

Evaluating Self-Employed Borrowers **TAX YEAR 2025**

Overcoming Tough Challenges

MGIC

mortgage guaranty
insurance corporation



Legal disclaimer

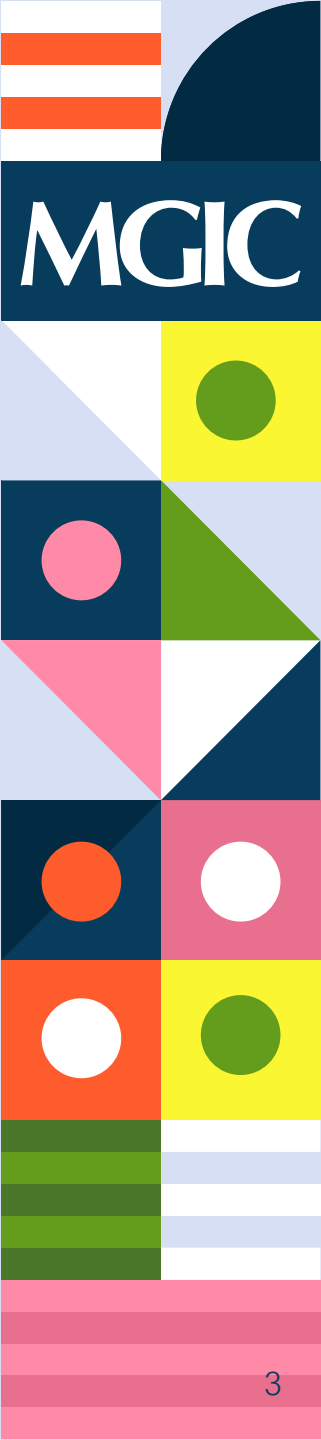
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What we're covering today

- The “why” behind the guidelines
- The 5-step process to evaluating income
- Case study
- Your questions





**“The more things
change, the
more they stay
the same.”**

Jean-Baptiste Alphonse Karr



Back in the day

Purpose of cash flow analysis

- Verify qualifying income that is:
 - Stable
 - Likely to continue



Subjectivity or “gray areas” in lending

What's the intent?

- Fuzzy
- Vague
- Ambiguous
- Opportunity for error or question
- Difference of opinion
- Time-consuming ... easier to say “no”

Intent or spirit of guidelines

Evaluate the

the

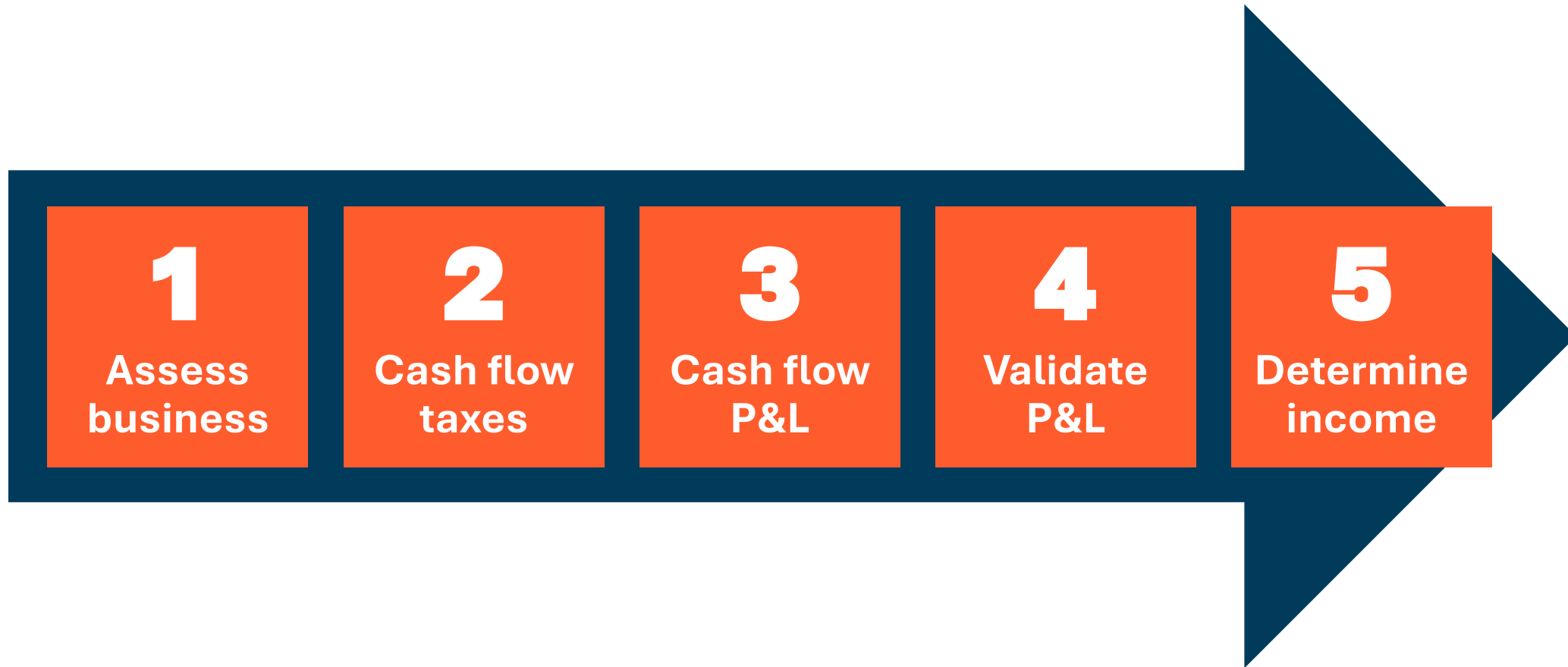
“why”

- Easier to identify questions and additional documentation
- Easier to explain to others
- Easier to present to next level with recommendation
- Grows base of understanding and experience
- Directs explanation of decision for future review



**Were you
with us
during the
pandemic?**

5-step process





Meet Jay, our loan officer

Loan Application

1b. Current Employment/Self-Employment and Income		<input type="checkbox"/> Does not apply
Employer or Business Name SPEEDY REPAIR SERVICES Phone (999) 999 - 9999 Street 123 Main Street Unit # _____ City Anytown State FL ZIP 88888 Country _____		Gross Monthly Income Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month TOTAL \$ _____ 0.00/month
Position or Title OWNER Start Date 01 / 15 / 2022 (mm/dd/yyyy) How long in this line of work? 4 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.		
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="checkbox"/> 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. \$ 20250		

1

My borrower is telling me that another lender told him only 1 year of personal and business tax returns were needed because, although he bought the business 4 years ago, the business has been in existence for 10 years. He also has been self-employed in another business for over 20 years. I wanted to confirm what documentation is needed.

1

My borrower is telling me that another lender told him only 1 year of personal and business tax returns were needed because, although he bought the business 4 years ago, the business has been in existence for 10 years. He also has been self-employed in another business for over 20 years. I wanted to confirm what documentation is needed.

Thanks for reaching out. The borrower must have an ownership interest in that particular business for at least 5 years to qualify for documentation relief. 2 years of personal and business returns are needed.

1

Assess business

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



What is the stability of the borrower's income that is derived from the business?

Is there a demand for the business product or service?

Is the business currently in existence?

Is the impact of any environmental or economic event negligible due to the nature and location of the business?



NOL

On Schedule 1

Form **1040** U.S. Individual Income Tax Return **2025** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning _____, 2025, ending _____, 2025. See separate instructions.

Filed pursuant to section 301.9100-2 Combat zone Deceased Spouse

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 foreign address, see instructions.

City, town, or post office. If you have a foreign address, see instructions.

Foreign country name _____

Filing Status Single Married filing jointly (even if you are not living together) Married filing separately and full name here: _____ If treating a nonresident alien as a spouse, see instructions.

Digital Assets At any time during 2025, did you receive digital assets? Yes No

Dependents (see instructions) (1) First name _____ (2) Last name _____ (3) SSN _____ (4) Relationship _____ (5) Check if lived with you more than half of 2025: (a) Yes (b) No (6) Check if: Full-time student Child tax credit (7) Credits Check if your filing status, separated according to live in the same household.

Income 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.

1a Total amount from Forms W-2, 1099-R, and other income _____

2a Tax-exempt interest _____

3a Qualified dividends _____

4a IRA distributions _____

5a Pensions and annuities _____

6a Social security benefits _____

7a Capital gain or (loss). Check if: Schedule E Schedule D _____

8 Additional income from other sources _____

9 Add lines 1a, 2a, 3a, 4a, 5a, 6a, 7a, and 8 _____

10 Adjustments to income _____

11a Subtract line 10 from line 9 _____

SCHEDULE 1 (Form 1040) Additional Income and Adjustments to Income OMB No. 1545-0074 **2025** Attachment Sequence No. **01**

Department of the Treasury Internal Revenue Service Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR _____ Your social security number _____

For 2025, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss _____

Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k.

