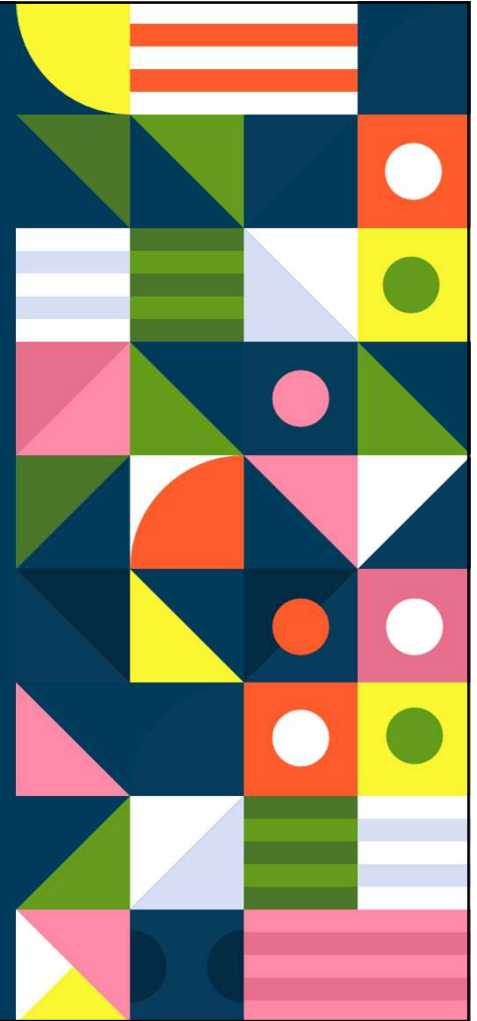


Evaluating Self-Employed Borrowers **TAX YEAR 2024**

Getting Started & the Sole Proprietor

MGIC

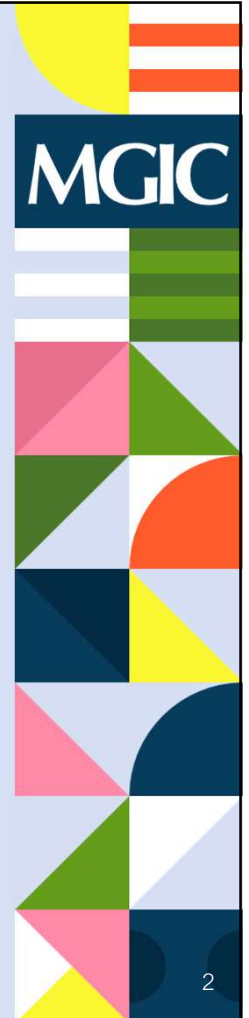


Legal disclaimer

The materials included in this presentation are intended for general information only. This presentation is not intended to be complete or all-inclusive regarding the matters discussed herein, and nothing contained in this presentation is intended, or should be relied upon, as legal, accounting, compliance or other professional advice.

Although MGIC believes the information set forth in this publication is generally accurate, the information may be outdated due to the rapidly changing nature of the residential mortgage industry, and MGIC does not warrant the accuracy, reliability or completeness of any information contained in this publication.

The information in this publication is culled from a variety of business and mortgage industry sources. Attribution is given where deemed necessary. Opinions and insights expressed herein do not necessarily represent the views of MGIC.



How do you become an SEB expert?

One step at a time!



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





Who is self-employed?

Any individual who has a _____ or greater ownership interest in a business.

The Uniform Residential Loan Application (URLA)

1b. Current Employment/Self-Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name _____ Phone (____) ____ - ____		Gross Monthly Income Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month TOTAL \$ _____ 0.00/month
Street _____ Unit # _____		
City _____ State _____ ZIP _____ Country _____		
Position or Title _____		
Start Date ____ / ____ / ____ (mm/dd/yyyy) How long in this line of work? ____ Years ____ Months		Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
<div style="background-color: yellow;"> <input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) \$ _____ <input checked="" type="checkbox"/> I have an ownership share of 25% or more. \$ _____ </div>		

When can self-employment income be used?

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insurance corporation

A 2-year history is required

Exceptions – with at least a 12-month history

- a) Borrower receiving same or greater income in similar field or position
- b) Borrower in a similar occupation in which they had similar responsibilities

When can self-employment income be used?

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insurance corporation

Business must be financially stable

1. Do business **earnings trends** support the likelihood that cash flow will continue?
2. Will the business generate **sufficient income** AND is there a history of **distributing income** to the borrower?




Fannie Mae®

Freddie Mac

**How many years of tax
returns are needed?**

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Cash flow worksheets

 **Fannie Mae** **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.

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Borrower Name: _____

 **Form 91**
Income Calculations
(Schedule Analysis Method)

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 F91-1

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 Schedule C cash flow worksheet is designed to help you calculate your business's cash flow. This help document provides instructions on how to use the worksheet.

When you save the worksheet, the following information is saved:

- Add to the list of worksheets in the workbook.
- Click the "Save" button.
- Use all the worksheets in the workbook.

Schedule C - Sole Proprietorship

Note: The business owner must be a U.S. citizen or resident alien.

Line 1: Line 1: Sole Proprietorship

Use of this worksheet: Sole Proprietorship

Interest Income: Sole Proprietorship

Identify interest income from Form 1099.

Effect on:

- Add to the list of worksheets in the workbook.
- Use of this worksheet: Sole Proprietorship

Line 5: Line 5: Single-Member LLC

Use of this worksheet: Single-Member LLC

Dividend Income: Single-Member LLC

Identify dividend income from Form 1099.

Effect on:

- Add to the list of worksheets in the workbook.
- Use of this worksheet: Single-Member LLC

Schedule C - Partnerships

Use of this worksheet: Partnerships

A sole proprietorship from a sole proprietorship.

Line 31: Line 31: Partnerships

Use of this worksheet: Partnerships

Profit and Loss Statement Analysis

User Tips:

- Add to the list of worksheets in the workbook.
- Click the "Save" button.
- Use all the worksheets in the workbook.

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.

In general:

- Use the Current Ratio.
- Use the Quick Ratio.

Typically, a ratio of 1.0 or higher is considered good.

NOTE: If there is a change in the business name, enter the new name in the Business Name field.

Business Name: \$ 10,000.00

Cash Flow Analysis Summary

Subtotal: \$ 10,000.00

• To modify the Total No. of Months select the applicable number from the # mo. drop-down box.

• To exclude a Subtotal from Qualifying Income, select the box to the left of the dollar amount.

SAM Cash Flow Analysis Worksheet

User tips:

- Add borrower information in blue-shaded fields.
- Select the tax year(s) being reviewed.
- Click the "10" button to expand income source section.
- Use Summary section to analyze income trends.
- For negative entries, please type "-" prior to number.
- For line instructions, hover over red triangles.
- For guidance, see "Top 50" button.
- Select the "Reset 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.

Before you can use the worksheets, you must make a SAM Worksheet. Click here for instructions.

Input the Year(s): DATE:

BORROWER NAME:

SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT

SCHEDULE C - SOLE PROPRIETORSHIP

Names:

4. Net Profit (Loss) LINE 31

5. Depreciation (Loss) LINE 13

6. Depreciation (Loss) LINE 13

7. Depreciation (Loss) LINE 13

8. Non-Deductible Meals and Entertainment Exclusions (LINE 28)

9. Business Use of Home (LINE 30)

10. Business Miles (Page 2, Part IV, LINE 44a OR Revised 4562, Line 30)

11. Depreciation Rate 2018: \$0.35, 2019: \$0.35, 2020: \$0.35

12. Total Mileage Depreciation

13. Amortization (Casualty Loss (only if noted) page 1, part IV)

SUBTOTAL \$ - \$ -

SCHEDULE C - SINGLE MEMBER LLC

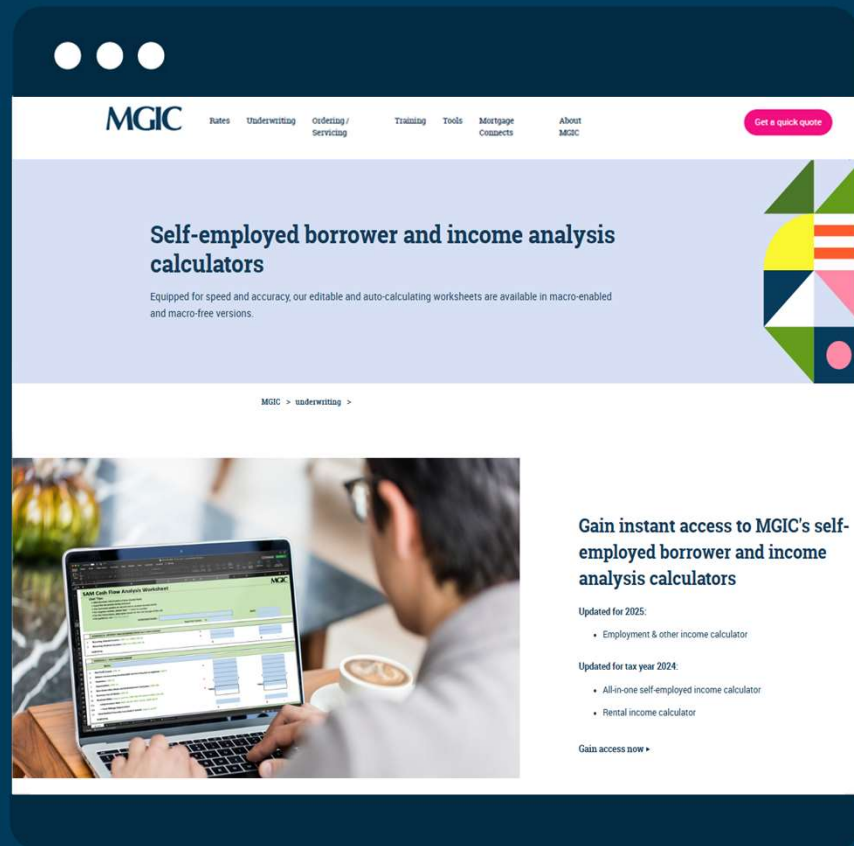
SCHEDULE D - CAPITAL GAINS AND LOSSES

SCHEDULE E - SUPPLEMENTAL INCOME AND LOSSES

To view other worksheets, please click on the tabs at the bottom of the worksheet.

mgic.com/seb

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The screenshot displays the MGIC website's navigation bar with links for Rates, Underwriting, Ordering/ Servicing, Training, Tools, Mortgage Connects, and About MGIC. A 'Get a quick quote' button is located on the right. The main heading is 'Self-employed borrower and income analysis calculators', followed by a subtext: 'Equipped for speed and accuracy, our editable and auto-calculating worksheets are available in macro-enabled and macro-free versions.' Below this is a breadcrumb trail: 'MGIC > underwriting >'. A photograph shows a person using a laptop displaying the 'Self Cash Flow Analysis Worksheet'. To the right of the photo, the text reads: 'Gain instant access to MGIC's self-employed borrower and income analysis calculators'. Below this, it states 'Updated for 2025:' followed by a bullet point: '• Employment & other income calculator'. Then, 'Updated for tax year 2024:' followed by two bullet points: '• All-in-one self-employed income calculator' and '• Rental income calculator'. At the bottom, it says 'Gain access now >'. A decorative geometric graphic is on the right side of the page.

MGIC

Rates Underwriting Ordering / Servicing Training Tools Mortgage Connects About MGIC

Get a quick quote

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 >

SAM Cash Flow Analysis Worksheet										MGIC	
User tips: <ul style="list-style-type: none"> • Add borrower information in blue-shaded fields • Select the tax year(s) being reviewed • Click the "O" button to expand income source section • Use Summary section to analyze income trends • For negative entries, please type "-" prior to number • For line instructions, hover over red triangles • For guidance, see Help Document • Select the "Reset Workbook" button on top to clear all information • To print several worksheet tabs 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: <input type="text" value="Sample Borrower"/>										DATE: <input type="text"/>	
Input the Year(s): <input type="text" value="2024"/>										<input type="text" value="2023"/>	
Before you can use the worksheet, you must make it a Trusted Document. Click here for instructions.											
<input type="radio"/> SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT										2024 2023	
<input checked="" type="radio"/> SCHEDULE C - SOLE PROPRIETORSHIP										2024 2023	
Name: <input type="text" value="Sample Business"/>										2024 2023 + -	
4 Net Profit (Loss): LINE 31										<input type="text" value="(5,000.00"/>	
5 Deduct nonrecurring income: LINE 6										<input type="text"/>	
6 Depletion: LINE 12										<input type="text"/>	
7 Depreciation: LINE 13										<input type="text"/>	
8 Non-Deductible Meals and Entertainment Exclusion: LINE 24b										<input type="text"/>	
9 Business Use of Home: LINE 30										<input type="text"/>	
10 Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30										<input type="text"/> *Miles	
11a x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26										<input type="text"/>	
12 Amortization/Casualty Loss (only if noted): page 2, part V										<input type="text"/>	
SUBTOTAL										\$ - \$ -	

SAM Cash Flow Analysis Summary

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Cash Flow Analysis Summary

Each business subtotals

- To modify the Total No. of Months select the applicable number from the # mo. drop-down box.
- To exclude a Subtotal from Qualifying Income, select the box to the left of the dollar amount.

