. The page has a dark blue header with the MGIC logo and navigation links: Rates, Underwriting, Ordering / Servicing, Training, Tools, Mortgage Connects, and About MGIC. A pink button labeled 'Get a quick quote' is in the top right. Below the header is a light blue banner with the text 'Magic Minutes training series' and a colorful geometric pattern. The main content area is white and features the title 'Analyzing Self-Employed Income'. Below the title is a paragraph explaining that calculating self-employed income can be challenging and that the videos help with analysis. The page displays a grid of eight video thumbnails, each titled 'Analyzing Self-Employed Income' and featuring a play button icon. The thumbnails are arranged in two rows of four. The first row's thumbnails have subtitles: 'Eligibility requirements', 'Business structures', 'Documentation requirements', and 'Cash flow analysis'. Each thumbnail also includes a 'Watch it on YouTube' link.

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