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions): _____		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Check if any from Form(s): <input type="checkbox"/> 4797 <input type="checkbox"/> 4684	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation. If you repaid a 2025 overpayment (see instructions), check here <input type="checkbox"/> and enter amount repaid: _____	7	
8	Other income:		
a	Net operating loss	8a	(25,000)
b	Gambling	8b	
c	Cancellation of debt	8c	
d	Foreign earned income exclusion from Form 2555	8d	
e	Income from Form 8853	8e	
f	Income from Form 8889	8f	
g	Alaska Permanent Fund dividends	8g	
h	Jury duty pay	8h	
i	Prizes and awards	8i	
j	Activity not engaged in for profit income	8j	
k	Stock options	8k	
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l	
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m	
n	Section 951(a) inclusion (see instructions)	8n	
o	Section 951A(a) inclusion (see instructions)	8o	
p	Section 461(l) excess business loss adjustment	8p	
q	Taxable distributions from an ABL account (see instructions)	8q	
r	Scholarship and fellowship grants not reported on Form W-2	8r	
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s	
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t	
u	Wages earned while incarcerated	8u	
v	Digital assets received as ordinary income not reported elsewhere. See instructions	8v	
z	Other income. List type and amount:	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2025 Created 7/25/25

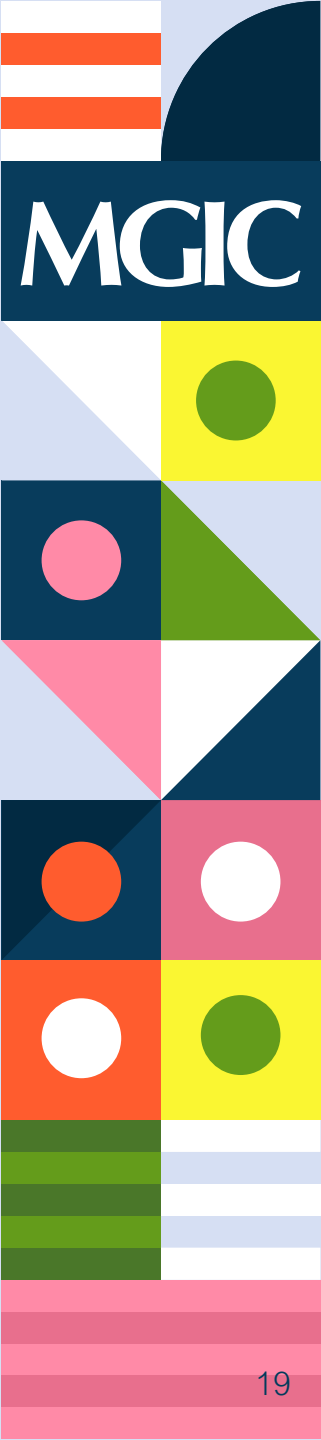


Net operating losses ... Now what?

Net operating loss (NOL)

For income tax purposes, a net operating loss (NOL) is the result when a company's allowable deductions exceed its taxable income within a tax period. The NOL can generally be used to offset a company's tax payments in other tax periods through an IRS provision called a loss carryforward.

Total Operating Expenses > Total Operating Income = Net Operating Loss



MGIC SEB class notes

When can you add back in NOLs?

1. Unlikely to reoccur
2. Associated with the business
3. Affects business cash flow

NOL

On Schedule C

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074
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.		2025 Attachment Sequence No. 09
Name of proprietor		Social security number (SSN)		
A Principal business or profession, including product or service (see instructions)		B Enter code from instructions		
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN) (see instr.)		
E Business address (including suite or room no.) City, town or post office, state, and ZIP code				
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify)				
G Did you "materially participate" in the operation of this business during 2025? If "No," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No				
H If you started or acquired this business during 2025, check here <input type="checkbox"/>				
I Did you make any payments in 2025 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No				
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> 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 <input type="checkbox"/>	1	60,000	
2	Returns and allowances	2		
3	Subtract line 2 from line 1	3		
4	Cost of goods sold (from line 42)	4		
5	Gross profit. Subtract line 4 from line 3	5		
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6		
7	Gross income. Add lines 5 and 6	7	60,000	
Part II Expenses. Enter expenses for business use of your home only on line 30.				
8	Advertising	8		18 Office expense (see instructions)
9	Car and truck expenses (see instructions)	9		19 Pension and profit-sharing plans
10	Commissions and fees	10		20 Rent or lease (see instructions):
11	Contract labor (see instructions)	11		a Vehicles, machinery, and equipment
12	Depreciation	12		b Other business property
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	14,000	21 Repairs and maintenance
14	Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)
15	Insurance (other than health)	15		23 Taxes and licenses
16	Interest (see instructions):	16		24 Travel and meals:
a	Mortgage (paid to banks, etc.)	16a		a Travel
b	Other	16b		b Deductible meals (see instructions)
17	Legal and professional services	17		25 Utilities
18		18		26 Wages (less employment credits)
19		19		27a Energy efficient commercial bldgs deduction (attach Form 7205)
20		20		b Other expenses (from line 48)
21		21		27b
22		22		27c
23		23	1,000	27d
24		24		27e
25		25		27f
26		26		27g
27		27		27h
28	Total expenses before expenses for business use of home. Add lines 8 through 27b	28		27i
29	Tentative profit or (loss). Subtract line 28 from line 7	29		27j
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		27k
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.	31	40,000	27l
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.	32		27m
		32a	<input type="checkbox"/> All investment is at risk.	27n
		32b	<input type="checkbox"/> Some investment is not at risk.	27o

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P Schedule C (Form 1040) 2025 Created 4/3/25

Schedule C (Form 1040) 2025		Page 2
Part III Cost of Goods Sold (see instructions)		
33	Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation <input type="checkbox"/> Yes <input type="checkbox"/> No	
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35
36	Purchases less cost of items withdrawn for personal use	36
37	Cost of labor. Do not include any amounts paid to yourself	37
38	Materials and supplies	38
39	Other costs	39
40	Add lines 35 through 39	40
41	Inventory at end of year	41
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42
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) ____/____/____	
44	Of the total number of miles you drove your vehicle during 2025, 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? <input type="checkbox"/> Yes <input type="checkbox"/> No	
46	Do you (or your spouse) have another vehicle available for personal use? <input type="checkbox"/> Yes <input type="checkbox"/> No	
47a	Do you have evidence to support your deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No	
b	If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Part V Other Expenses. List below business expenses not included on lines 8-27a, or line 30.		
	Net Operating Loss (2020)	-25,000
48	Total other expenses. Enter here and on line 27b	48

Schedule C (Form 1040) 2025

NOL

On Form 1120

mortgage guaranty
insurance corporation

Form 1120		U.S. Corporation Income Tax Return				OMB No. 1545-0123
Department of the Treasury Internal Revenue Service		For calendar year 2025 or tax year beginning _____, 2025, ending _____, 2025				2025
Go to www.irs.gov/Form1120 for instructions and the latest information.						
A Check if:		Name			B Employer identification number	
1a Consolidated return (attach Form 851) <input type="checkbox"/>		Number and street. If a P.O. box, see instructions.			Room or suite no.	
b Life/nonlife consolidated return. <input type="checkbox"/>		City or town			State or province	
2 Personal holding co. (attach Sch. PH) <input type="checkbox"/>		Country			ZIP or foreign postal code	
3 Personal service corp. (see instructions) <input type="checkbox"/>		E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change			D Total assets (see instructions)	
4 Schedule M-3 attached <input type="checkbox"/>					\$	
Income		1a Gross receipts or sales	1a			
		b Returns and allowances	1b			
		c Balance. Subtract line 1b from line 1a			1c	
		2 Cost of goods sold (attach Form 1125-A)			2	
		3 Gross profit. Subtract line 2 from line 1c			3	
		4 Dividends and inclusions (Schedule C, line 23)			4	
		5 Interest			5	
		6 Gross rents			6	
		7 Gross royalties			7	
		8 Capital gain net income (attach Schedule D (Form 1120))			8	
		9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	
10 Other income (see instructions—attach statement)			10			
11 Total income. Add lines 3 through 10			11			
Deductions (See instructions for limitations on deductions.)		12 Compensation of officers (see instructions—attach Form 1125-E)			12	
		13 Salaries and wages (less employment credits)			13	
		14 Repairs and maintenance			14	
		15 Bad debts			15	
		16 Rents			16	
		17 Taxes and licenses			17	
		18 Interest (see instructions)			18	
		19 Charitable contributions			19	
		20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			20	
		21 Depletion			21	
		22 Advertising			22	
		23 Pension, profit-sharing, etc., plans			23	
		24 Employee benefit programs			24	
		25 Energy efficient commercial buildings deduction (attach Form 7205)			25	
		26 Other deductions (attach statement)			26	
		27 Total deductions. Add lines 12 through 26			27	
		28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11.			28	
29a Net operating loss deduction (see instructions)		29a	-25,000			
b Special deductions (Schedule C, line 24)		29b				
c Add lines 29a and 29b			29c			
Tax, Refundable Credits, and Payments		30 Taxable income. Subtract line 29c from line 28. See instructions			30	
		31 Total tax (Schedule J, line 12)			31	
		32 First installment of section 1062 applicable net tax liability. Enter amount from Form 1062, line 15			32	
		33 Total payments, credits, and section 1062 applicable net tax liability (Schedule J, line 23)			33	
		34 Estimated tax penalty. See instructions. Check if Form 2220 is attached <input type="checkbox"/>			34	
		35 Amount owed. If line 33 is smaller than the total of lines 31, 32, and 34, enter amount owed			35	
		36 Overpayment. If line 33 is larger than the total of lines 31, 32, and 34, enter amount overpaid			36	
37 Enter amount from line 36 you want: a Credited to 2026 estimated tax b Refunded			37b			
c Routing number		d Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings				
e Account number						
Sign Here		Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
Signature of officer		Date		Title		
Preparer's name		Preparer's signature		Date		
Firm's name		Firm's EIN		Check <input type="checkbox"/> if self-employed PTIN		
Firm's address		Firm's phone no.				
Paid Preparer Use Only						
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form 1120 (2025) Created 9/26/25						