PERSONAL CASH FLOW SUBTOTALS:									
		2024		2023		Qualifying Income		Total No. of Months	
		Subtotal	# mo.	Subtotal	# mo.				
<input type="checkbox"/>	Schedule B	<input type="checkbox"/> \$ 7,600.00	12	<input type="checkbox"/> \$ 3,700.00	12	\$ 470.83			24
<input type="checkbox"/>	Schedule C Property Maintenance Ninjas	<input type="checkbox"/> \$ 59,285.00	12	<input checked="" type="checkbox"/> \$ 69,700.00	0	\$ 4,840.42			12
PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:									
<input type="checkbox"/>	Schedule K-1 Hide Away Storage/ James	<input type="checkbox"/> \$ 8,000.00	12	<input type="checkbox"/> \$ (2,400.00)	12	\$ 233.33			24
<input type="checkbox"/>	W-2 Wages Hide Away Storage/ James	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -			24
<input type="checkbox"/>	Form 1065 Hide Away Storage/ James	<input type="checkbox"/> \$ (6,625.00)	12	<input type="checkbox"/> \$ 3,275.00	12	\$ (139.58)			24
	Partnership Hide Away Storage/ James Subtotal	\$ 1,375.00		\$ 875.00		\$ 93.75			
<input type="checkbox"/>	Schedule K-1 Equitable Property Group - Jessica	<input type="checkbox"/> \$ 26,000.00	12	<input type="checkbox"/> \$ 22,000.00	12	\$ 2,000.00			24
<input type="checkbox"/>	W-2 Wages Equitable Property Group - Jessica	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -			24
<input type="checkbox"/>	Form 1065 Equitable Property Group - Jessica	<input type="checkbox"/> \$ 1,200.00	12	<input type="checkbox"/> \$ 1,100.00	12	\$ 95.83			24
	Partnership Equitable Property Group - Jessica Subt	\$ 27,200.00		\$ 23,100.00		\$ 2,095.83			
<input type="checkbox"/>	Schedule K-1 J & J Property Solutions - James	<input type="checkbox"/> \$ 61,000.00	12	<input type="checkbox"/> \$ 57,500.00	12	\$ 4,937.50			24
<input type="checkbox"/>	W-2 Wages J & J Property Solutions - James	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -			24
<input type="checkbox"/>	Form 1120S J & J Property Solutions - James	<input type="checkbox"/> \$ 6,750.00	12	<input type="checkbox"/> \$ 6,365.00	12	\$ 546.46			24
	S Corporation J & J Property Solutions - James Sub	\$ 67,750.00		\$ 63,865.00		\$ 5,483.96			
CORPORATION CASH FLOW SUBTOTALS:									
<input type="checkbox"/>	W-2 Wages Creative Design Concepts, Inc	<input checked="" type="checkbox"/> \$ 74,500.00	0	<input type="checkbox"/> \$ 54,000.00	12	\$ 4,500.00			12
<input type="checkbox"/>	Form 1120 Creative Design Concepts, Inc	<input checked="" type="checkbox"/> \$ 13,130.00	0	<input type="checkbox"/> \$ 13,826.00	12	\$ 1,152.17			12
	Corporation Creative Design Concepts, Inc Subtotal	\$ -		\$ 67,826.00		\$ 5,652.17			
	Average Monthly Cash Flow (Total)					\$ 18,736.96			



Tax forms: Personal and business

Schedules 1, 2 & 3

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SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue Service

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

For 2024, enter the amount repaid for items sold at a loss.

Note: The remaining amounts represent the nature of the transaction. See your instructions.

Part I Additional Income

- 1 Taxable refunds, credits, or other payments
- 2a Alimony received
- 2b Date of original divorce or annuity
- 3 Business income or (loss)
- 4 Other gains or (losses), including rental real estate, royalties, partnerships, S corporations, trusts, etc.
- 5 Farm income or (loss), Attach Form 990
- 6 Unemployment compensation
- 7 Other income:
- a Net operating loss from another year
- b Gambling
- c Cancellation of debt
- d Foreign earned income exclusion
- e Income from Form 8853
- f Income from Form 8889
- g Alaska Permanent Fund Dividend
- h Jury duty pay
- i Prizes and awards
- j Activity not engaged in for profit
- k Stock options
- l Income from the rental of property but were not in the business
- m Olympic and Paralympic Athlete's Center
- n Section 951(a) inclusion (attach Form 951-A)
- o Section 951A(a) inclusion
- p Section 461(f) excess business interest
- q Taxable distributions from trusts
- r Scholarship and fellowship income
- s Nontaxable amount of Medicare
- 1a or 1d
- t Pension or annuity from nongovernmental section 457 plan
- u Wages earned while incarcerated
- v Digital assets received
- z Other income. List type and amount.
- 9 Total other income. Add lines 1 through 16.
- 10 Combine lines 1 through 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 1.

For Paperwork Reduction Act Notice, see your instructions.

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.

OMB No. 1545-0074
2024

Department of the Treasury
Internal Revenue Service

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

SCHEDULE 2
(Form 1040)

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074
2024
Attachment Sequence No. 02

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Part I Tax

- 1 Additional taxes
- a Excess alternative minimum tax
- b Repayment of excess capital loss
- c Repayment of Schedule E excess interest
- d Recapture of depreciation
- e Excessively claimed depreciation
- f 20% EP
- g 20% EP
- h 20% EP
- i 20% EP
- j 20% EP
- k 20% EP
- l 20% EP
- m 20% EP
- n 20% EP
- o 20% EP
- p 20% EP
- q 20% EP
- r 20% EP
- s 20% EP
- t 20% EP
- u 20% EP
- v 20% EP
- w 20% EP
- x 20% EP
- y 20% EP
- z 20% EP
- 2 Alternative
- 3 Add lines
- 4 Self-employment tax
- 5 Social Security tax
- 6 Uncollected Social Security tax
- 7 Total additional taxes
- 8 Add lines 1 through 6. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20.
- 9 Household
- 10 Repayment
- 11 Additional
- 12 Net investment
- 13 Uncollected
- 14 Interest
- 15 Interest
- 16 Recapture

For Paperwork Reduction Act Notice, see your instructions.

SCHEDULE 3
(Form 1040)

Additional Credits and Payments

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074
2024
Attachment Sequence No. 03

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Part I Nonrefundable Credits

- 1 Foreign tax credit. Attach Form 1116 if required.
- 2 Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441.
- 3 Education credits from Form 8863, line 19.
- 4 Retirement savings contributions credit. Attach Form 8880.
- 5a Residential clean energy credit from Form 5695, line 15.
- 5b Energy efficient home improvement credit from Form 5695, line 32.
- 6 Other nonrefundable credits:
- a General business credit. Attach Form 3800.
- b Credit for prior year minimum tax. Attach Form 8801.
- c Adoption credit. Attach Form 8839.
- d Credit for the elderly or disabled. Attach Schedule R.
- e Reserved for future use.
- f Clean vehicle credit. Attach Form 8936.
- g Mortgage interest credit. Attach Form 8396.
- h District of Columbia first-time homebuyer credit. Attach Form 8859.
- i Qualified electric vehicle credit. Attach Form 8834.
- j Alternative fuel vehicle refueling property credit. Attach Form 8911.
- k Credit to holders of tax credit bonds. Attach Form 8912.
- l Amount on Form 8978, line 14. See instructions.
- m Credit for previously owned clean vehicles. Attach Form 8936.
- z Other nonrefundable credits. List type and amount.
- 7 Total other nonrefundable credits. Add lines 6a through 6z.
- 8 Add lines 1 through 4, 5a, 5b, and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20.

Part II Other Payments and Refundable Credits

- 9 Net premium tax credit. Attach Form 8962.
- 10 Amount paid with request for extension to file (see instructions).
- 11 Excess social security and tier 1 RRTA tax withheld.
- 12 Credit for federal tax on fuels. Attach Form 4136.
- 13 Other payments or refundable credits:
- a Form 2439.
- b Section 1341 credit for repayment of amounts included in income from earlier years.
- c Net elective payment election amount from Form 3800, Part III, line 6, column (i).
- d Deferred amount of net 965 tax liability (see instructions).
- z Other refundable credits (see instructions).
- 13a
- 13b
- 13c
- 13d
- 13e
- 13f
- 13g
- 13h
- 13i
- 13j
- 13k
- 13l
- 13m
- 13n
- 13o
- 13p
- 13q
- 13r
- 13s
- 13t
- 13u
- 13v
- 13w
- 13x
- 13y
- 13z
- 14 Total other payments or refundable credits. Add lines 13a through 13z.
- 15 Add lines 8 through 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31.

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 7148003 Schedule 3 (Form 1040) 2024

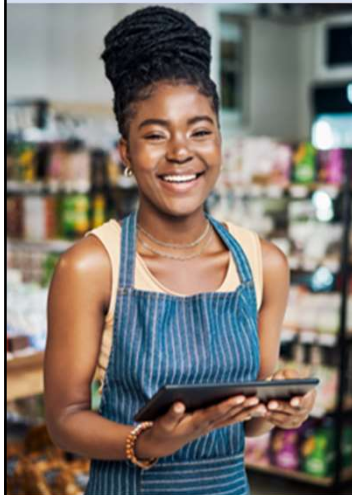
1040-SR

- Same line items
- Same schedules
- Same income reported

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1040-SR		U.S. Income Tax Return for Seniors		2024	CMB No. 1545-0074	IRS Use Only—Do not enter or staple in this space.
For the year Jan. 1-Dec. 31, 2024, or other tax year beginning				2024, ending	, 20	
Your first name and middle initial		Last name		Your social security number		
If joint return, spouse's first name and middle initial		Last name		Spouse's social security number		
Home address (number and street). If you have a P.O. box, see instructions.				Apt. no.	Presidential Election Campaign	
City, town, or post office. If you have a foreign address, also complete spaces below: State				ZIP code	Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.	
Foreign country name		Foreign province/state/country		Foreign postal code	<input type="checkbox"/> You <input type="checkbox"/> Spouse	
Filing Status		<input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly (even if only one had income) <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying surviving spouse (QSS)				
Check only one box.		If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:				
		<input type="checkbox"/> If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):				
Digital Assets		At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) <input type="checkbox"/> Yes <input type="checkbox"/> No				
Standard Deduction		Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien				
Age/Blindness		You: <input type="checkbox"/> Were born before January 2, 1960 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1960 <input type="checkbox"/> Is blind				
Dependents		(i) First name Last name (ii) Social security number (iii) Relationship to you (iv) Check the box if qualifies for (see instructions): Child tax credit Credit for other dependents				
If more than four dependents, see instructions and check here <input type="checkbox"/>						
Income		1a Total amount from Form(s) W-2, box 1 (see instructions) 1a b Household employee wages not reported on Form(s) W-2 1b c Tip income not reported on line 1a (see instructions) 1c d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) 1d e Taxable dependent care benefits from Form 2441, line 26 1e f Employer-provided adoption benefits from Form 8839, line 29 1f g Wages from Form 8919, line 6 1g h Other earned income (see instructions) 1h i Nontaxable combat pay election (see instructions) 1i z Add lines 1a through 1h 1z				
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.						
Attach Schedule B if required.		2a Tax-exempt interest 2a b Taxable interest 2b 3a Qualified dividends 3a b Ordinary dividends 3b 4a IRA distributions 4a b Taxable amount 4b 5a Pensions and annuities 5a b Taxable amount 5b 6a Social security benefits 6a b Taxable amount 6b c If you elect to use the lump-sum election method, check here (see instructions)				
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 71930F Form 1040-SR (2024)						

5 business structures



**Sole
Proprietorship**



Partnership



**Limited Liability
Company**



S Corporation



Corporation

Infographic: Characteristics of 5 common self-employed businesses

mortgage guaranty
insurance corporation

CHARACTERISTICS OF 5 COMMON SELF-EMPLOYED BUSINESSES

MGIC



Sole Proprietorship

- An unincorporated business with one owner
- Unlimited liability
- All profits flow directly to owner
- Taxed at an individual rate
- **Individual:** Files IRS Schedule C
- **Business:** No returns are filed



Partnership

- A business arrangement between two or more people/partners
- Profit/loss is passed to individual partners
- Each partner pays tax on their share of income
- **Partner:** Receives Schedule K-1 and may receive guaranteed payments
- **Business:** Files IRS Form 1065



S Corporation

- A legal entity that has a limited number of stockholders
- Profit/loss is passed to individual stockholders
- Each stockholder pays tax on their share of income
- **Stockholder:** Receives Schedule K-1 and may receive W-2 income
- **Business:** Files IRS Form 1120-S



Corporation

- A legal entity that exists separate from owners who are shareholders
- Profits are distributed to shareholders via dividends
- The corporation pays taxes
- **Shareholder:** Can receive 1099-DIV and/or W-2 income
- **Business:** Files IRS Form 1120



LLC

- A limited liability company is a hybrid business
- No associated tax forms
- Can file using any of the structure-based IRS forms

In mortgage lending, a self-employed borrower is a person who owns 25% or more in an active business.* Review, analysis and calculation of a self-employed borrower's income can be tricky, but understanding business structures is an important first step.

TAKE THE NEXT STEP: Attend an MGIC webinar to gain the critical skills you need to evaluate self-employed borrowers' income.