NOL

On Schedule 1

Form 1040 U.S. Individual Income Tax Return 2025

SCHEDULE 1 (Form 1040) Additional Income and Adjustments to Income

2025 Attachment Sequence No. 01

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
3	Date of original divorce or separation agreement (see instructions):	3	
4	Business income or (loss). Attach Schedule C	4	
5	Other gains or (losses). Check if any from Form(s): <input type="checkbox"/> 4797 <input type="checkbox"/> 4684	5	
6	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	6	
7	Farm income or (loss). Attach Schedule F	7	
8	Unemployment compensation. If you repaid a 2025 overpayment (see instructions), check here <input type="checkbox"/> and enter amount repaid:	8	
8a	Other income:	8a	
8b	Net operating loss	8b	(25,000)
8c	Gambling	8c	
8d	Cancellation of debt	8d	
8e	Foreign earned income exclusion from Form 2555	8e	
8f	Income from Form 8853	8f	
8g	Income from Form 8889	8g	
8h	Alaska Permanent Fund dividends	8h	
8i	Jury duty pay	8i	
8j	Prizes and awards	8j	
8k	Activity not engaged in for profit income	8k	
8l	Stock options	8l	
8m	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	8m	
8n	Olympic and Paralympic medals and USOC prize money (see instructions)	8n	
8o	Section 951(a) inclusion (see instructions)	8o	
8p	Section 951A(a) inclusion (see instructions)	8p	
8q	Section 461(f) excess business loss adjustment	8q	
8r	Taxable distributions from an ABL account (see instructions)	8r	
8s	Scholarship and fellowship grants not reported on Form W-2	8s	
8t	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8t	
8u	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8u	
8v	Wages earned while incarcerated	8v	
8w	Digital assets received as ordinary income not reported elsewhere. See instructions	8w	
8z	Other income. List type and amount:	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	

It is not associated with the business.

It does not affect cash flow.

What is our primary concern with NOLs?

Will it happen again?

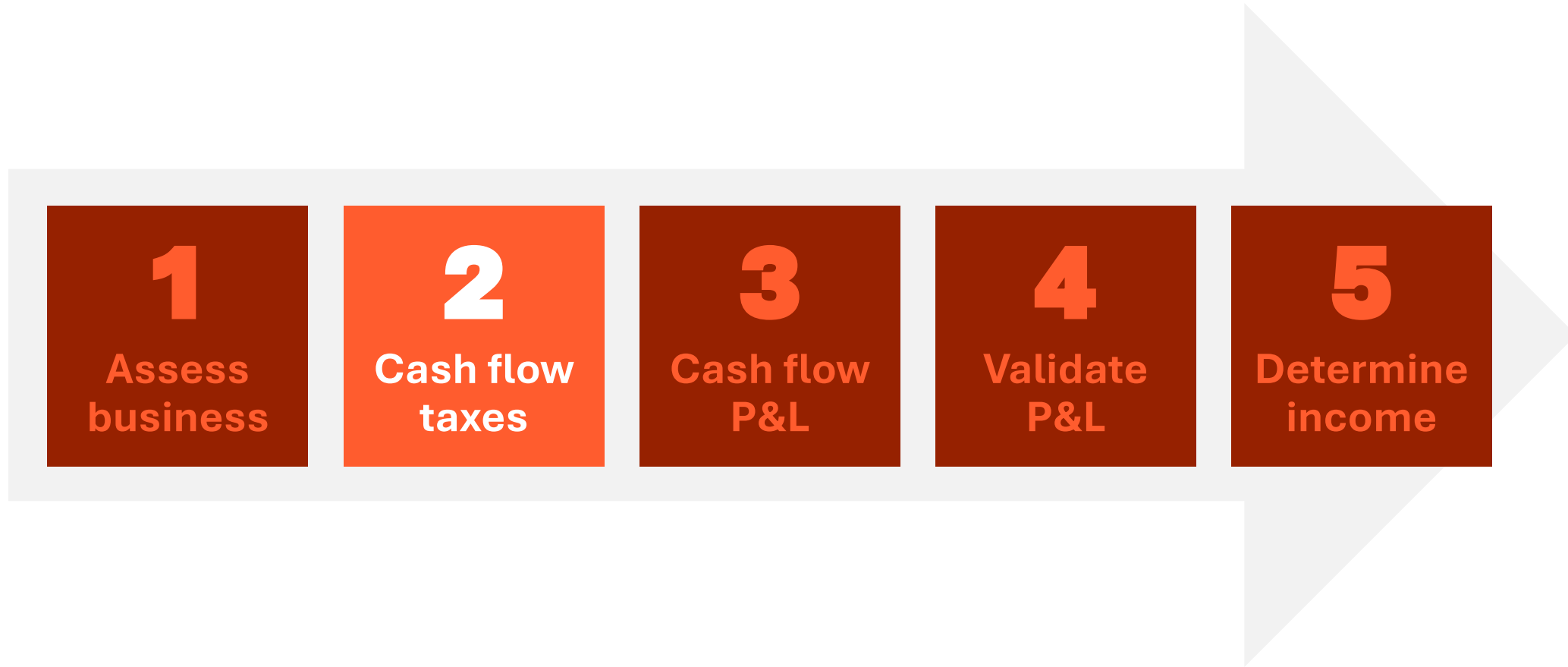
Prior business

- Not as concerning
- Still need LOE

Current business

- When?
- Why?
- How much?

5-step process



All-in-one self-employed income calculator

Excel XLSM – macro-enabled

Excel XLSX – macro-free

Excel XLSX – macro-free short

The image displays a stack of overlapping screenshots from the SAM Worksheet software. The top-most screenshot is the 'SAM Worksheet - Help Document' for the 'Profit and Loss Statement Analysis' worksheet. It includes 'User Tips' such as 'Add borrower information in blue-shaded fields', 'Click the "O" button to expand income source section', and 'Use the Summary section to analyze income trends'. Below this is the 'Comparative Income Analysis Worksheet' showing a table for 'Cost of Goods Sold (CGS)' with columns for '\$' and '\$'. The 'Liquidity Worksheet' is next, with instructions to 'Determine business liquidity using tax return or interim balance sheet' and a table for 'PERSONAL CASH' with rows for 'Cash: Line', 'Trade note', 'Inventory', 'Other', and 'Total Current Assets'. The 'Cash Flow Analysis Summary' shows a table for 'PERSONAL CASH' and 'PARTNERSHIP & BUSINESS' with rows for 'Accounts', 'Mortgage', 'Other current', and 'Total Current Assets'. The 'SAM Cash Flow Analysis Worksheet' is the largest screenshot, featuring a 'User Tips' section, a 'Reset Workbook' button, and a table for 'SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT', 'SCHEDULE C - SOLE PROPRIETORSHIP', and 'SCHEDULE C - SINGLE-MEMBER LLC'. The bottom-most screenshot shows the 'Partnership Cash Flow' section with a table for 'PARTNERSHIP' and 'W-2 Wages'.

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

S Corporation Cash Flow

Evaluate business income as required by your investor.

S CORPORATION	Name:		
SCHEDULE K-1			
7	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		
8	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.		
	SUBTOTAL	\$ -	\$ -
FORM W-2			
9	Wages: W-2, Box 5 (in general)		
FORM 1120S			
0	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5		
1	Depreciation: LINE 14		
2	Depreciation (FORM 8825): LINE 14		
3	Depletion: LINE 15		
4	Amortization/Casualty Loss (only if noted): LINE 21 from attached statement		
5	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	()	()
6	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b	()	()
	SUBTOTAL	\$ -	\$ -
7	Multiplied by Ownership Percentage		
	Shareholder's Total Share of Income (Loss)	\$ -	\$ -

Schedule K-1 (Form 1120-S)

671124
OMB No. 1545-0123

Final K-1 Amended K-1

Schedule K-1
(Form 1120-S)
Department of the Treasury
Internal Revenue Service

2025

For calendar year 2025, or 1-year period beginning / / 2025 ending / /

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

1 Ordinary business income (loss)	132,500	13 Credits
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		
4 Interest income		
5a Ordinary dividends		
5b Qualified dividends		14 Schedule K-3 is attached if checked <input type="checkbox"/>
6 Royalties		15 Alternative minimum tax (AMT) items
7 Net short-term capital gain (loss)		
8a Net long-term capital gain (loss)		
8b Collectibles (28%) gain (loss)		
8c Unrecaptured section 1250 gain		
9 Net section 1231 gain (loss)		16 Items affecting shareholder basis
10 Other income (loss)		
11 Section 179 deduction		
12 Other deductions		
17 Other information		
18 <input type="checkbox"/> More than one activity for at-risk purposes*		
19 <input type="checkbox"/> More than one activity for passive activity purposes*		

* See attached statement for additional information.