Register now at
mgic.com/training/seb

71-43866 2/23

*Fannie Mae Selling Guide, December 2022

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Magic Minutes training series



Analyzing Self-Employed Income

Business structures



Magic Minutes
by MGIC

00:00

13:40



mortgage guaranty
insurance corporation

Sole Proprietor

Definition

Unincorporated
business
with 1 owner

Simplest but riskiest
type of business

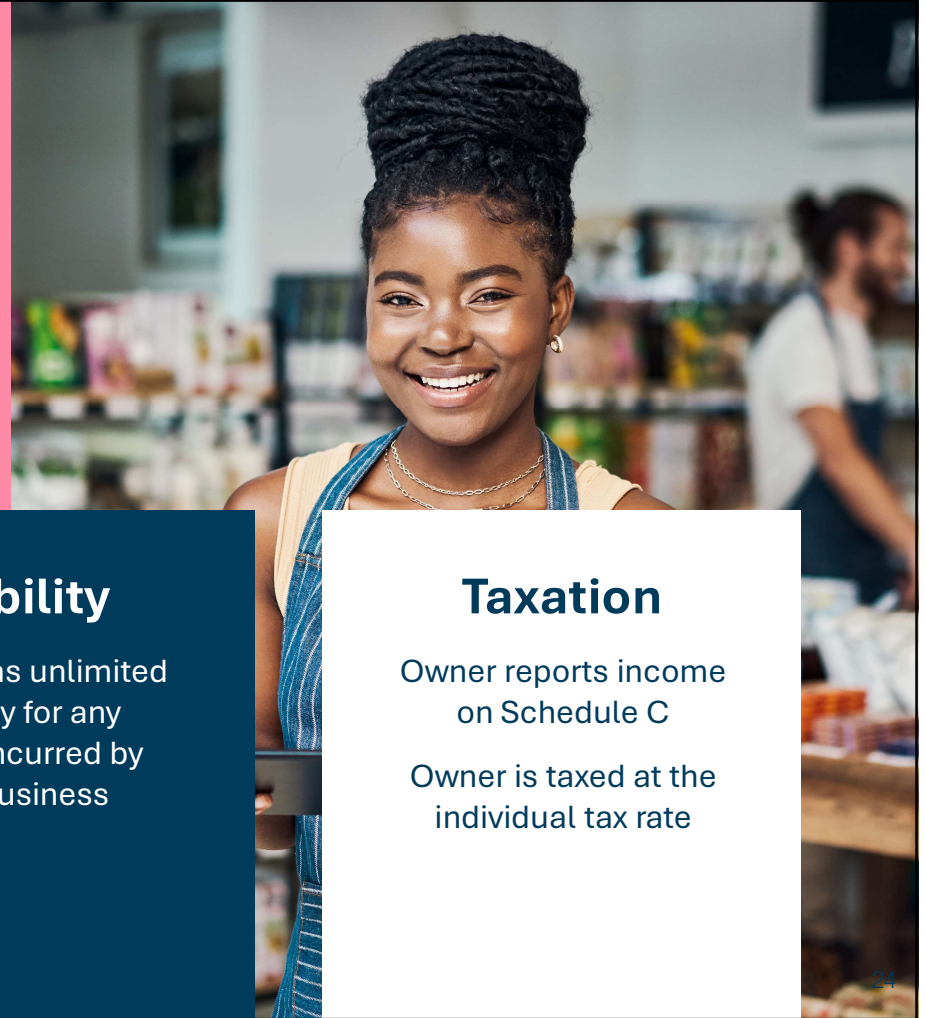
Liability

Owner has unlimited
liability for any
debts incurred by
the business

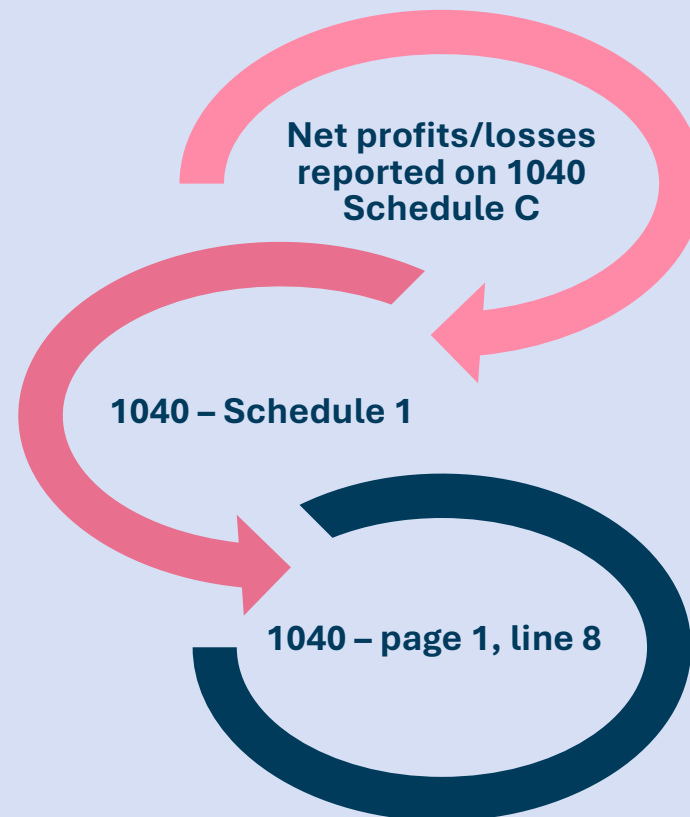
Taxation

Owner reports income
on Schedule C

Owner is taxed at the
individual tax rate



Sole proprietor income flow



Follow the money

SCHEDULE C
(Form 1040)

Profit or Loss From Business

OMB No. 1545-0047

2024

Department of the Treasury Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065. Go to www.irs.gov/scheduleC for instructions and the latest information.

Name of proprietor: James S. Johnson

Principal business or profession, including product or service (see instructions): Property Maintenance and Repair Services

Business name, if no separate business name, leave blank: Property Maintenance Nipjas

Business address (including suite or room no., street, city, town or post office, state, and ZIP code): 800 W. Commercial Ave., Jacksonville, FL 32205

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify):

Did you "materially participate" in the operation of this business during 2024? (If "No," see instructions for limit on losses.) ☒ Yes ☐ No

If you started or acquired this business during 2024, check here: ☐ Yes ☒ No

Did you make any payments in 2024 that would require you to file Form(s) 1099? (See instructions.) ☐ Yes ☒ No

If "yes," did you or will you file required Form(s) 1099? ☐ Yes ☒ No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form 1042 and the "disability employer" box on that form was checked.	125,965.
2	Returns and allowances.	125,965.
3	Subtract line 2 from line 1.	25,000.
4	Cost of goods sold (from line 42).	100,965.
5	Gross profit. Subtract line 4 from line 3.	950.
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions).	101,955.
7	Gross income. Add lines 5 and 6.	101,955.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8	Advertising.	520.
9	Car and truck expenses (see instructions).	12,060.
10	Commissions and fees.	
11	Contract labor (see instructions).	
12	Depletion.	
13	Depreciation and section 179 expense deduction (not included in Part III (see instructions)).	3,300.
14	Employee benefit programs (other than on line 19).	
15	Insurance (other than health insurance) (see instructions).	1,200.
16	Interest (see instructions).	
17	Mortgage (paid to banks, etc.).	3,500.
18	Other.	750.
19	Legal and professional services.	
20	Office expense (see instructions).	
21	Pension and profit-sharing plans.	
22	Rent or lease (see instructions):	
23	a Vehicles, machinery, and equipment	
24	b Other business property	
25	Repairs and maintenance.	
26	Supplies (not included in Part II).	
27	Taxes and licenses.	
28	Travel and meals.	
29	Deductible meals (see instructions).	1,200.
30	Utilities.	1,850.
31	Wages less employment credits.	24,000.
32	Other expenses (from line 48).	500.
33	Energy efficient commercial savings deduction (attach Form 7259).	
34	Total expenses before expenses for business use of your home. Add lines 8 through 27b.	48,180.
35	Tentative profit or (loss). Subtract line 34 from line 7.	53,765.
36	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.	
37	Simplified method filers only: Enter the total square footage of all your home: (a) the part of your home used for business; (b) the part of your home used for business.	400.
38	Net profit or (loss). Subtract line 36 from line 35.	53,365.
39	If you have a loss, check the box that describes your investment in this activity. See instructions.	
40	If you checked 39a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. If you checked the box on line 1, see instructions. Estates and trusts, enter on Form 1041, line 2.	
41	If you checked 39b, you must attach Form 6198. Your loss may be limited.	

For Paperwork Reduction Act Notice, see the separate instructions. **Schedule C** (Form 1040) 2024

SCHEDULE 1
(Form 1040)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2024

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.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: James & Jessica Johnson

Your social security number: 000-00-0000

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.	
2a	Alimony received.	
3	Business income or (loss). Attach Schedule C.	53,365.
4	Other gains or (losses). Attach Form 4797.	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.	
6	Farm income or (loss). Attach Schedule F.	
7	Unemployment compensation.	
8	Other income:	
9	a Net operating loss.	
10	b Gambling.	
11	c Cancellation of debt.	
12	d Foreign earned income exclusion from Form 2555.	
13	e Income from Form 8863.	
14	f Income from Form 8879.	
15	g Alaska Permanent Fund dividends.	
16	h Jury duty pay.	
17	i Prizes and awards.	
18	j Activity not engaged in for profit income.	
19	k Stock options.	
20	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.	
21	m Olympic and Paralympic medals and USOC prize money (see instructions).	
22	n Section 951(a) inclusion (see instructions).	
23	o Section 951(a) exclusion (see instructions).	
24	p Section 461(f) excess business loss adjustment.	
25	q Taxable distributions from an ABLE account (see instructions).	
26	r Scholarship and fellowship grants not reported on Form W-2.	
27	s Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1b.	
28	t Pension or annuity from a nonqualified deferred compensation plan or a governmental section 457 plan.	
29	Wages earned while incarcerated.	
30	u Digital assets received as ordinary income not reported elsewhere. See instructions.	
31	v Other income. List type and amount:	
32	Total other income. Add lines 8a through 31.	
33	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.	151,965.

For Paperwork Reduction Act Notice, see the separate instructions. **Schedule 1** (Form 1040) 2024

1040 Department of the Treasury Internal Revenue Service

2024 U.S. Individual Income Tax Return

OMB No. 1545-0074

For the year Jan. 1-Oct. 31, 2024, or other tax year beginning 2024, ending 2024.

File Only: Do not write or staple in this space.

Your first name and middle initial: James S. Johnson

Last name: Johnson

Your social security number: 000-00-0000

If joint return, spouse's first name and middle initial: Jessica S. Johnson

Last name: Johnson

Spouse's social security number: 000-00-0000

Home address (number and street): 1750 Prosperity Drive

City, town or post office: Jacksonville

State: FL

ZIP code: 32205

Foreign country name: Foreign prenominal/suffix/country: Foreign postal code: Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

Filing Status

Check only one box.

☒ Single ☐ Married filing jointly (even if only one had income) ☐ Head of household (HOH)

☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QS box, enter the child's name if the qualifying person is a child but not your dependent.

☐ If leaving a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required).

Digital Assets

At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☒ No

Standard Deduction

Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent

☐ Spouse benefits on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 1, 1950 ☐ Are blind ☐ Spouse: ☐ Was born before January 1, 1950 ☐ Is blind

Dependents (see instructions):

(1) First name	(2) Last name	(3) Social security number	(4) Relationship to you	(5) Check the box if qualifies for (see instructions):	(6) Child tax credit	(7) Credit for other dependents

Income

1a	Total amount from Form(s) W-2, box 1 (see instructions).	60,000.
1b	Household employee wages not reported on Form(s) W-2.	
1c	Tip income not reported on line 1a (see instructions).	
1d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions).	
1e	Taxable dependent care benefits from Form 2441, line 26.	
1f	Employer-provided adoption benefits from Form 8839, line 29.	
1g	Wages from Form 8819, line 6.	
1h	Other earned income (see instructions).	0.
1i	Nontaxable combat pay election (see instructions).	
2a	Add lines 1a through 1i.	60,000.
2b	Tax-exempt interest.	7,700.
3a	Qualified dividends.	6,900.
3b	Ordinary dividends.	6,900.
4a	IRA distributions.	
4b	Taxable amount.	
5a	Pensions and annuities.	
5b	Taxable amount.	
6a	Social security benefits.	
6b	Taxable amount.	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here.	-1,000.
8	Additional income from Schedule 1, line 10.	151,965.
9	Add lines 2c, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your gross income .	124,565.
10	Adjustments to income. Attach Schedule 1, line 36.	7,602.
11	Subtract line 10 from line 9. This is your adjusted gross income .	116,963.
12	Standard deduction or itemized deductions (from Schedule A).	29,200.
13	Qualified business income deduction from Form 8885 or Form 8885-1.	21,233.
14	Add lines 12 and 13.	50,433.
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income .	156,130.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. **Form 1040** (2024)

mortgage guaranty
insurance corporation



Now what?

**mortgage guaranty
insurance corporation**



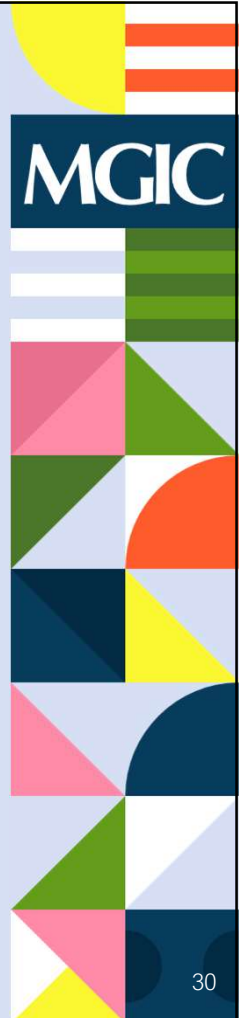
Taxable income vs. cash flow

3 key concepts

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

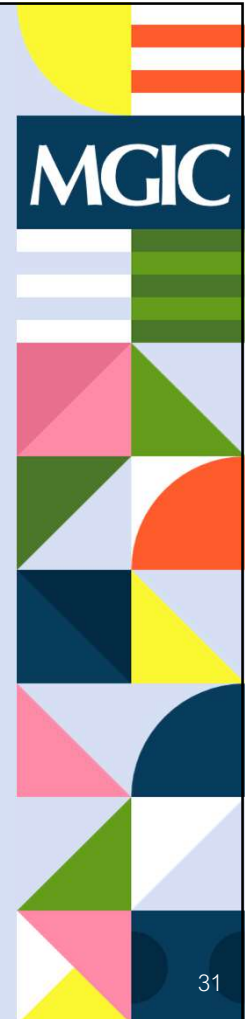
Noncash expenses

- Expenses deducted from taxable income that do not require actual cash payment
- Common types of “noncash” expenses
 - **Depreciation**
 - **Depletion**
 - **Amortization**
- Add back to cash flow if included in total expenses
- Schedules C, E & F and business returns



IRS limited loss/expense

- Limits loss/expense a taxpayer can deduct from taxable income
- Most common limited expense:
 - **Meals**
- “Nondeductible” portion must be deducted from cash flow
- Schedules C & E and business returns



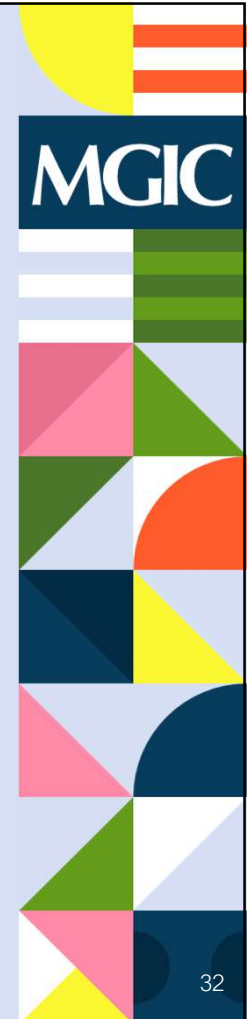
Recurring and nonrecurring income and expense

Recurring

- Income: Expected to continue 3 or more years
- Expense: Day-to-day cost of business operations

Nonrecurring

- **Income:** One-time occurrence (e.g., sale of an asset, prize)
- **Expense:** Extraordinary one-time occurrence (e.g., casualty loss)



Taxable vs. qualifying income

**Start
with taxable
income**



Add back

- Noncash expenses
- Business use of home
- One-time losses



Subtract

- Nonrecurring income
- **Account for** limited IRS expenses
- **Review** mortgages due in less than a year



Meet the borrowers

mortgage guaranty
insurance corporation

Loan application

Case study,
pages 10 - 12

mortgage guaranty
insurance corporation

Uniform Residential Loan Application

Verify and complete the information on this application, if you are applying for a loan and what you owe on them. ☐ I do not own any real estate.