Part I Information About the Corporation

A Corporation's employer identification number
12-3456789

B Corporation's name, address, city, state, and ZIP code
SPEEDY AUTO REPAIR

C IRS Center where corporation filed return

D Corporation's total number of shares
Beginning of tax year
End of tax year

Part II Information About the Shareholder

E Shareholder's identifying number

F1 Shareholder's name, address, city, state, and ZIP code
REFERRAL BORROWER

F2 If the shareholder is a disregarded entity, a trust, an estate, or a nominee or similar person, enter the individual or entity responsible for reporting:
TIN _____ Name _____

F3 What type of entity is this shareholder?

G Current year allocation percentage **50 %**

H Shareholder's number of shares
Beginning of tax year
End of tax year

I Loans from shareholder
Beginning of tax year \$
End of tax year \$

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S) 2025 Created 4/9/25

MGIC SEB class notes

When can K-1 income be used?

1. The borrower has accessed the income (OR)
2. The business has adequate liquidity to support the withdrawal of earnings

Schedule K-1 (Form 1120-S)

671124
OMB No. 1545-0123

2025

Schedule K-1 (Form 1120-S)
 Department of the Treasury
 Internal Revenue Service

For calendar year 2025, or tax year beginning / / 2025 ending / /

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

1	Ordinary business income (loss)	13	Credits
	132,500		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Schedule K-3 is attached if checked <input type="checkbox"/>
6	Royalties	15	Alternative minimum tax (AMT) items
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)	16	Items affecting shareholder basis
10	Other income (loss)		
11	Section 179 deduction		
12	Other deductions		
17	Other information		
18	<input type="checkbox"/> More than one activity for at-risk purposes*		
19	<input type="checkbox"/> More than one activity for passive activity purposes*		

* See attached statement for additional information.

Part I Information About the Corporation

A Corporation's employer identification number
12-3456789

B Corporation's name, address, city, state, and ZIP code
SPEEDY AUTO REPAIR

C IRS Center where corporation filed return

D Corporation's total number of shares
Beginning of tax year
End of tax year

Part II Information About the Shareholder

E Shareholder's identifying number

F1 Shareholder's name, address, city, state, and ZIP code
REFERRAL BORROWER

F2 If the shareholder is a disregarded entity, a trust, an estate, or a nominee or similar person, enter the individual or entity responsible for reporting:
TIN _____ Name _____

F3 What type of entity is this shareholder? _____

G Current year allocation percentage 50 %

H Shareholder's number of shares
Beginning of tax year
End of tax year

I Loans from shareholder
Beginning of tax year \$ _____
End of tax year \$ _____

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S) 2025 Created 4/9/25



DETOUR

Lender must provide support that the business has sufficient **liquidity** and is financially capable of producing monthly income for the borrower.

Freddie Mac – Guidance

Selling Guide –
Published 05/06/2026

5304.1(d): Stable monthly income and documentation requirements for self-employed Borrowers – Business and income analysis.



(d) Business review and analysis

The following table contains requirements and guidance pertaining to review and analysis of the business that produces the stable monthly income for the Borrower.

Business review and analysis	
Topic	Requirements and guidance
Business review and analysis	<p>The Seller's analysis of the business must support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the Borrower.</p> <ul style="list-style-type: none">• The analysis must include a review of the business tax returns• The Seller's review must include, at a minimum, an analysis of gross receipts or sales, cost of goods sold and gross profits. All should be typical for the type of business and reflect consistent year over year trends. In addition, the business expenses should be reasonable for the type of business activity and level of business income. Business

- **The Seller may determine that review and analysis of the business financial statements, business asset statements, and in the case of Partnerships and S corporations, an analysis of the historical cash distributions, is necessary to establish the financial and liquidity standing of the business. In addition, the Seller may calculate and consider the liquidity ratios of the business using generally accepted accounting practices when analyzing the liquidity of the business.**

Schedule L Liquidity test

Liquidity Worksheet

Schedule L - Assets

Input the Year(s):

1 Cash: [Line 1, Column d](#)

2 Trade notes and accounts receivable, less bad debt: [Line 2b, Column d](#)

3 Inventories: [Line 3, Column d](#)

4 Other:

5 Total Current Assets:

Schedule L - Liabilities

6 Accounts Payable: [Form 1120S Line 16/Form 1065 Line 15, Column d](#)

7 Mortgages, notes, bonds payable < 1 year: [Form 1120S Line 17/Form 1065 Line 16, Column d](#)

8 Other current liabilities: [Form 1120S Line 18/Form 1065 Line 17, Column d](#)

9 Total Current Liabilities:

Schedule K Shareholders' Pro Rata Share Items (continued)

		Total amount
Other information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12e and 16f	18

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				10,000
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement)				
15	Total assets				
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings				
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity				

3

When I am completing a liquidity test, can I add in other assets, as shown on Line 6 of Schedule L?

3

When I am completing a liquidity test, can I add in other assets, as shown on Line 6 of Schedule L?

Hi Jay. I would check for a schedule to see if the other assets are identified. At that point, you can assess if they fit the criteria of assets that can easily be liquidated.

MGIC Liquidity Worksheet

Liquidity Worksheet			
Investor guidelines may vary and other liquidity methods may apply. FOLLOW INVESTOR GUIDELINES.			
NOTE: If there are no business liabilities, results will reflect N/A, indicating adequate liquidity.			
X	Business:	SPEEDY REPAIR	Completed by: LENDER
Schedule L - Assets		Input the Year(s):	2025
1	Cash: Line 1, Column d	\$	12,100.00
2	Trade notes and accounts receivable, less bad debt: Line 2b, Column d	\$	28,820.00
3	Inventories: Line 3, Column d	\$	12,000.00
4	Other:		
5	Total Current Assets:	\$	52,920.00
Schedule L - Liabilities			2025
6	Accounts Payable: Form 1120S Line 16/Form 1065 Line 15, Column d	\$	25,200.00
7	Mortgages, notes, bonds payable < 1 year: Form 1120S Line 17/Form 1065 Line 16, Column d	\$	20,400.00
8	Other current liabilities: Form 1120S Line 18/Form 1065 Line 17, Column d	\$	3,000.00
9	Total Current Liabilities:	\$	48,600.00
Current Ratio			2025
	Total Current Assets: Row 5 - Assets above	\$	52,920.00
	Total Current Liabilities: Row 9 - Liabilities above	\$	48,600.00
	Current Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity		1.09
Quick Ratio			2025
	Cash, notes, accounts receivable (less bad debt) & other: Rows 1, 2 & 4 - Assets above	\$	40,920.00
	Total Current Liabilities: Row 9 - Liabilities above	\$	48,600.00
	Quick Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity		0.84

Current ratio or quick ratio?

Liquidity Worksheet

MGIC

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

In general:

- Use the *Current Ratio* for a business that doesn't rely on inventory to generate its income (i.e., pest control company)
- Use the *Quick Ratio* for a business that relies heavily on inventory to generate its income (i.e., hardware store)

Typically, a result of 1.00 or greater for either ratio demonstrates adequate liquidity. However, it's important to use the most appropriate ratio, based on how the business operates. Investor guidelines may vary and other liquidity methods may apply. FOLLOW INVESTOR GUIDELINES.

NOTE: If there are no business liabilities, results will reflect N/A, indicating adequate liquidity.

X	Business:	J & J Property Solutions	Completed by:	Lender	Date:		
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Form 1120-S

Other income on Line 5

Form 1120-S		U.S. Income Tax Return for an S Corporation		OMB No. 1545-0123
Department of the Treasury Internal Revenue Service		Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Go to www.irs.gov/Form1120S for instructions and the latest information.		2025
For calendar year 2025 or tax year beginning, 2025, ending, 20				
A Selection effective date	Name			D Employer identification number
B Business activity code number (see instructions)	Number and street. If a P.O. box, see instructions.	Room or suite no.	E Date incorporated	
	City or town	State or province	Country	F Total assets (see instructions)
			ZIP or foreign postal code	\$
C Check if Sch. M-3 attached <input type="checkbox"/>				
G Is the corporation electing to be an S corporation beginning with this tax year? See instructions.	<input type="checkbox"/> Yes <input type="checkbox"/> No			
H Check if: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return (5) <input type="checkbox"/> S election termination				
I Enter the number of shareholders who were shareholders during any part of the tax year				
J Check if corporation: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				
Caution: Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.				
Income	1a Gross receipts or sales	b Less returns and allowances	c Balance	1c
	2 Cost of goods sold (attach Form 1125-A)			2
	3 Gross profit. Subtract line 2 from line 1c			3
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4
	5 Other income (loss) (see instructions—attach statement)			5 20,000
6 Total income (loss). Add lines 3 through 5			6	
Deductions (see instructions for limitations)	7 Compensation of officers (see instructions—attach Form 1125-E)			7
	8 Salaries and wages (less employment credits)			8
	9 Repairs and maintenance			9
	10 Bad debts			10
	11 Rents			11
	12 Taxes and licenses			12
	13 Interest (see instructions)			13
	14 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14
	15 Depletion (do not deduct oil and gas depletion)			15
	16 Advertising			16
	17 Pension, profit-sharing, etc., plans			17
	18 Employee benefit programs			18
	19 Energy efficient commercial buildings deduction (attach Form 7205)			19
	20 Other deductions (attach statement)			20
21 Total deductions. Add lines 7 through 20			21	
22 Ordinary business income (loss). Subtract line 21 from line 6			22	
Tax and Payments	23a Excess net passive income or LIFO recapture tax (see instructions)	23a		
	b Tax from Schedule D (Form 1120-S)	23b		
	c Add lines 23a and 23b (see instructions for additional taxes)			23c
	24a Current year's estimated tax payments and preceding year's overpayment credited to the current year	24a		
	b Tax deposited with Form 7004	24b		
	c Credit for federal tax paid on fuels (attach Form 4136)	24c		
	d Elective payment election amount from Form 3800	24d		
	z Add lines 24a through 24d			24z
	25 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			25
	26 Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed			26
27 Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid			27	
28 Enter amount from line 27: a Credited to 2026 estimated tax b Refunded			28b	
c Routing number		d Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
e Account number				
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No
Paid Preparer Use Only	Signature of officer	Date	Title	Check <input type="checkbox"/> if PTIN self-employed
	Preparer's name	Preparer's signature	Date	
	Firm's name	Firm's EIN		
	Firm's address	Phone no.		
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form 1120-S (2025) Created 4/7/25				

MGIC SEB class notes

What is needed to retain other income?

1. Other income must be identified
2. Need to understand how it is related to the business
3. Need to have an expectation of continuance or a history

Form 1120-S

Other income on Line 5

Form 1120-S		U.S. Income Tax Return for an S Corporation			OMB No. 1545-0123
Department of the Treasury Internal Revenue Service		Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Go to www.irs.gov/Form1120S for instructions and the latest information.			2025
For calendar year 2025 or tax year beginning . 2025, ending . 20					
A S election effective date	Name			D Employer identification number	
B Business activity code number (see instructions)	Number and street. If a P.O. box, see instructions.			Room or suite no.	E Date incorporated
	City or town	State or province	Country	ZIP or foreign postal code	F Total assets (see instructions)
C Check if Sch. M-3 attached <input type="checkbox"/>	G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No				
H Check if: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return (5) <input type="checkbox"/> S election termination					
I Enter the number of shareholders who were shareholders during any part of the tax year					
J Check if corporation: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes					
Caution: Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.					
Income	1a	Gross receipts or sales	b Less returns and allowances	c Balance	1c
	2	Cost of goods sold (attach Form 1125-A)			2
	3	Gross profit. Subtract line 2 from line 1c			3
	4	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4
	5	Other income (loss) (see instructions—attach statement)			5
	6	Total income (loss). Add lines 3 through 5			6

Form 1120S, Page 1 Detail

Line 5 – Other Income

Ordinary income from partnership – Premier Auto Detailing	20,000
Total	20,000

Here	Signature of officer	Date	Title	See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No
Paid	Preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
Preparer Use Only	Firm's name	Firm's EIN		
	Firm's address	Phone no.		

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form **1120-S** (2025) Created 4/7/25

4

I have passthrough income on a 1120-S from another company showing on Line 5. I am trying to retain this income. What documentation is needed, and what should I look for?

4

I have passthrough income on a 1120-S from another company showing on Line 5. I am trying to retain this income. What documentation is needed, and what should I look for?

Look for the Schedule K-1s for company B and verify that the ordinary income is supported by the distributions. If the percentage of ownership interest is greater than 25%, then, depending on the investor, you might need business returns for company B.

Schedule K-1 for company B

651123
OMB No. 1545-0123

2025

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

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

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

Final K-1 Amended K-1

Part I Information About the Partnership		Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
A Partnership's employer identification number		1 Ordinary business income (loss) 20,000	14 Self-employment earnings (loss)
B Partnership's name, address, city, state, and ZIP code PREMIER AUTO DETAILING		2 Net rental real estate income (loss)	
C IRS center where partnership filed return:		3 Other net rental income (loss)	15 Credits
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)		4a Guaranteed payments for services	
Part II Information About the Partner		4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked <input type="checkbox"/>
E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)		4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
F Name, address, city, state, and ZIP code for partner entered in E. See instructions. SPEEDY REPAIR SERVICES		5 Interest income	
G <input type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member		6a Ordinary dividends	
H1 <input type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner		6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
H2 <input type="checkbox"/> If the partner is a disregarded entity (DE), enter the partner's: TIN _____ Name _____		6c Dividend equivalents	
I1 What type of entity is this partner?		7 Royalties	
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here <input type="checkbox"/>		8 Net short-term capital gain (loss)	19 Distributions A 20,000
J Partner's share of profit, loss, and capital (see instructions):		9a Net long-term capital gain (loss)	
Beginning Ending		9b Collectibles (28%) gain (loss)	
Profit 25 % 25 %		9c Unrecaptured section 1250 gain	
Loss 25 % 25 %		10 Net section 1231 gain (loss)	
Capital 20 % 20 %		11 Other income (loss)	
Check if decrease is due to: <input type="checkbox"/> Sale or <input type="checkbox"/> Exchange of partnership interest. See instructions.		12 Section 179 deduction	21 Foreign taxes paid or accrued
K1 Partner's share of liabilities:		13 Other deductions	
Beginning Ending			
Nonrecourse \$ \$			
Qualified nonrecourse financing \$ \$			
Recourse \$ \$			
K2 Check this box if item K1 includes liability amounts from lower-tier partnerships <input type="checkbox"/>			

Schedule L

Mortgages due in less than 1 year

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount
Other Information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12e and 16f	18

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()	()	()	()
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()	()	()	()
11a	Depletable assets				
b	Less accumulated depletion	()	()	()	()
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()	()	()	()
14	Other assets (attach statement)				
15	Total assets				
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				65,400
18	Other current liabilities (attach statement)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings				
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	()	()	()	()
27	Total liabilities and shareholders' equity				



MGIC SEB class notes

What are the benefits of determining business liquidity?

1. Supports the use of ordinary income from Schedule K-1
2. Omits mortgages/notes/bonds due in less than 12 months
3. Alleviates concerns of use of business income from cash flowing

MGIC Liquidity Worksheet

Liquidity Worksheet			
Investor guidelines may vary and other liquidity methods may apply. FOLLOW INVESTOR GUIDELINES.			
NOTE: If there are no business liabilities, results will reflect N/A, indicating adequate liquidity.			
X	Business:	SPEEDY REPAIR	Completed by: LENDER
Schedule L - Assets		Input the Year(s):	2025
1	Cash: Line 1, Column d	\$	12,100.00
2	Trade notes and accounts receivable, less bad debt: Line 2b, Column d	\$	28,820.00
3	Inventories: Line 3, Column d	\$	12,000.00
4	Other:		
5	Total Current Assets:	\$	52,920.00
Schedule L - Liabilities			2025
6	Accounts Payable: Form 1120S Line 16/Form 1065 Line 15, Column d	\$	25,200.00
7	Mortgages, notes, bonds payable < 1 year: Form 1120S Line 17/Form 1065 Line 16, Column d	\$	20,400.00
8	Other current liabilities: Form 1120S Line 18/Form 1065 Line 17, Column d	\$	3,000.00
9	Total Current Liabilities:	\$	48,600.00
Current Ratio			2025
	Total Current Assets: Row 5 - Assets above	\$	52,920.00
	Total Current Liabilities: Row 9 - Liabilities above	\$	48,600.00
	Current Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity		1.09
Quick Ratio			2025
	Cash, notes, accounts receivable (less bad debt) & other: Rows 1, 2 & 4 - Assets above	\$	40,920.00
	Total Current Liabilities: Row 9 - Liabilities above	\$	48,600.00
	Quick Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity		0.84

5

I have another question on this loan. I am trying to use my calculated liquidity test to not have to deduct mortgages due in less than 1 year. The current ratio is >1 and my quick ratio is <1 . Should inventory be included in this assessment?

5

I have another question on this loan. I am trying to use my calculated liquidity test to not have to deduct mortgages due in less than 1 year. The current ratio is >1 and my quick ratio is <1 . Should inventory be included in this assessment?

Wow, that loan is really giving you a run for your money . . . Inventory should not be included when looking at assets to support not subtracting a mortgage due in less than a year. Can you ask for more information regarding the note? Perhaps it rolls over each year?