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) JIMMY 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 _____ Ages _____
Current Address
Street 1750 PROSPERITY DRIVE
City JACKSON
How Long at Current Address? _____ Years _____ Months _____ Housing ☐ No primary housing expense ☒ Own ☐ Rent (\$ _____/month)

If at Current Address for LESS than 2 years, list Former Address ☐ Does not apply
Street _____ City _____
How Long at Former Address? _____ Years _____ Months _____ Housing ☐ No primary housing expense ☒ Own ☐ Rent (\$ _____/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 PROPERTY MAINTENANCE NINJAS
Street 800 W. COMMERCIAL AVENUE
City JACKSON State TN ZIP 38305
Position or Title OWNER
Start Date 02 / 15 / 2021 (mm/dd/yyyy)
How long in this line of work? _____ Years _____ Months
Check if this statement applies:
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% ☒ I have an ownership share of 25% or more.

1c. IF APPLICABLE, Complete Information for Additional Employment ☐ Does not apply
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 09 / 01 / 2016 (mm/dd/yyyy)
How long in this line of work? _____ Years _____ Months
Check if this statement applies:
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% ☒ I have an ownership share of 25% or more.

1c. IF APPLICABLE, Complete Information for Additional Employment ☐ Does not apply
Employer or Business Name HEDD AWAY STORAGE
Street 62 WILLOW BLVD
City JACKSON State TN ZIP 38305
Position or Title OWNER
Start Date 01 / 01 / 2019 (mm/dd/yyyy)
How long in this line of work? _____ Years _____ Months
Check if this statement applies:
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% ☒ I have an ownership share of 25% or more.

Section 3: Financial Information — Refinancing

3a. Property You Own ☐ If you are refinancing, list the property.

Address Street 1750 PROSPERITY DRIVE
City JACKSON
Property Value \$475,000
Status: Sold, Pending Sale, or Retained ☐ Retained ☒ Primary Residence ☐ Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name XYZ MORTGAGE Account Number 8012345 Monthly Mortgage Payment \$

3b. IF APPLICABLE, Complete Information for Additional Property
Address Street 323 CLOVER STREET
City JACKSON
Property Value \$350,000
Status: Sold, Pending Sale, or Retained ☐ Retained ☒ Investment ☐ Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name XYZ MORTGAGE Account Number 81156378 Monthly Mortgage Payment \$

3c. IF APPLICABLE, Complete Information for Additional Property
Address Street 225 S. MAIN STREET
City JACKSON
Property Value \$1,000,000
Status: Sold, Pending Sale, or Retained ☐ Retained ☒ Investment ☐ Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name ABC COMMERCIAL BK Account Number 15618548512 Monthly Mortgage Payment \$

3c. IF APPLICABLE, Complete Information for Additional Property
Address Street 300 GOODVIEW LANE
City MEMPHIS
Property Value \$475,000
Status: Sold, Pending Sale, or Retained ☐ Retained ☒ Investment ☐ Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name _____ Account Number _____ Monthly Mortgage Payment \$

3c. IF APPLICABLE, Complete Information for Additional Property ☐ Does not apply
Address _____ City _____
Property Value _____
Status: Sold, Pending Sale, or Retained ☐ Retained ☒ Investment ☐ Investment, Primary Residence, Second Home, Other
Mortgage Loans on this Property ☐ Does not apply
Creditor Name _____ Account Number _____ Monthly Mortgage Payment \$

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
Social Security Number 000 - 00 - 0000 (or Individual Taxpayer Identification Number)
Date of Birth (mm/dd/yyyy) 01 / 01 / 1985
Citizenship ☒ U.S. Citizen ☐ Permanent Resident Alien ☐ Non-Permanent Resident Alien
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 _____ Ages _____
Current Address
Street 1750 PROSPERITY DRIVE
City JACKSON State TN ZIP 38305
How Long at Current Address? _____ Years _____ Months _____ Housing ☐ No primary housing expense ☒ Own ☐ Rent (\$ _____/month)

If at Current Address for LESS than 2 years, list Former Address ☐ Does not apply
Street _____ City _____
How Long at Former Address? _____ Years _____ Months _____ Housing ☐ No primary housing expense ☒ Own ☐ Rent (\$ _____/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 Phone (731) 122 - 8544
Street 1000 RENOVATIONS WAY
City JACKSON State TN ZIP 38301
Position or Title OWNER
Start Date 10 / 01 / 2017 (mm/dd/yyyy)
How long in this line of work? _____ Years _____ Months
Check if this statement applies:
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% ☒ I have an ownership share of 25% or more. \$ 5600
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
City JACKSON State TN ZIP 38305
Position or Title OWNER
Start Date 05 / 20 / 2018 (mm/dd/yyyy)
How long in this line of work? _____ Years _____ Months
Check if this statement applies:
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.
☒ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25% ☒ I have an ownership share of 25% or more. \$ 2000
Gross Monthly Income
Base \$ _____/month
Overtime \$ _____/month
Bonus \$ _____/month
Commission \$ _____/month
Military Entitlements \$ _____/month
Other \$ _____/month
TOTAL \$ 0.00/month

MGIC

Borrowers' businesses

1b. Current Employment/Self-Employment and Income

☐ Does not apply

Employer or Business Name PROPERTY MAINTENANCE NINJAS Phone (731) 226 - 1255		Gross Monthly Income	
Street 800 W. COMMERCIAL AVENUE Unit #		Base \$ /month	
City JACKSON State TN ZIP 38305 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 02 / 15 / 2021 (mm/dd/yyyy)	Check if this statement applies:	Commission \$ /month	
How long in this line of work? 4 Years Months	<input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) of 25% or more. \$ 4932	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 J & J PROPERTY SOLUTIONS Phone (831) 228 - 1255		Gross Monthly Income	
Street 2500 N EXECUTIVE DRIVE Unit #		Base \$ /month	
City JACKSON State TN ZIP 38305 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 09 / 01 / 2016 (mm/dd/yyyy)	Check if this statement applies:	Commission \$ /month	
How long in this line of work? 7 Years Months	<input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) of 25% or more. \$ 5483	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 HIDE AWAY STORAGE Phone (321) 236 - 5151		Gross Monthly Income	
Street 42 WILLOW BLVD Unit #		Base \$ /month	
City JACKSON State TN ZIP 38305 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 01 / 01 / 2019 (mm/dd/yyyy)	Check if this statement applies:	Commission \$ /month	
How long in this line of work? 6 Years Months	<input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) of 25% or more. \$ 95.83	Other \$ /month	
		TOTAL \$	0.00/month

mortgage guaranty
insurance corporation

1b. Current Employment/Self-Employment and Income

☐ Does not apply

Employer or Business Name CREATIVE DESIGN CONCEPTS Phone (731) 122 - 8544		Gross Monthly Income	
Street 1000 INNOVATIONS WAY Unit #		Base \$ /month	
City JACKSON State TN ZIP 38301 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 10 / 01 / 2017 (mm/dd/yyyy)	Check if this statement applies:	Commission \$ /month	
How long in this line of work? 7 Years Months	<input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) of 25% or more. \$ 5652	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		Gross Monthly Income	
Street 1750 PROSPERITY DRIVE Unit #		Base \$ /month	
City JACKSON State TN ZIP 38305 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 05 / 20 / 2018 (mm/dd/yyyy)	Check if this statement applies:	Commission \$ /month	
How long in this line of work? 6 Years Months	<input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed	<input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) of 25% or more. \$ 2096	Other \$ /month	
		TOTAL \$	0.00/month

37





SEB Documentation Matrix

mortgage guaranty
insurance corporation

MGIC

Self-Employed Borrower Documentation Matrix

The following matrix identifies the documentation you need from self-employed borrowers to substantiate the various types of income they may receive from different business structures.

Required SEB Documentation	 Sole Proprietorship	 Partnership	 S Corporation	 Corporation
Form 1040: U.S. Individual Income Tax Return with all applicable schedules and W-2s	×	×	×	×
Schedule C: Profit or Loss from Business	×			
Schedule E, Part II: Income or Loss From Partnerships or S Corporations		×	×	
Schedule K-1 (Form 1065): Partner's Share of Income, Deductions, Credits, etc.		×		
Form 1065: U.S. Return of Partnership Income with all applicable schedules		×		
Schedule K-1 (Form 1120-S): Shareholder's Share of Income, Deductions, Credits, etc.			×	
Form 1120-S: U.S. Income Tax Return for an S Corporation with all applicable schedules			×	
Form 1120: U.S. Corporate Income Tax Return with all applicable schedules				×
Year-to-Date Profit & Loss Statement/ Interim Balance Sheet: as applicable	×	×	×	×
Partnership Agreement: may be required		×		
Corporate Resolution: may be required			×	×

A limited liability company (LLC) is a hybrid business and can file using the above IRS forms based on structure.

71-13665 1/23

James & Jessica Johnson

- Married, no dependents
- James has an interest in 3 companies
- Jessica has an interest in 2 companies
- Own 3 rental properties
(Schedule E, page 1)

mortgage guaranty
insurance corporation



Meet James Johnson

Sole proprietor of Property Maintenance Ninjas
Schedule C

25% partner in Hide Away Storage

- Schedule E, page 2
- Partnership (1065) Schedule K-1
- Form 1065

50% shareholder in J & J Property Solutions
(S corporation)

- Schedule E, page 2
- S Corporation (1120-S) Schedule K-1
- Form 1120-S
- SEB W-2 may also be required

mortgage guaranty
insurance corporation





mortgage guaranty
insurance corporation

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**


A decorative border surrounds the central text. It features a variety of nautical signal flags in colors like pink, blue, yellow, orange, and green, arranged in a grid-like pattern. The MGIC logo, consisting of the letters 'MGIC' in white on a dark blue rectangular background, is positioned in the upper right corner of the border.

Schedule C Sole Proprietorship




Property Maintenance Ninjas

We win the battle against wear and tear




Benefits

Our skilled team is dedicated to ensuring that your property is kept in pristine condition while providing efficient and cost-effective service.



Services

- Routine maintenance & repairs
- End-of-tenancy repairs
- Inspection punch-lists
- Renovations



Specialties

- Cleaning
- Painting
- Carpentry
- Plumbing
- Electrical work
- Window repair

YOUR ONE-STOP SHOP FOR BOTH RESIDENTIAL AND COMMERCIAL MAINTENANCE NEEDS SINCE 2021

**mortgage guaranty
insurance corporation**

Noncash expenses

- Depreciation
- Depletion
- Amortization
- Business use of home

Limited IRS deductions

- Meals
- Travel & entertainment

Nonrecurring

- Other income
- One-time expenses

SAM Cash Flow Analysis Worksheet

X SCHEDULE C - SOLE PROPRIETORSHIP			
Name:		+	-
4	Net Profit (Loss): LINE 31		
5	Deduct nonrecurring income: LINE 6	()	()
6	Depletion: LINE 12		
7	Depreciation: LINE 13		
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	()	()
9	Business Use of Home: LINE 30		
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b	= Total Mileage Depreciation		
12	Amortization/ Casualty Loss (only if noted): page 2, part V		
SUBTOTAL		\$ -	\$ -

2023 Schedule C

Case study, page 23

mortgage guaranty
insurance corporation

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; prepare separately if you are a partner in a partnership that has elected to be treated as a sole proprietorship for tax purposes. Go to www.irs.gov/ScheduleC for instructions.

Name of proprietor
James Johnson

A Principal business or profession, including product or service (see instructions). If you have more than one business, you must check the box that best describes your business. Leave blank.
Property Maintenance and Repair Services

C Business name, if no separate business name, leave blank.
Property Maintenance Ninjas

E Business address (including suite or room number and apartment, suite, or unit number, if any). Do not include a P.O. box. If you use a P.O. box, check the box on line 32a.
900 W Commercial Ave
Memphis, TN 38305

City, town or post office, state, and ZIP code

OMB No. 1545-0074
2024
Attachment Sequence No. **09**

Social security number (SSN)
000-00-0000

B Enter code from instructions
919101010

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) 2,300

14 Employee benefit programs (other than health insurance) (see instructions) 1,200

15 Other deductions (see instructions) 3,800

16a 3,800

16b 750

17 750

Net profit or (loss). Subtract line 28 from line 25.
750

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

Is there a demand for the business product or service?

What is the location and nature of the borrower's business?

Is the business in existence?

Will the business continue generating and distributing sufficient income to enable the borrower to make the payments on the requested mortgage?

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0074
2024
Attachment Sequence No. **09**

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.

Name of proprietor
James Johnson

Principal business or profession, including product or service (see instructions)
Property Maintenance and Repair Services

Business name, if no separate business name, leave blank.
Property Maintenance Ninjas

Business address (including suite or room no.)
800 W Commercial Ave
City, town or post office, state, and ZIP code
Jackson, TN 38305

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

Did you "materially participate" in the operation of this business during 2024? If "No," see instructions for limit on losses. ☒ Yes ☐ No

If you started or acquired this business during 2024, check here ☐ Yes ☐ No

Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions. ☒ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐ **125,965.**

2 Returns and allowances **2** **125,965.**

3 Subtract line 2 from line 1 **3** **125,965.**

4 Cost of goods sold (from line 42) **4** **25,000.**

5 Gross profit. Subtract line 4 from line 3 **5** **100,965.**

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) **6** **980.**

7 Gross income. Add lines 5 and 6 **7** **101,945.**

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising **8** **520.**

9 Car and truck expenses (see instructions) **9** **12,060.**

10 Commissions and fees **10**

11 Contract labor (see instructions) **11**

12 Depreciation **12**

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) **13** **2,300.**

14 Employee benefit programs (other than on line 19) **14**

15 Insurance (other than health) **15** **1,200.**

16 Interest (see instructions):
a Mortgage (paid to banks, etc.) **16a** **3,800.**
b Other **16b**

17 Legal and professional services **17** **750.**

18 Office expense (see instructions) **18** **520.**

19 Pension and profit-sharing plans **19**

20 Rent or lease (see instructions):
a Vehicles, machinery, and equipment **20a**
b Other business property **20b**

21 Repairs and maintenance **21**

22 Supplies (not included in Part III) **22**

23 Taxes and licenses **23**

24 Travel and meals:
a Travel **24a**
b Deductible meals (see instructions) **24b** **1,200.**

25 Utilities **25** **1,850.**

26 Wages (less employment credits) **26** **24,000.**

27a Other expenses (from line 48) **27a** **500.**

27b Energy efficient commercial bldgs deduction (attach Form 7205) **27b**

28 Total expenses before expenses for business use of home. Add lines 8 through 27b **28** **48,180.**

29 Tentative profit or (loss). Subtract line 28 from line 7 **29** **53,765.**

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 **30** **400.**

31 Net profit or (loss). Subtract line 30 from line 29.
• If a profit, enter on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on **Form 1041, line 3**.
• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity. See instructions.
• If you checked 32a, enter the loss on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on **Form 1041, line 3**.
• If you checked 32b, you must attach **Form 6198**. Your loss may be limited.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. **BAA** REV 01/24/25 TTYW **Schedule C (Form 1040) 2024**

MGIC

SAM Cash Flow Analysis Worksheet

Name: **Property Maintenance Ninjas - James** 2024

4 Net Profit (Loss): **LINE 31**

5 Deduct nonrecurring income: **LINE 6**

6 Depletion: **LINE 12**

7 Depreciation: **LINE 13**

8 Non-Deductible Meals and Entertainment Exclusion: **LINE 24b**

9 Business Use of Home: **LINE 30**

10 Business Miles: **Page 2, Part IV, LINE 44a OR Related 4562, Line 30** *Miles

11a x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26

11b = Total Mileage Depreciation

12 Amortization/Casualty Loss (only if noted): **page 2, part V**

SUBTOTAL \$ -

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0074
2024
Attachment
Sequence No. **09**

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.

Name of proprietor
James Johnson

Principal business or profession, including product or service (see instructions)
Property Maintenance and Repair Services

Business name, if no separate business name, leave blank.
Property Maintenance Ninjas

Business address (including suite or room no.)
800 W Commercial Ave
City, town or post office, state, and ZIP code
Jackson, TN 38305

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

Did you "materially participate" in the operation of this business during 2024? If "No," see instructions for limit on losses . . . ☒ Yes ☐ No

If you started or acquired this business during 2024, check here . . . ☐ Yes ☒ No

Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions . . . ☐ Yes ☒ No

If "Yes," did you or will you file required Form(s) 1099? . . . ☐ Yes ☒ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . ☐ 1 125,965.

2 Returns and allowances . . . 2

3 Subtract line 2 from line 1 . . . 3 125,965.

4 Cost of goods sold (from line 42) . . . 4 25,000.

5 **Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)** . . . 5 980.

6 **Gross income. Add lines 5 and 6 . . . 6 101,945.**

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising . . . 8

9 Car and truck expenses (see instructions) . . . 9 12,060.

10 Commissions and fees . . . 10

11 Contract labor (see instructions) . . . 11

12 Depreciation . . . 12

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) . . . 13 2,300.

14 Employee benefit programs (other than on line 19) . . . 14

15 Insurance (other than health) . . . 15 1,200.

16 Interest (see instructions):

a Mortgage (paid to banks, etc.) . . . 16a 3,800.

b Other . . . 16b

17 Legal and professional services . . . 17 750.

18 Office expense (see instructions) . . . 18 520.

19 Pension and profit-sharing plans . . . 19

20 Rent or lease (see instructions):

a Vehicles, machinery, and equipment . . . 20a

b Other business property . . . 20b

21 Repairs and maintenance . . . 21

22 Supplies (not included in Part III) . . . 22

23 Taxes and licenses . . . 23

24 Travel and meals:

a Travel . . . 24a

b Deductible meals (see instructions) . . . 24b 1,200.

25 Utilities . . . 25 1,850.

26 Wages (less employment credits) . . . 26 24,000.

27a Other expenses (from line 48) . . . 27a 500.

b Energy efficient commercial bldgs deduction (attach Form 7203) . . . 27b

28 **Total expenses before expenses for business use of home. Add lines 8 through 27b . . . 28 48,180.**

29 Tentative profit or (loss). Subtract line 28 from line 7 . . . 29 53,765.

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method (line 30 only): Enter the total square footage of (a) your home: _____, and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 . . . 30 400.

31 **Net profit or (loss). Subtract line 30 from line 29. . . 31 53,365.**

If a profit, enter on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on **Form 1041, line 3**.

If a loss, you must go to line 32.

If you have a loss, check the box that describes your investment in this activity. See instructions.

If you checked 32a, enter the loss on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on **Form 1041, line 3**.

If you checked 32b, you must attach **Form 6198**. Your loss may be limited.

32a ☐ All investment is at risk.

32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 01/24/25 TTW Schedule C (Form 1040) 2024

MGIC

SAM Cash Flow Analysis Worksheet

Name:	Property Maintenance Ninjas - James	2024
4 Net Profit (Loss): LINE 31		\$ 53,365.00
5 Deduct nonrecurring income: LINE 6		()
6 Depletion: LINE 12		
7 Depreciation: LINE 13		
8 Non-Deductible Meals and Entertainment Exclusion: LINE 24b		()
9 Business Use of Home: LINE 30		
10 Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	
11a x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b = Total Mileage Depreciation		
12 Amortization/Casualty Loss (only if noted): page 2, part V		
SUBTOTAL		\$ 53,365.00

What is needed to **retain** other income?

- 1 Other income must be identified
- 2 Need to understand how it is related to the business operation
- 3 Need to have an expectation of continuance – history

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0074
2024
Attachment
Sequence No. 09

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.

Name of proprietor
James Johnson

Principal business or profession, including product or service (see instructions)
Property Maintenance and Repair Services

Business name, if no separate business name, leave blank.
Property Maintenance Ninjas

Business address (including suite or room no.)
800 W Commercial Ave
City, town or post office, state, and ZIP code
Jackson, TN 38305

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

Did you "materially participate" in the operation of this business during 2024? If "No," see instructions for limit on losses . . . ☒ Yes ☐ No

If you started or acquired this business during 2024, check here . . . ☐ Yes ☒ No

Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions . . . ☐ Yes ☒ No

If "Yes," did you or will you file required Form(s) 1099? . . . ☐ Yes ☒ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . ☐ 1 125,965.

2 Returns and allowances . . . 2

3 Subtract line 2 from line 1 . . . 3 125,965.

4 Cost of goods sold (from line 42) . . . 4 25,000.

5 Gross profit. Subtract line 4 from line 3 . . . 5 100,965.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . 6 980.

7 Gross income. Add lines 5 and 6 . . . 7 101,945.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising . . . 8

9 Car and truck expenses (see instructions) . . . 9 12,060.

10 Commissions and fees . . . 10

11 Depreciation (see instructions) . . . 11

12 Depletion . . . 12

13 expense deduction (not included in Part III) (see instructions) . . . 13 2,300.

14 Employee benefit programs (other than on line 19) . . . 14

15 Insurance (other than health) . . . 15 1,200.

16 Interest (see instructions):
a Mortgage (paid to banks, etc.) . . . 16a 3,800.
b Other . . . 16b

17 Legal and professional services . . . 17 750.

18 Office expense (see instructions) . . . 18 520.

19 Pension and profit-sharing plans . . . 19

20 Rent or lease (see instructions):
a Vehicles, machinery, and equipment . . . 20a
b Other business property . . . 20b

21 Repairs and maintenance . . . 21

22 Supplies (not included in Part III) . . . 22

23 Taxes and licenses . . . 23

24 Travel and meals:
a Travel . . . 24a
b Deductible meals (see instructions) . . . 24b 1,200.

25 Utilities . . . 25 1,800.

26 Wages (less employment credits) . . . 26 24,000.

27a Other expenses (from line 48) . . . 27a 500.

27b Energy efficient commercial bldgs deduction (attach Form 7203) . . . 27b

28 Total expenses before expenses for business use of home. Add lines 8 through 27b . . . 28 48,180.

29 Tentative profit or (loss). Subtract line 28 from line 7 . . . 29 53,765.

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method (file only): Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 . . . 30 400.

31 Net profit or (loss). Subtract line 30 from line 29.
• If a profit, enter on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on **Form 1041, line 3**.
• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity. See instructions.
• If you checked 32a, enter the loss on both **Schedule 1 (Form 1040), line 3**, and on **Schedule SE, line 2**. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on **Form 1041, line 3**.
• If you checked 32b, you must attach **Form 6198**. Your loss may be limited.

31 53,365.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 01/24/25 TTW Schedule C (Form 1040) 2024

SAM Cash Flow Analysis Worksheet

Name:	Property Maintenance Ninjas - James	2024
4 Net Profit (Loss): LINE 31		\$ 53,365.00
5 Deduct nonrecurring income: LINE 6		(\$ 980.00)
6 Depletion: LINE 12		
7 Depreciation: LINE 13		\$ 2,300.00
8 Non-Deductible Meals and Entertainment Exclusion: LINE 24b		(\$ 1,200.00)
9 Business Use of Home: LINE 30		\$ 400.00
10 Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	
11a x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b = Total Mileage Depreciation		
12 Amortization/Casualty Loss (only if noted): page 2, part V		
SUBTOTAL		\$ 53,885.00

2 types of depreciation

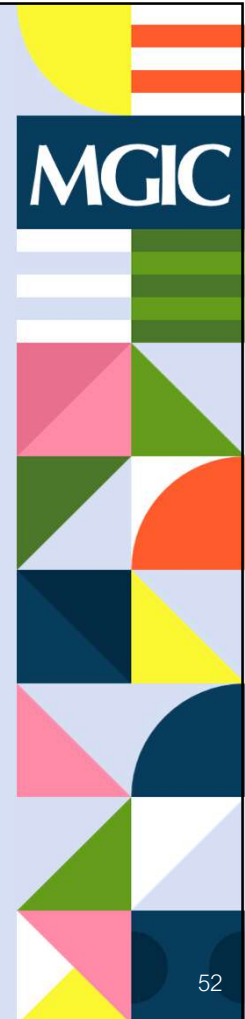
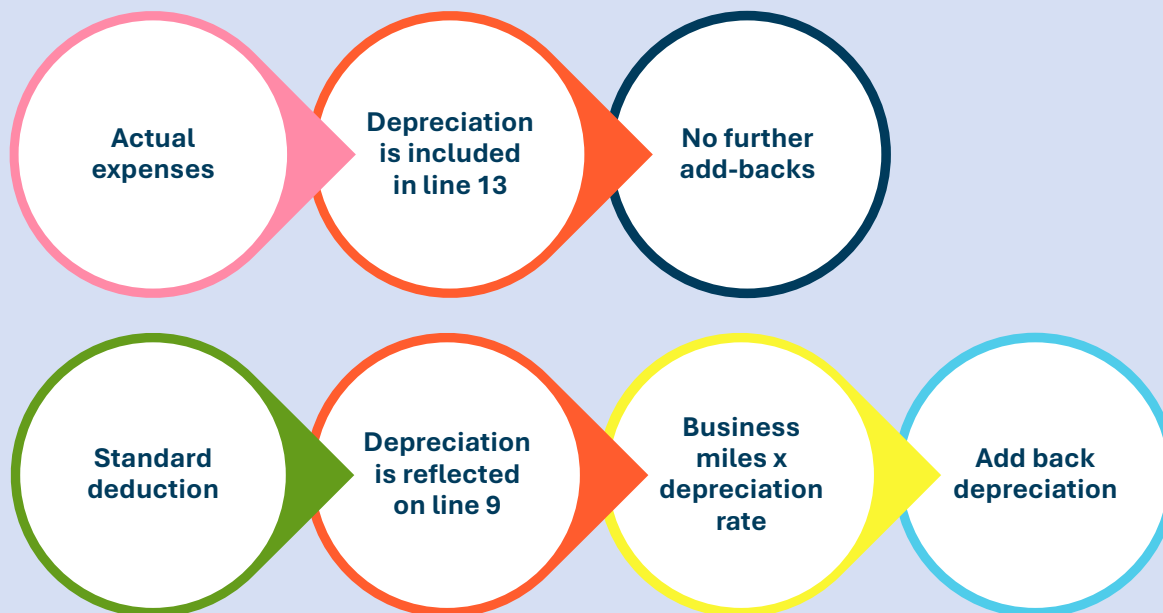
Business equipment or machinery



Vehicle depreciation



Actual expenses vs. standard deduction



Schedule C

Part IV,

line 44(a)

mortgage guaranty
insurance corporation

Schedule C (Form 1040) 2024 Page **2**

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a ☒ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?
If "Yes," attach explanation Yes ☐ No ☒

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	15,000.
36 Purchases (less cost of items withdrawn for personal use)	36	10,000.
37 Cost of labor. Do not include any amounts paid to yourself	37	12,000.
38 Materials and supplies		
39 Other costs		
40 Add lines 35 through 39		
41 Inventory at end of year	41	17,200.
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42	25,000.

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

See Additional Vehicle Information

43 When did you place your vehicle in service for business purposes? (month/day/year)

44 Of the total number of miles you drove your vehicle during 2024, enter the number of miles you used your vehicle for:

a Business b Commuting (see instructions) c Other

45 Was your vehicle available for personal use during off-duty hours? Yes ☐ No ☐

46 Do you (or your spouse) have another vehicle available for personal use? Yes ☐ No ☐

47a Do you have evidence to support your deduction? Yes ☐ No ☐

b If "Yes," is the evidence written? Yes ☐ No ☐

Part V Other Expenses. List below business expenses not included on lines 8-26, line 27b, or line 30.