2

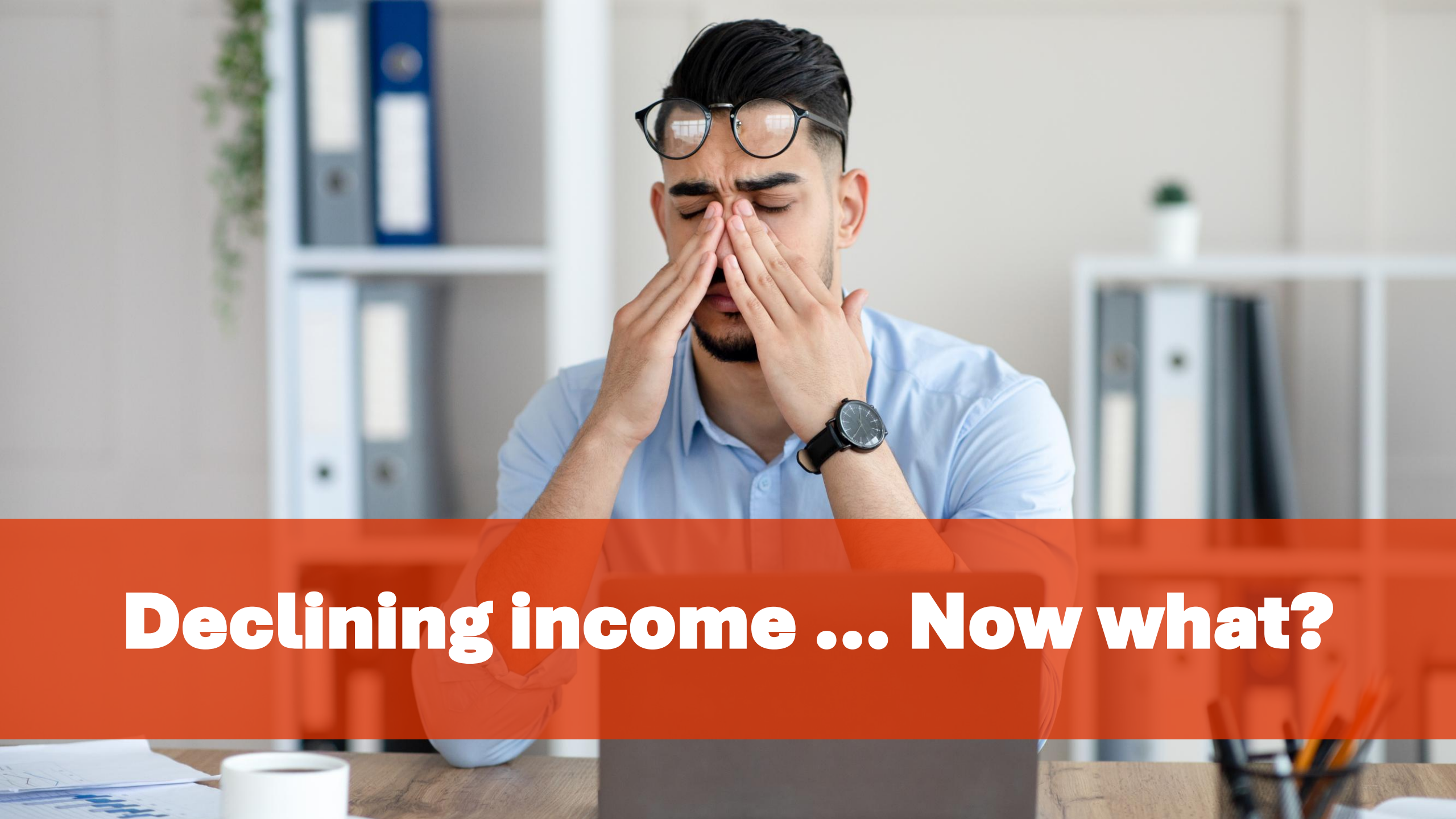
Cash flow taxes

SAM Cash Flow Analysis Worksheet



X S CORPORATION		Name:	2025	2024
SCHEDULE K-1				
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		\$ 132,550.00	\$ 142,000.00
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
	SUBTOTAL		\$ 132,550.00	\$ 142,000.00
FORM W-2				
39	Wages: W-2, Box 5 (in general)		\$ 85,750.00	\$ 105,000.00
FORM 1120S				
40	Deduct nonrecurring income: LINES 4 & 5		()	()
41	Depreciation: LINE 14		\$ 25,750.00	\$ 17,500.00
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss/Nonrecurring Loss: from statement or LINES 4 & 5			
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d		()	()
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b		(\$ 2,500.00)	(\$ 2,200.00)
	SUBTOTAL		\$ 23,250.00	\$ 15,300.00
47	Multiplied by Ownership Percentage		50.00%	50.00%
	Shareholder's Total Share of Income (Loss)		\$ 11,625.00	\$ 7,650.00
			\$229,925	\$254,650
			/12 = \$19,160	/12 = \$21,221

DECLINING INCOME



Declining income ... Now what?



DETOUR

If the trend is declining, the income may not be stable. You must conduct **additional analysis** to determine if any income should be used, but in no instance may it be averaged over the period when the decline occurred.

Declining income – What should you request?

1. YTD P&L
2. Balance sheet
3. Letter of explanation
4. Additional tax returns
5. 3-6 months of bank statements
6. Additional supporting documentation

Yikes! The ratios do not meet the guidelines.

III. Underwriting Information			
Underwriter's Name		Appraiser's Name/License #	
Stable Monthly Income		Appraisal Company Name	
	Borrower	Co-Borrower	Total
Base Income	\$ 19,160.00		\$ 19,160.00
Other Income	\$	\$	\$ 0.00
Positive Cash Flow (subject property)	\$	\$	\$ 0.00
Total Income	\$ 19,160.00	\$ 0.00	\$ 19,160.00
Qualifying Ratios		Loan-to-Value Ratios	
Primary Housing Expense/Income	31.93 %	LTV	80 %
Total Obligations/Income	51.02 %	CLTV/TLTV	80 %
Debt-to-Housing Gap Ratio (Freddie)	%	HQLTV/HTLTV	%
Qualifying Rate		Level of Property Review	
<input type="checkbox"/> Note Rate	%	<input type="checkbox"/> Exterior/Interior	
<input type="checkbox"/> % Above Note Rate	%	<input type="checkbox"/> Exterior Only	
<input type="checkbox"/> % Below Note Rate	%	<input type="checkbox"/> No Appraisal	
<input type="checkbox"/> Bought-Down Rate	%	Form Number:	
<input type="checkbox"/> Other	%		
		Present Housing Payment: \$	
		Proposed Monthly Payments	
		Borrower's Primary Residence	
		First Mortgage P&I \$ 6,621.00	
		Second Mortgage P&I \$	
		Hazard Insurance \$ 437.00	
		Taxes \$ 593.00	
		Mortgage Insurance	
		HOA Fees \$	
		Lease/Ground Rent \$	
		Other \$	
		Total Primary Housing Expense \$ 7,651.00	
		Other Obligations	
		Negative Cash Flow (subject property) \$	
		All Other Monthly Payments \$ 2,125.00	
		Total All Monthly Payments \$ 9,776.00	
		Borrower Funds to Close	
		Required \$	

32

51

6

I'm so sorry to bother you, but I'm struggling with a high debt-to-income ratio on this loan. If I obtain a YTD P&L provided by the CPA firm on their letterhead, can I use the P&L income in my income calculation?

6

I'm so sorry to bother you, but I'm struggling with a high debt-to-income ratio on this loan. If I obtain a YTD P&L provided by the CPA firm on their letterhead, can I use the P&L income in my income calculation?

Hi again, Jay. Just because the YTD P&L is on the CPA letterhead, it does not make it audited. Those are extremely rare and, therefore, you should not include the YTD figures in your income calculation.

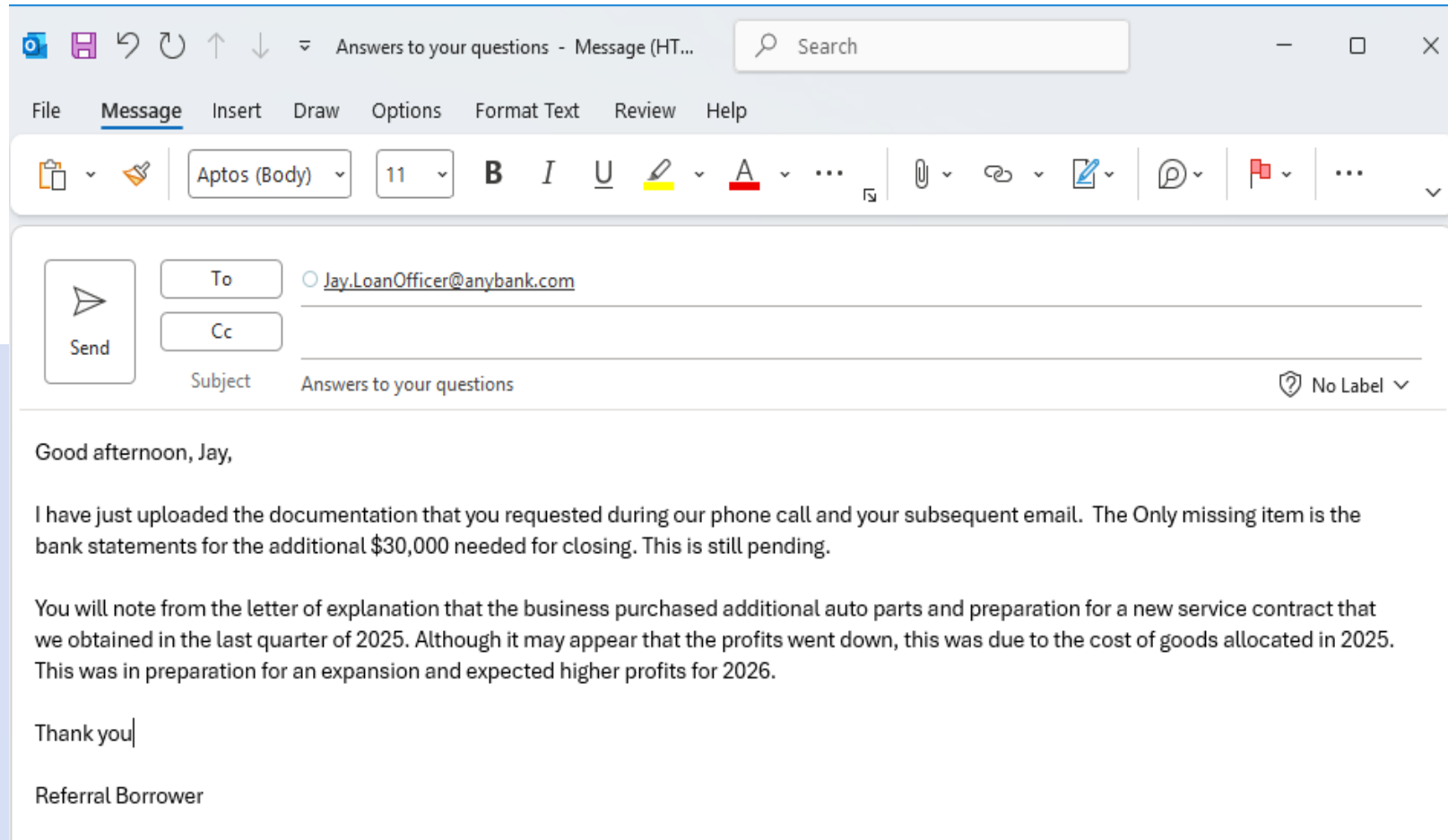
A man with dark hair, a beard, and glasses is wearing a light blue button-down shirt. He is holding a mobile phone to his ear with his left hand and gesturing with his right hand. He has a concerned or stressed expression on his face. The background is a bright, modern office or home workspace with white walls, a plant, and a desk with a laptop.