Dues	100.
Laundry	400.
48 Total other expenses. Enter here and on line 27a	500.

REV 01/24/25 TTW Schedule C (Form 1040) 2024

Where to find business miles

1 business vehicle
Schedule C – Part IV, line 44(a)

Schedule C (Form 1040) 2023 Page **2**

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a ☒ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☒ No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35 26,000.

36 Purchases less cost of items withdrawn for personal use 36 15,000.

37 Cost of labor. Do not include any amounts paid to yourself 37

38 Materials and supplies 38 2,000.

39 Other costs 39

40 Add lines 35 through 39 40 43,000.

41 Inventory at end of year 41 15,000.

42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4 42 28,000.

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month/day/year) 01/01/2020

44 Of the total number of miles you drove your vehicle during 2023, enter the number of miles you used your vehicle for:

a Business 12,000 b Commuting (see instructions) c Other 8,000

45 Was your vehicle available for personal use during off-duty hours? ☒ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? ☒ Yes ☐ No

47a Do you have evidence to support your deduction? ☒ Yes ☐ No

b If "Yes," is the evidence written? ☒ Yes ☐ No

mortgage guaranty
insurance corporation

Up to 6 business vehicles
IRS Form 4562 – Section B, line 30

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles)	12000	6000				
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32	12000	6000	0	0	0	0
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
	X	X				
35 Was the vehicle used primarily by a more than 5% owner or related person?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
	X	X				
36 Is another vehicle available for personal use?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
	X	X				

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who aren't more than 5% owners or related persons. See instructions.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? Yes No

38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? Yes No

Can also be found on separate statement

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

Form 4562

Case study, pages
25 & 26

mortgage guaranty
insurance corporation

Form 4562
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

Go to www.irs.gov/Form4562 for instructions and the latest information.

OMB No. 1545-0172
2024
Attachment
Sequence No. **179**
Identifying number

Name(s) shown on return
JAMES JOHNSON

Business or activity to which this form relates

Part I Election To Expense
Note: If you have

1 Maximum amount (see instructions)
2 Total cost of section 179 property
3 Threshold cost of section 179 property
4 Reduction in limitation. Subtract line 2 from line 3.
5 Dollar limitation for tax year. See instructions.
6 (a) Depreciation deduction
(b) Section 179 expense deduction
7 Listed property. Enter the amount from line 5 that is not more than the amount on line 4.
8 Total elected cost of section 179 property.
9 Tentative deduction. Enter the amount from line 7 plus the amount from line 8.
10 Carryover of disallowed deduction.
11 Business income limitation.
12 Section 179 expense deduction.
13 Carryover of disallowed deduction.
Note: Don't use Part II or Part III if you elect to expense.

Part II Special Depreciation
14 Special depreciation allowance for qualified listed property placed in service during the tax year. See instructions.
15 Property subject to section 179. Enter depreciation (including carryover) for the year.

Part III MACRS Depreciation
17 MACRS deductions for assets placed in service during the year.
18 If you are electing to group assets, check here.

Section B - Information on Use of Vehicles
(a) Classification of property
19a 3-year property
b 5-year property
c 7-year property
d 10-year property
e 15-year property
f 20-year property
g 25-year property
h Residential rental property
i Nonresidential real property

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees
20a Class life
b 12-year
c 30-year
d 35-year

Part IV Summary (See instructions)
21 Listed property. Enter amount from line 14.
22 Total. Add amounts from lines 14, 15, 17, 18, and 20a through 20d.
23 For assets shown above a portion of the basis attributable to depreciation or amortization. See instructions.

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, column (a) through (c) of Section A, all of Section B, and Section C if applicable.
Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)
24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No 24b. If "Yes," is the evidence written? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use.								
FORD F350	01/01/2020	100%						
GMK STEERRA 2500HD	05/30/2024	100%						
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.								
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.								

Section B - Information on Use of Vehicles
Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles).	12000	6000				
31 Total commuting miles driven during the year.						
32 Total other personal (noncommuting) miles driven.						
33 Total miles driven during the year. Add lines 30 through 32.	12000	6000	0	0	0	0
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
35 Was the vehicle used primarily by a more than 5% owner or related person?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
36 Is another vehicle available for personal use?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees
Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who aren't more than 5% owners or related persons. See instructions.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? ☐ Yes ☐ No

38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. ☐ Yes ☐ No

39 Do you treat all use of vehicles by employees as personal use? ☐ Yes ☐ No

40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? ☐ Yes ☐ No

41 Do you meet the requirements concerning qualified automobile demonstration use? See instructions. ☐ Yes ☐ No

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2024 tax year (see instructions):					
43 Amortization of costs that began before your 2024 tax year.					43
44 Total. Add amounts in column (f). See the instructions for where to report.					44

Form 4562 (2024)

Checking for standard deduction MGIC

Form 4562, line 30

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (don't include commuting miles)	12000		6000									
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32	12000		6000		0		0		0		0	
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?	X		X									
36 Is another vehicle available for personal use?	X		X									

Year	Standard Deduction	Depreciation
1/1/22 through 6/30/22	58.5¢	26¢
7/1/22 through 12/31/22	62.5¢	26¢
2023	65.5¢	28¢
2024	67.0¢	30¢

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insurance corporation

Checking the math:

$$18,000 \text{ (business miles)} \times .670 \text{ (2024 factor)} = \$12,060$$

Schedule C, Line 9

Part II Expenses. Enter expenses for business use of your home only on line 30.					
8 Advertising	8		18 Office expense (see instructions)	18	520.
9 Car and truck expenses (see instructions)	9	12,060.	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depreciation	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	2,300.	21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	
15 Insurance (other than health)	15	1,200.	23 Taxes and licenses	23	
16 Interest (see instructions):			24 Travel and meals:		
a Mortgage (paid to banks, etc.)	16a	3,800.	a Travel	24a	
b Other	16b		b Deductible meals (see instructions)	24b	1,200.
17 Legal and professional services	17	750.	25 Utilities	25	1,850.
26 Wages (less employment credits)	26		27a Other expenses (from line 48)	27a	500.
27a Energy efficient commercial bldgs deduction (attach Form 7205)	27a		27b	27b	
28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28	48,180.	29 Tentative profit or (loss). Subtract line 28 from line 7	29	53,765.
29 Tentative profit or (loss). Subtract line 28 from line 7	29	53,765.	30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.	30	400.
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.	30	400.	31 Net profit or (loss). Subtract line 30 from line 29.	31	53,365.
31 Net profit or (loss). Subtract line 30 from line 29.	31	53,365.			

Form 4562 (2024)

Page 2

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No **24b** If "Yes," is the evidence written? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Excluded section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions.								
26 Property used more than 50% in a qualified business use:								
FORD F350	01/01/2020	100 %						
GMC SIERRA 2500HD	05/30/2024	100 %						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles)	12000	6000				
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32	12000	6000	0	0	0	0
34 Was the vehicle available for personal use during off-duty hours?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
35 Was the vehicle used primarily by a more than 5% owner or related person?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
36 Is another vehicle available for personal use?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**Business Miles x Depreciation Rate**

39 Do you treat all use of vehicles by employees as personal use? ☐ Yes ☐ No

40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? ☐ Yes ☐ No

41 Do you meet the requirements concerning qualified automobile demonstration use? See instructions ☐ Yes ☐ No

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2024 tax year (see instructions):					
43 Amortization of costs that began before your 2024 tax year.					
44 Total. Add amounts in column (f). See the instructions for where to report.					

JSA

442310 1.000

Form 4562 (2024)

MGIC**SAM Cash Flow Analysis Worksheet**

Name:	Property Maintenance Ninjas - James	2024
4	Net Profit (Loss): LINE 31	\$ 53,365.00
5	Deduct nonrecurring income: LINE 6	(\$ 980.00)
6	Depletion: LINE 12	
7	Depreciation: LINE 13	\$ 2,300.00
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(\$ 1,200.00)
9	Business Use of Home: LINE 30	\$ 400.00
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles 18,000
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	\$ 0.30
11b	= Total Mileage Depreciation	\$ 5,400.00
12	Amortization/Casualty Loss (only if noted): page 2, part V	
SUBTOTAL		\$ 59,285.00

**You can
do this!**

**Please cash flow
tax year 2023**

 **Ready**

 **Set**

 **Go**

SCHEDULE C
(Form 1040)**Profit or Loss From Business**

OMB No. 1545-0074

2023Department of the Treasury
Internal Revenue ServiceAttach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.Attachment
Sequence No. **09**Name of proprietor
James JohnsonSocial security number (SSN)
000-00-0000**A** Principal business or profession, including product or service (see instructions)**Property Maintenance and Repair Services****B** Enter code from instructions**9 9 9 0 0 0****C** Business name. If no separate business name, leave blank.**Property Maintenance Ninjas****D** Employer ID number (EIN) (see instr.)**E** Business address (including suite or room no.) **800 W Commercial Ave**City, town or post office, state, and ZIP code **Jackson, TN 38305****F** Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify)**G** Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses. ☒ Yes ☐ No**H** If you started or acquired this business during 2023, check here. ☐ Yes ☐ No**I** Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions. ☒ Yes ☐ No**J** If "Yes," did you or will you file required Form(s) 1099? ☒ Yes ☐ No**Part I Income****1** Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. ☐**2** Returns and allowances. **117,200.****3** Subtract line 2 from line 1. **117,200.****4** Cost of goods sold (from line 42). **28,000.****5** Gross profit. Subtract line 4 from line 3. **89,200.****6** Other income, including federal and state gasoline or fuel tax credit or refund (see instructions). **4,250.****7** Gross income. Add lines 5 and 6. **93,450.****Part II Expenses. Enter expenses for business use of your home only on line 30.****8** Advertising. **7,260.****9** Car and truck expenses (see instructions). **10****10** Commissions and fees. **11****11** Contract labor (see instructions). **12****12** Depreciation and section 179 expense deduction (not included in Part III) (see instructions). **13****13** Depreciation and section 179 expense deduction (not included in Part III) (see instructions). **2,400.****14** Employee benefit programs (other than on line 19). **15****15** Insurance (other than health). **1,000.****16** Interest (see instructions). **16a****16a** Mortgage (paid to banks, etc). **3,800.****16b** Other. **17****17** Legal and professional services. **600.****18** Office expense (see instructions). **19****19** Pension and profit-sharing plans. **20****20** Rent or lease (see instructions): **20a****20a** Vehicles, machinery, and equipment. **20b****20b** Other business property. **21****21** Repairs and maintenance. **22****22** Supplies (not included in Part III). **23****23** Taxes and licenses. **24****24** Travel and meals: **24a****24a** Travel. **24b****24b** Deductible meals (see instructions). **1,000.****25** Utilities. **26****26** Wages (less employment credits). **1,650.****27a** Other expenses (from line 48). **6,000.****27b** Energy-efficient commercial bldgs deduction (attach Form 7209). **1,150.****28** Total expenses before expenses for business use of home. Add lines 8 through 27b. **24,910.****29** Tentative profit or (loss). Subtract line 28 from line 7. **68,540.****30** Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.**31** Net profit or (loss). Subtract line 30 from line 29. **68,540.****32a** ☐ All investment is at risk.**32b** ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 09/17/24 TTW Schedule C (Form 1040) 2023

**mortgage guaranty
insurance corporation**

Schedule C (Form 1040) 2023

Page **2****Part III Cost of Goods Sold** (see instructions)**33** Method(s) used to value closing inventory: **a** ☒ Cost **b** ☐ Lower of cost or market **c** ☐ Other (attach explanation)**34** Was there any change in determining quantities, costs, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation. **35** **26,000.****36** Purchases less cost of items withdrawn for personal use. **36** **15,000.****37** Cost of labor. Do not include any amounts paid to yourself. **37****38** Materials and supplies. **38** **2,000.****39** Other costs. **39****40** Add lines 35 through 39. **40** **43,000.****41** Inventory at end of year. **41** **15,000.****42** Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4. **42** **28,000.****Part IV Information on Your Vehicle.** Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.**43** When did you place your vehicle in service for business purposes? (month/day/year) **01/01/2020****44** Of the total number of miles you drove your vehicle during 2023, enter the number of miles you used your vehicle for:**a** Business **12,000** **b** Commuting (see instructions) **c** Other **8,000****45** Was your vehicle available for personal use during off-duty hours? ☒ Yes ☐ No**46** Do you (or your spouse) have another vehicle available for personal use? ☒ Yes ☐ No**47a** Do you have evidence to support your deduction? ☒ Yes ☐ No**b** If "Yes," is the evidence written? ☒ Yes ☐ No**Part V Other Expenses.** List below business expenses not included on lines 8-26, line 27b, or line 30.**Dues** **100.****Laundry** **400.****Casualty Loss** **650.****The borrower used standard deduction****48** Total other expenses. Enter here and on line 27a. **48** **1,150.**

REV 09/17/24 TTW

Schedule C (Form 1040) 2023

SCHEDULE C
(Form 1040)

 Department of the Treasury
 Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

 Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
 Go to www.irs.gov/ScheduleC for instructions and the latest information.

 OMB No. 1545-0074
2023
 Attachment
 Sequence No. 09

 Name of proprietor
James Johnson

 Social security number (SSN)
001-00-0000

A Principal business or profession, including product or service (see instructions)

 B Enter code from instructions
9 9 9 0 0 0

C Business name, if no separate business name, leave blank.

D Employer ID number (EIN) (see instr.)

Property Maintenance Ninjas

 E Business address (including suite or room no.)
800 W Commercial Ave
 City, town or post office, state, and ZIP code
Jackson, TN 38305

 F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify)

 G Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses. ☐ Yes ☒ No

 H If you started or acquired this business during 2023, check here ☐ Yes ☒ No

 I Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions ☐ Yes ☒ No

 J If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☒ No

Part I Income

 1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. ☐

 2 Returns and allowances ☐

 3 Subtract line 2 from line 1 ☐

 4 Cost of goods sold (from line 42) ☐

 5 **Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)** ☐

 6 **Gross income. Add lines 3 and 5**
Part II Expenses. Enter expenses for business use of your home only on line 30.

 8 Advertising ☐

 9 Car and truck expenses (see instructions) ☐

 10 Commissions and fees ☐

 11 Contract labor (see instructions) ☐

 12 Depreciation ☐

 13 **included in Part III (see instructions)**

 14 Employee benefit programs (other than on line 19) ☐

 15 Insurance (other than health) ☐

 16 Interest (see instructions): ☐

 a Mortgage (paid to banks, etc.): ☐

 b Other ☐

 17 Legal and professional services ☐

 18 Office expense (see instructions) ☐

 19 Pension and profit-sharing plans ☐

 20 Rent or lease (see instructions): ☐

 a Vehicles, machinery, and equipment ☐

 b Other business property ☐

 21 Repairs and maintenance ☐

 22 Supplies (not included in Part III) ☐

 23 Taxes and licenses ☐

 a Travel ☐

 b Deductible meals (see instructions) ☐

 24 Wages (less employment credits) ☐

 25 Other expenses (from line 48) ☐

 26 Energy efficient commercial bldgs deduction (attach Form 7205) ☐

 27 **Total expenses before expenses for business use of home. Add lines 8 through 27b**

 28 Tentative profit or (loss). Subtract line 28 from line 7 ☐

29 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.

 Simplified method filers only: Enter the total square footage of (a) your home: ☐ Use the Simplified

 and (b) the part of your home used for business: ☐

 Method Worksheet in the instructions to figure the amount to enter on line 30 ☐

 30 **Net profit or (loss).** Subtract line 30 from line 29.

• If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

31 If you have a loss, check the box that describes your investment in this activity. See instructions.

• If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 6198. Your loss may be limited.

 32a ☐ All investment is at risk.

 32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.

BAA REV 09/17/24 TTW

Schedule C (Form 1040) 2023

mortgage guaranty
insurance corporation

SAM Cash Flow Analysis Worksheet

 Name: **Property Maintenance Ninjas - James**

2023

4	Net Profit (Loss): LINE 31	\$	
5	Deduct nonrecurring income: LINE 6	(\$)	
6	Depletion: LINE 12		
7	Depreciation: LINE 13	\$	
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(\$)	
9	Business Use of Home: LINE 30		
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b	= Total Mileage Depreciation		
12	Amortization/Casualty Loss (only if noted): page 2, part V		
	SUBTOTAL	\$	

\$

Analyzing earnings trends

SAM Cash Flow Analysis Worksheet

MGIC


Name: Property Maintenance Ninjas - James

2024

2023

+ -

4	Net Profit (Loss): LINE 31	\$	53,365.00	\$	
5	Deduct nonrecurring income: LINE 6	(\$	980.00)	(\$	
6	Depletion: LINE 12				
7	Depreciation: LINE 13	\$	2,300.00	\$	
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(\$	1,200.00)	(\$	
9	Business Use of Home: LINE 30	\$	400.00		
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	18,000	*Miles	
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	\$	0.30	\$	0.28
11b	= Total Mileage Depreciation	\$	5,400.00	\$	
12	Amortization/Casualty Loss (only if noted): page 2, part V			\$	
	SUBTOTAL	\$	59,285.00	\$	

A photograph of a man and a woman sitting at a desk, looking at a laptop. The man, on the left, has long brown hair and a beard, and is resting his head on his hand with a distressed expression. The woman, on the right, has dark hair and is looking at the laptop with a worried expression, her hand near her mouth. The background is a brick wall and a window.

Declining income . . . Now what?

mortgage guaranty
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64

Word bank:

higher

averaged

lower

disregarded

1. If the trend in the amount of income is stable or increasing, the income amount should be _____ .
2. If the trend is declining but has since stabilized and there's no reason to believe the borrower will not continue to be employed at the current level, the _____ amount of income must be used.
3. If the trend is declining, the income may not be stable. Additional analysis must be conducted to determine if any income should be used, but in no instance may it be _____ over the period when the decline occurred.

Declining income – What should you request?

1. YTD P&L
2. Letter of Explanation
3. Additional tax returns
4. Additional supporting documentation
5. Possibly all of the above

Submission from Borrower

Letter of Explanation

To whom it may concern,

Please accept this letter as an explanation of the declining 2024 income for Property Maintenance Ninjas. Last year was a year of expansion for us. We hired an additional technician and purchased a new work vehicle. Because of this additional staffing, we were able to obtain a new service contract, see attached. We expect for 2025 to exceed prior earnings history and, in fact, our YTD P&L shows an increase of about 25% from 2023.

Comparison

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0047

2024

Attachment
Sequence No. 09

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

Name of proprietor
James Johnson

Principal business or profession, including product or service (see instructions)
Property Maintenance and Repair Services

Business name, if no separate business name, leave blank.
Property Maintenance Nijas

Business address (including suite or room no.)
800 W Commercial Ave
City, town or post office, state, and ZIP code
Jackson, TN 38305

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

Did you "materially participate" in the operation of this business during 2024? If "No," see instructions for limit on losses. ☒ Yes ☐ No

If you started or acquired this business during 2024, check here ☐ Yes ☐ No

Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions. ☐ Yes ☐ No

If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐ 1 125,965.

2 Returns and allowances ☐ 2 125,965.

3 Subtract line 2 from line 1 ☐ 3 125,965.

4 Cost of goods sold (from line 42) ☐ 4 25,000.

5 Gross profit. Subtract line 4 from line 3 ☐ 5 100,965.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) ☐ 6 950.

7 Gross income. Add lines 5 and 6 ☐ 7 101,915.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising ☐ 8

9 Car and truck expenses (see instructions) ☐ 9 12,060.

10 Commissions and fees ☐ 10

11 Contract labor (see instructions) ☐ 11

12 Depreciation ☐ 12

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) ☐ 13 2,300.

14 Employee benefit programs (other than on line 19) ☐ 14

15 Insurance (other than health) ☐ 15 1,200.

16 Interest (see instructions):
a Mortgage paid to banks, etc. ☐ 16a 3,800.
b Other ☐ 16b 750.

17 Legal and professional services ☐ 17

18 Office expense (see instructions) ☐ 18 520.

19 Pension and profit-sharing plans (see instructions) ☐ 19

20 Rent or lease (see instructions):
a Vehicles, machinery, and equipment ☐ 20a
b Other business property ☐ 20b

21 Repairs and maintenance ☐ 21

22 Supplies (not included in Part III) ☐ 22

23 Taxes and licenses ☐ 23

24 Travel and meals:
a Travel ☐ 24a
b Deductible meals (see instructions) ☐ 24b 1,200.

25 Utilities ☐ 25 1,250.

26 Wages (less employment credits) ☐ 26 24,000.

27a Other expenses (from line 48) ☐ 27a 500.

27b Energy efficient commercial bldgs deduction (attach Form 7205) ☐ 27b

28 Total expenses before expenses for business use of home. Add lines 8 through 27b ☐ 28 48,180.

29 Tentative profit or (loss). Subtract line 28 from line 7 ☐ 29 53,735.

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 ☐ 30 400.

31 Net profit or (loss). Subtract line 30 from line 29 ☐ 31 53,335.

If you have a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.
If a loss, you must go to line 32.

If you have a loss, check the box that describes your investment in this activity. See instructions.
If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3.
If you checked 32b, you must attach Form 6198. Your loss may be limited.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 01/24/24 TTY Schedule C (Form 1040) 2024

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SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0047

2023

Attachment
Sequence No. 09

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

Name of proprietor
James Johnson

Principal business or profession, including product or service (see instructions)
Property Maintenance and Repair Services

Business name, if no separate business name, leave blank.
Property Maintenance Nijas

Business address (including suite or room no.)
800 W Commercial Ave
City, town or post office, state, and ZIP code
Jackson, TN 38305

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses. ☒ Yes ☐ No

If you started or acquired this business during 2023, check here ☐ Yes ☐ No

Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions. ☐ Yes ☐ No

If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐ 1 117,200.

2 Returns and allowances ☐ 2 117,200.

3 Subtract line 2 from line 1 ☐ 3 117,200.

4 Cost of goods sold (from line 42) ☐ 4 28,000.

5 Gross profit. Subtract line 4 from line 3 ☐ 5 89,200.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) ☐ 6 4,250.

7 Gross income. Add lines 5 and 6 ☐ 7 93,450.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising ☐ 8

9 Car and truck expenses (see instructions) ☐ 9 7,260.

10 Commissions and fees ☐ 10

11 Contract labor (see instructions) ☐ 11

12 Depreciation ☐ 12

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) ☐ 13 2,400.

14 Employee benefit programs (other than on line 19) ☐ 14

15 Insurance (other than health) ☐ 15 1,000.

16 Interest (see instructions):
a Mortgage paid to banks, etc. ☐ 16a 3,800.
b Other ☐ 16b 600.

17 Legal and professional services ☐ 17

18 Office expense (see instructions) ☐ 18 50.

19 Pension and profit-sharing plans (see instructions) ☐ 19

20 Rent or lease (see instructions):
a Vehicles, machinery, and equipment ☐ 20a
b Other business property ☐ 20b

21 Repairs and maintenance ☐ 21

22 Supplies (not included in Part III) ☐ 22

23 Taxes and licenses ☐ 23

24 Travel and meals:
a Travel ☐ 24a
b Deductible meals (see instructions) ☐ 24b 1,000.

25 Utilities ☐ 25 1,250.

26 Wages (less employment credits) ☐ 26 6,000.

27a Other expenses (from line 48) ☐ 27a 1,250.

27b Energy efficient commercial bldgs deduction (attach Form 7205) ☐ 27b

28 Total expenses before expenses for business use of home. Add lines 8 through 27b ☐ 28 24,910.

29 Tentative profit or (loss). Subtract line 28 from line 7 ☐ 29 68,540.

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 ☐ 30

31 Net profit or (loss). Subtract line 30 from line 29 ☐ 31 68,540.

If you have a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.
If a loss, you must go to line 32.

If you have a loss, check the box that describes your investment in this activity. See instructions.
If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3.
If you checked 32b, you must attach Form 6198. Your loss may be limited.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 01/24 TTY Schedule C (Form 1040) 2023

Submission from borrower

Letter of Explanation

To whom it may concern,

Please accept this letter as an explanation of the declining 2024 income for Property Maintenance Ninjas. Last year was a year of expansion for us. We hired an additional technician and purchased a new work vehicle. Because of this additional staffing, we were able to obtain a new service contract, see attached. We expect for 2025 to exceed prior earnings history, and in fact, our YTD P&L shows an increase of about 25% from 2023.

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YTD P&L

Property Maintenance Ninjas Income Statement

Date: 3/31/25

Income:	
Services rendered	\$ 46,850
Other income	\$ 500
Cost of materials	\$ 6,750

GROSS PROFITS	\$40,600
----------------------	-----------------

Expenses:	
Salaries	\$ 15,500
Licenses	\$ 500
Insurance	\$ 400
Maintenance	\$ 250
Meals	\$ 375
Depreciation	\$ 975
Mortgage	\$ 950
Auto	\$ 1,895

TOTAL EXPENSES	\$20,845
-----------------------	-----------------

NET PROFIT	\$19,755
-------------------	-----------------

Cash Flow P&L

Profit and Loss Statement Analysis

Sole Proprietorship Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

<input checked="" type="checkbox"/>	SOLE PROPRIETORSHIP	Property Maintenance Ninjas
Time Frame (i.e., YTD, quarterly):	YTD	
Date From:	1/1/2025	
Date Paid Through:	3/31/2025	
Net Profit (Loss):	\$ 19,755.00	
Deduct nonrecurring income:	(\$ 500.00)	(
Add nonrecurring loss:		
Depletion:		
Depreciation:	\$ 975.00	
Amortization/Casualty Loss:		
Other: meals	\$ (375.00)	
Total Income:	\$ 19,855.00	\$
Monthly Income:	\$ 6,618.33	\$

YTD P&L

Property Maintenance Ninjas Income Statement

Date: 3/31/25

Income:	
Services rendered	\$ 46,850
Other income	\$ 500
Cost of materials	\$ 6,750
GROSS PROFITS	\$40,600
Expenses:	
Salaries	\$ 15,500
Licenses	\$ 500
Insurance	\$ 400
Maintenance	\$ 250
Meals	\$ 375
Depreciation	\$ 975
Mortgage	\$ 950
Auto	\$ 1,895
TOTAL EXPENSES	\$20,845
NET PROFIT	\$19,755

What is the earnings trend with YTD?