Phone call to borrower

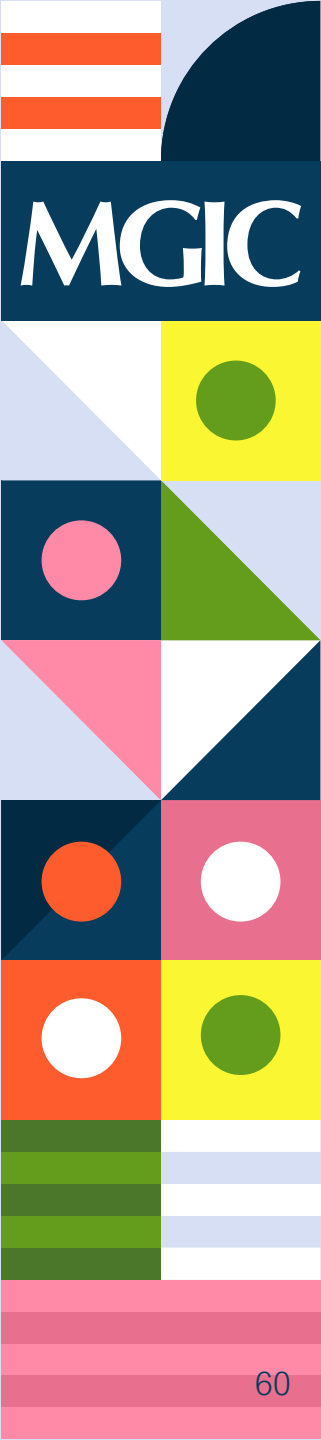
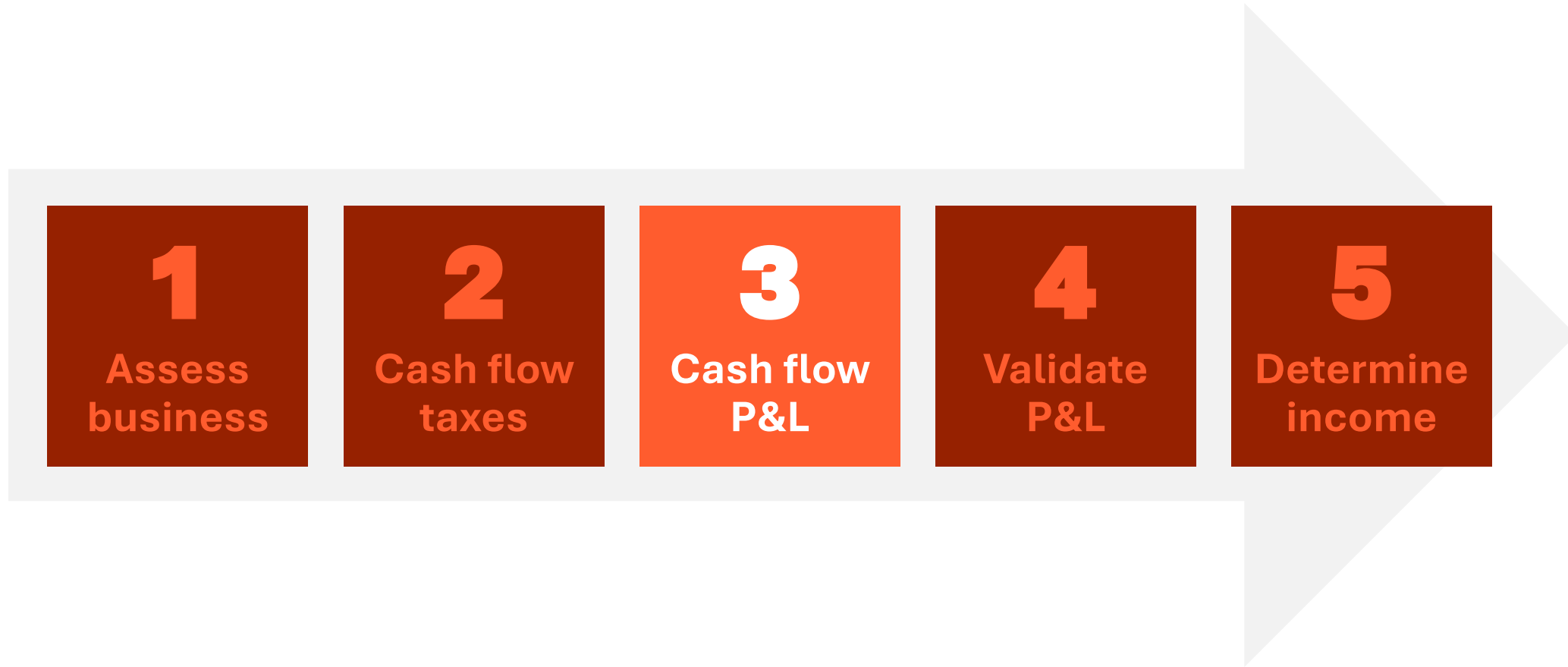
List of items requested from borrower:

1. Explanation of NOL
2. Copy of note (mortgages due < 1 year)
3. Explanation for declining income
4. YTD P&L statement
5. 3 months of business bank statements
6. 12 months of cancelled checks – business pays auto leases
7. 2 months of bank statements verifying an additional \$30K

Email from borrower



5-step process

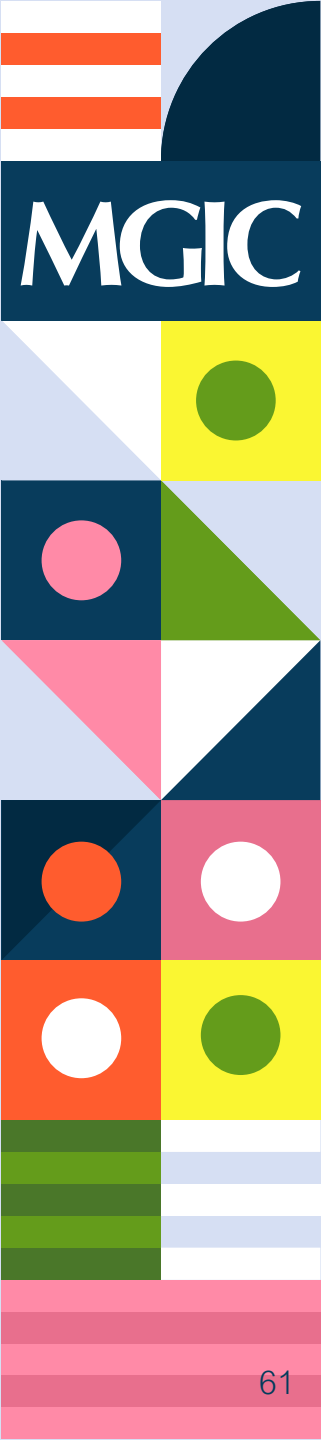


3

Cash flow
P&L

MGIC's P&L Statement Analysis

Profit and Loss Statement Analysis				MGIC
S Corporation Cash Flow				
Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.				
X	S CORPORATION	Speedy		
Time Frame (i.e., YTD, quarterly):				+ -
Date From:				
Date Paid Through:				
Net Income:				
Deduct nonrecurring income:		()	()	()
Add nonrecurring loss:				
Depreciation:				
Depletion:				
Amortization/Casualty Loss:				
Other:				
SUBTOTAL		\$ -	\$ -	\$ -
Multiplied by Ownership Percentage:				
Shareholder's Share of Income (Loss):		\$ -	\$ -	\$ -
Wages:				
Total Income:		\$ -	\$ -	\$ -
Monthly Income:		\$ -	\$ -	\$ -
O	S CORPORATION			
SAM Liquidity Comparative P&L Help Doc Microsoft Instructions +				



Cash flow YTD P&L

Profit and Loss Statement Analysis

S Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

X	S CORPORATION	SPEEDY REPAIR SERVICES	
	Time Frame (i.e., YTD, quarterly):	YTD	
	Date From:	1/1/2026	
	Date Paid Through:	4/15/2026	
	Net Income:	\$ 67,250.00	
	Deduct nonrecurring income:	()	()
	Add nonrecurring loss:		
	Depreciation:	\$ 8,750.00	
	Depletion:		
	Amortization/Casualty Loss:		
	Other: meals	\$ (535.00)	
	SUBTOTAL	\$ 75,465.00	\$
	Multiplied by Ownership Percentage:	50%	
	Shareholder's Share of Income (Loss):	\$ 37,732.50	\$
	Wages:	\$ 40,000.00	
	Total Income:	\$ 77,732.50	\$
	Monthly Income:	\$ 22,209.29	\$