YTD Earnings			
Sole Proprietorship Cash Flow			
Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.			
X	SOLE PROPRIETORSHIP	Property Maintenance Ninjas	
Time Frame (i.e., YTD, quarterly):		YTD	
Date From:		1/1/2025	
Date Paid Through:		3/31/2025	
Net Profit (Loss):	\$	19,755.00	
Deduct nonrecurring income:	(\$	500.00)	(
Add nonrecurring loss:			
Depletion:			
Depreciation:	\$	975.00	
Amortization/Casualty Loss:			
Other: meals	\$	(375.00)	
Total Income:	\$	19,855.00	\$
Monthly Income:	\$	6,618.33	\$

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2024 & 2023 Earnings			
	2024	2023	+
	\$ 53,365.00	\$ 68,540.00	
	(\$ 980.00)	(\$ 4,250.00)	
	\$ 2,300.00	\$ 2,400.00	
	(\$ 1,200.00)	(\$ 1,000.00)	
	\$ 400.00		
*Miles	18,000	*Miles 12,000	
	\$ 0.30	\$ 0.28	
	\$ 5,400.00	\$ 3,360.00	
		\$ 650.00	
	\$ 59,285.00	\$ 69,700.00	
	/12 = \$4,940	/12 = \$5,808	

Determining qualifying income

SAM Cash Flow Analysis Worksheet

MGIC

X	SCHEDULE C - SOLE PROPRIETORSHIP	2024	2023
	Name: Property Maintenance Ninjas	2024	2023 + -
4	Net Profit (Loss): LINE 31	\$ 53,365.00	\$ 68,540.00
5	Deduct nonrecurring income: LINE 6	(\$ 980.00)	(\$ 4,250.00)
6	Depletion: LINE 12		
7	Depreciation: LINE 13	\$ 2,300.00	\$ 2,400.00
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(\$ 1,200.00)	(\$ 1,000.00)
9	Business Use of Home: LINE 30	\$ 400.00	
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles 18,000	*Miles 12,000
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	\$ 0.30	\$ 0.28
11b	= Total Mileage Depreciation	\$ 5,400.00	\$ 3,360.00
12	Amortization/Casualty Loss (only if noted): page 2, part V		\$ 650.00
	SUBTOTAL	\$ 59,285.00	\$ 69,700.00

1	Schedule C Property Maintenance Ninjas	<input type="checkbox"/>	\$	59,285.00	12	<input type="checkbox"/>	\$	69,700.00	12	\$	5,374.38	24
2	Schedule C Property Maintenance Ninjas	<input type="checkbox"/>	\$	59,285.00	12	<input checked="" type="checkbox"/>	\$	69,700.00	0	\$	4,940.42	12
3	Schedule C Property Maintenance Ninjas	<input checked="" type="checkbox"/>	\$	59,285.00	0	<input checked="" type="checkbox"/>	\$	69,700.00	0	\$	-	0

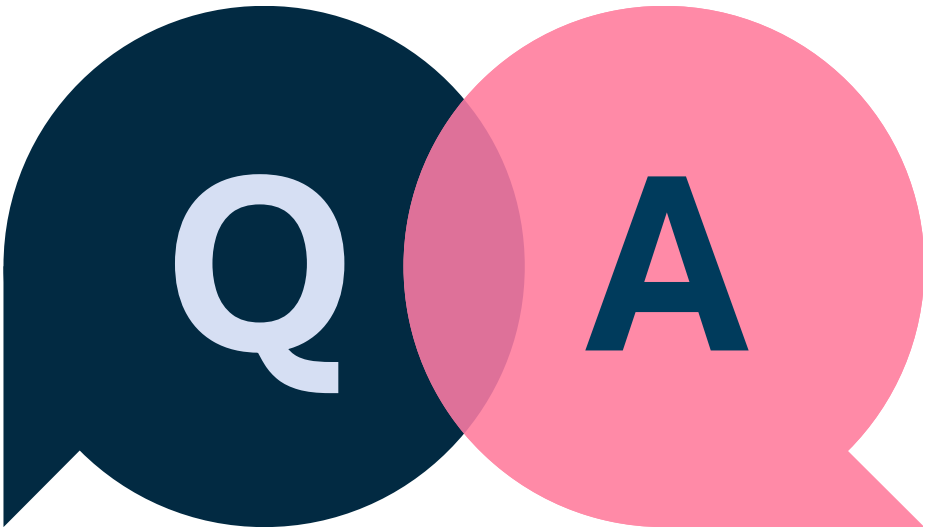
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Final determination of qualifying income

SAM Cash Flow Analysis Worksheet				MGIC	
<input checked="" type="checkbox"/>	SCHEDULE C - SOLE PROPRIETORSHIP	2024	2023		
	Name: Property Maintenance Ninjas	2024	2023	+	-
4	Net Profit (Loss): LINE 31	\$ 53,365.00	\$ 68,540.00		
5	Deduct nonrecurring income: LINE 6	(\$ 980.00)	(\$ 4,250.00)		
6	Depletion: LINE 12				
7	Depreciation: LINE 13	\$ 2,300.00	\$ 2,400.00		
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(\$ 1,200.00)	(\$ 1,000.00)		
9	Business Use of Home: LINE 30	\$ 400.00			
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles 18,000	*Miles 12,000		
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	\$ 0.30	\$ 0.28		
11b	= Total Mileage Depreciation	\$ 5,400.00	\$ 3,360.00		
12	Amortization/Casualty Loss (only if noted): page 2, part V		\$ 650.00		
	SUBTOTAL	\$ 59,285.00	\$ 69,700.00		

2	Schedule C Property Maintenance Ninjas	\$	59,285.00	12	<input checked="" type="checkbox"/>	\$	69,700.00	0	\$	4,940.42	12
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MGIC

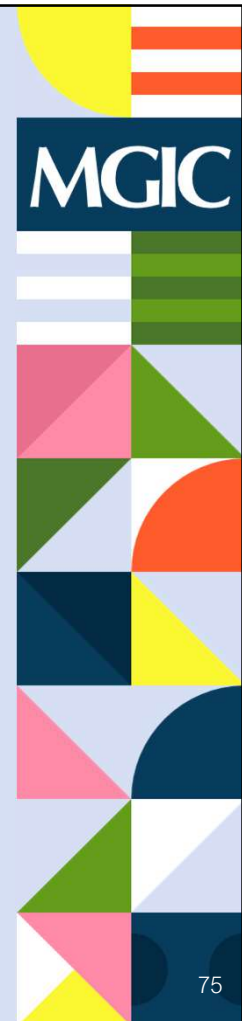


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Purpose of cash flow analysis

Verify qualifying income that is:

- Stable
- Likely to continue



TOOLS FOR SUCCESS!

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SEB and income analysis calculators and resources

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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 macro-free 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	All-in-one calculator	Income calculator	Rental calculator
All-in-one self-employed income calculator Full workbook	All-in-one self-employed income calculator Condensed version	Employment and other income calculator	Rental income calculator
All-in-one self-employed income calculator updated for tax year 2024 Available in macro-enabled and macro-free versions This calculator incorporates 4 worksheets, including SAM cash flow analysis, liquidity, comparative income analysis and P&L statement analysis. (2/10/2025)	All-in-one self-employed income calculator updated for tax year 2024 Macro-free short form This is a condensed version of our macro-free self-employed calculator, with just one of each type of business entity. (2/10/2025)	Employment & other income calculator Available in macro-enabled and macro-free versions This worksheet is designed to calculate salaried borrowers' monthly qualifying income (fixed and variable) and gross up non-taxable income. (1/2/2025)	Rental income calculator updated for tax year 2024 Available in macro-enabled and macro-free versions 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)
Download macro-enabled ► Download macro-free ►	Download macro-free ►	Download macro-enabled ► Download macro-free ►	Download macro-enabled ► Download macro-free ►
Video 	Video 	FAQs 	Infographic
Overview video: All-in-one self-employed income calculator This video highlights the features that make our all-in-one self-employed income calculator a powerful tool for assisting you in calculating and analyzing your self-employed borrowers' income.	Overview video: Employment & other income calculator In this demo video, we'll share user tips to maximize your experience and make the process of calculating and analyzing your borrowers' income easier and more accurate.	Have additional questions? Get the answers to your questions about our self-employed borrower and income analysis calculator worksheets, as well as information about the macro-enabled and macro-free versions.	Characteristics of 5 common self-employed business structures This quick reference defines the different business structures and provides insights so you can better understand the risk and tax implications of each.
Watch now ►	Watch now ►	Download PDF ►	Download PDF ►

Dig deeper

mgic.com/magic-minutes

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The screenshot displays a web interface for the 'Magic Minute series'. At the top, the title 'Magic Minute series' is followed by a subtitle: 'Count on MGIC's on-demand videos to expand your mortgage industry knowledge in 1 minute.' Below this, a large graphic features a magnifying glass over a document with a dollar sign and a checkmark. The main heading for the featured module is 'Analyzing Self-Employed Income'. The description states: 'This new training series helps you to confidently calculate the qualifying income of a self-employed borrower and determine your borrower's ability to make mortgage payments in the future.' At the bottom of the module preview, there is a button that says 'Explore the series >'. To the right of the main content, there is a vertical sidebar with a colorful geometric pattern and some partially visible text.



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Magic Minutes training series

MGIC > training > Magic Minutes Training Series >

Analyzing Self-Employed Income

Calculating the qualifying income of a self-employed borrower can be challenging. These videos can help you to better analyze if the business will continue to generate and distribute income, and whether your borrower will be able to make future mortgage payments.

<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Eligibility requirements</p> <p>Magic Minutes</p> <p>Learn who can be considered self-employed, the eligibility requirements they must meet, and what factors to examine when evaluating self-employed income.</p> <p>Watch it on YouTube ▶</p>	<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Business structures</p> <p>Magic Minutes</p> <p>Understand different types of business structures to communicate with borrowers, document the file, and know how money flows from business tax returns to personal tax returns.</p> <p>Watch it on YouTube ▶</p>	<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Documentation requirements</p> <p>Magic Minutes</p> <p>Know the difference between Fannie Mae and Freddie Mac documentation requirements, as well as the tools for confidently calculating qualifying income and expediting turn times.</p> <p>Watch it on YouTube ▶</p>	<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Cash flow analysis</p> <p>Magic Minutes</p> <p>Discover how considering the nature of a business is key when conducting a liquidity test. Assess a business's financial health by using the 5 steps for determining liquidity.</p> <p>Watch it on YouTube ▶</p>
<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Magic Minutes</p>	<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Magic Minutes</p>	<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Magic Minutes</p>	<p>Video</p> <p>Analyzing Self-Employed Income</p> <p>Magic Minutes</p>

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LinkedIn: mgic.com/linkedin



YouTube: mgic.com/youtube



Facebook: mgic.com/facebook

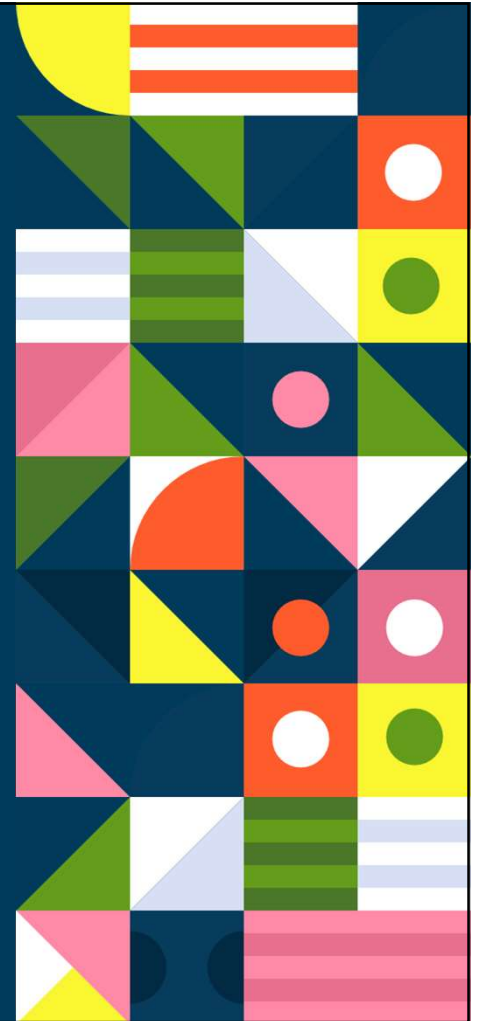
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Thank you for choosing MGIC

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SCHEDULE C
(Form 1040)

 Department of the Treasury
 Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

 Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
 Go to www.irs.gov/ScheduleC for instructions and the latest information.

 OMB No. 1545-0074
2023
 Attachment
 Sequence No. 00

 Name of proprietor
James Johnson

 Social security number (SSN)
001-00-0000

 Principal business or profession, including product or service (see instructions)
Property Maintenance and Repair Services

 Enter code from instructions
9 9 9 0 0 0

 Business name, if no separate business name, leave blank.
Property Maintenance Ninjas

Employer ID number (EIN) (see instr.)

 Business address (including suite or room no.)
800 W Commercial Ave
 City, town or post office, state, and ZIP code
Jackson, TN 38305

 Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify)

 Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses. ☐ Yes ☐ No

 If you started or acquired this business during 2023, check here ☐ Yes ☐ No

 Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions. ☒ Yes ☐ No

 If "Yes," did you or will you file required Form(s) 1099? ☒ Yes ☐ No

Part I Income

 1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. ☐

 2 Returns and allowances **117,200.**

 3 Subtract line 2 from line 1 **117,200.**

 4 Cost of goods sold (from line 42) **28,000.**

 5 **Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)** **4,250.**

 6 **Gross income. Add lines 3 and 5** **93,450.**
Part II Expenses. Enter expenses for business use of your home only on line 30.

 8 Advertising **50.**

 9 Car and truck expenses (see instructions) **7,260.**

10 Commissions and fees

11 Contract labor (see instructions)

 12 Depreciation **2,400.**

 13 **Expenses for business use of your home (see instructions)** **2,400.**

14 Employee benefit programs (other than on line 19)

 15 Insurance (other than health) **1,000.**

16 Interest (see instructions)

 17a Mortgage (paid to banks, etc.) **3,800.**

17b Other

 17 Legal and professional services **600.**

 18 Office expense (see instructions) **50.**

19 Pension and profit-sharing plans

20 Rent or lease (see instructions):

a Vehicles, machinery, and equipment

b Other business property

21 Repairs and maintenance

22 Supplies (not included in Part III)

23 Taxes and licenses

24a Travel

 24b Deductible meals (see instructions) **1,000.**

25 Wages (less employment credits)

 26 Other expenses (from line 48) **1,150.**

27a Energy efficient commercial bldgs deduction (attach Form 7209)

27b

 28 **Total expenses before expenses for business use of home. Add lines 8 through 27b** **24,910.**

 29 Tentative profit or (loss). Subtract line 28 from line 7. **68,540.**

Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.

 Simplified method filers only: Enter the total square footage of (a) your home: **30**

 and (b) the part of your home used for business: **31**

 Method Worksheet in the instructions to figure the amount to enter on line 30. **30**

 Net profit or (loss). Subtract line 30 from line 29. **31** **68,540.**

If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3.

If you checked 32b, you must attach Form 6198. Your loss may be limited.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 09/17/24 TTW Schedule C (Form 1040) 2023

Answer – Slide 60

SAM Cash Flow Analysis Worksheet

 Name: **Property Maintenance Ninjas - James**

2023

4	Net Profit (Loss): LINE 31	\$ 68,540.00
5	Deduct nonrecurring income: LINE 6	(\$ 4,250.00)
6	Depletion: LINE 12	
7	Depreciation: LINE 13	\$ 2,400.00
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(\$ 1,000.00)
9	Business Use of Home: LINE 30	
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	
11b	= Total Mileage Depreciation	
12	Amortization/Casualty Loss (only if noted): page 2, part V	
	SUBTOTAL	\$ 65,690.00

 mortgage guaranty
 insurance corporation

85