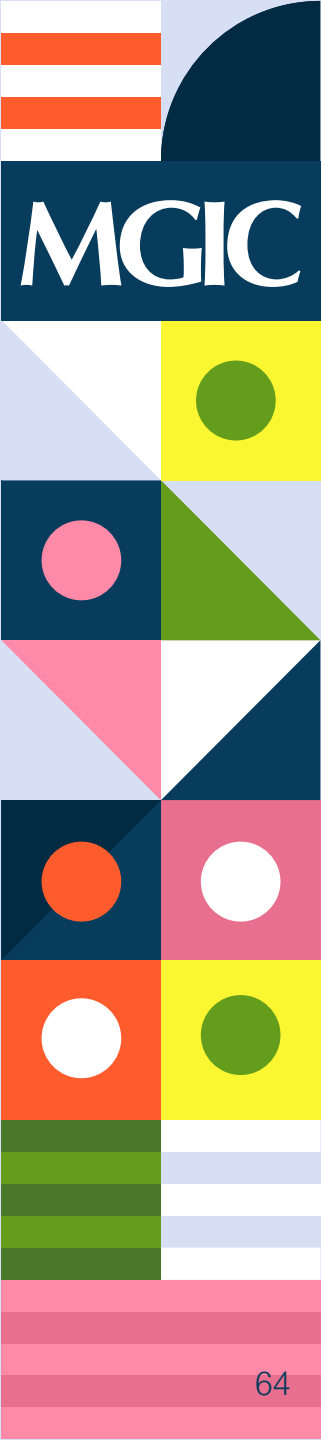
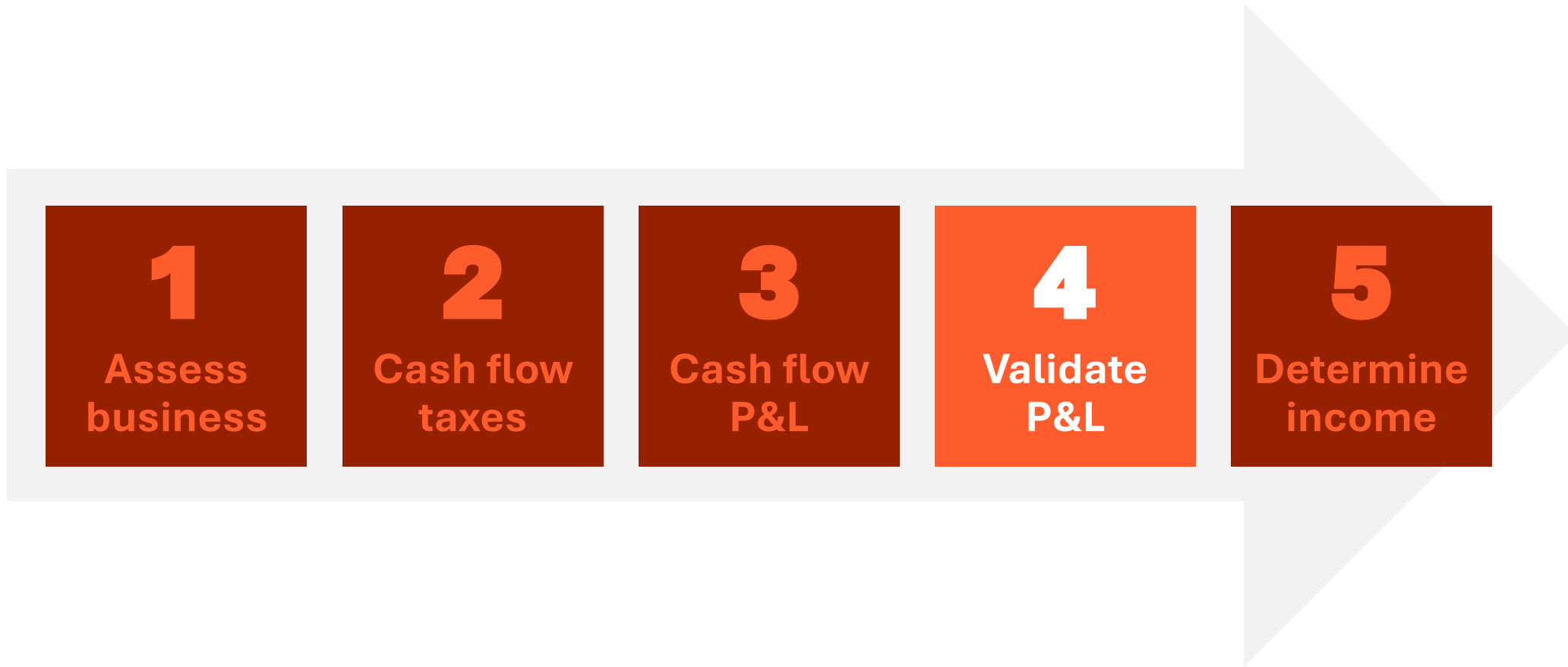
Comparison of YTD and prior years

Profit and Loss Statement Analysis		
S Corporation Cash Flow		
Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.		
X	S CORPORATION	SPEEDY REPAIR SERVICES
Time Frame (i.e., YTD, quarterly):	YTD	
Date From:	1/1/2026	
Date Paid Through:	4/15/2026	
Net Income:	\$ 67,250.00	
Deduct nonrecurring income:	()	()
Add nonrecurring loss:		
Depreciation:	\$ 8,750.00	
Depletion:		
Amortization/Casualty Loss:		
Other: meals	\$ (535.00)	
SUBTOTAL	\$ 75,465.00	\$
Multiplied by Ownership Percentage:	50%	
Shareholder's Share of Income (Loss):	\$ 37,732.50	\$
Wages:	\$ 40,000.00	
Total Income:	\$ 77,732.50	\$
Monthly Income:	\$ 22,209.29	\$

SAM Cash Flow Analysis Worksheet		MGIC		
X	S CORPORATION	Name: SPEEDY REPAIR SERVICES	2025	2024
SCHEDULE K-1				
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		\$ 132,550.00	\$ 142,000.00
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
	SUBTOTAL		\$ 132,550.00	\$ 142,000.00
FORM W-2				
39	Wages: W-2, Box 5 (in general)		\$ 85,750.00	\$ 105,000.00
FORM 1120S				
40	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5			
41	Depreciation: LINE 14		\$ 25,750.00	\$ 17,500.00
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss (only if noted): from attached statement			
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d		()	()
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b		(\$ 2,500.00)	(\$ 2,200.00)
	SUBTOTAL		\$ 23,250.00	\$ 15,300.00
47	Multiplied by Ownership Percentage		50.00%	50.00%
	Shareholder's Total Share of Income (Loss)		\$ 11,625.00	\$ 7,650.00
			\$229,925	\$254,650
			/12 = \$19,160	/12 = \$21,221

INCOME HAS STABILIZED

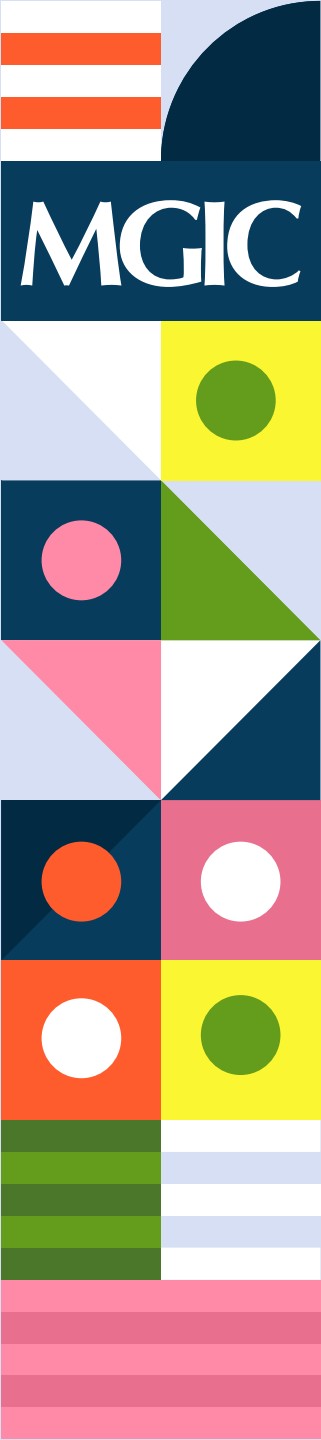
5-step process



4

Validate P&L

1. Compare to prior year's tax filing
2. Support with LOE if needed
3. Validate with bank statements if needed



Comparative Income Analysis

Does this support the LOE provided by the borrower?

Comparative Income Analysis Worksheet

Calculating trend ratios, which compare income statement accounts from one year to the next, is an effective way to analyze the profitability or growth of a business.

User tips for macro-free version:

- Select tax year(s) from business return and enter applicable line items
- Enter date of the YTD P&L; worksheet will automatically annualize
- YOY% Change automatically populates, eliminating need for manual calculations
- See boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

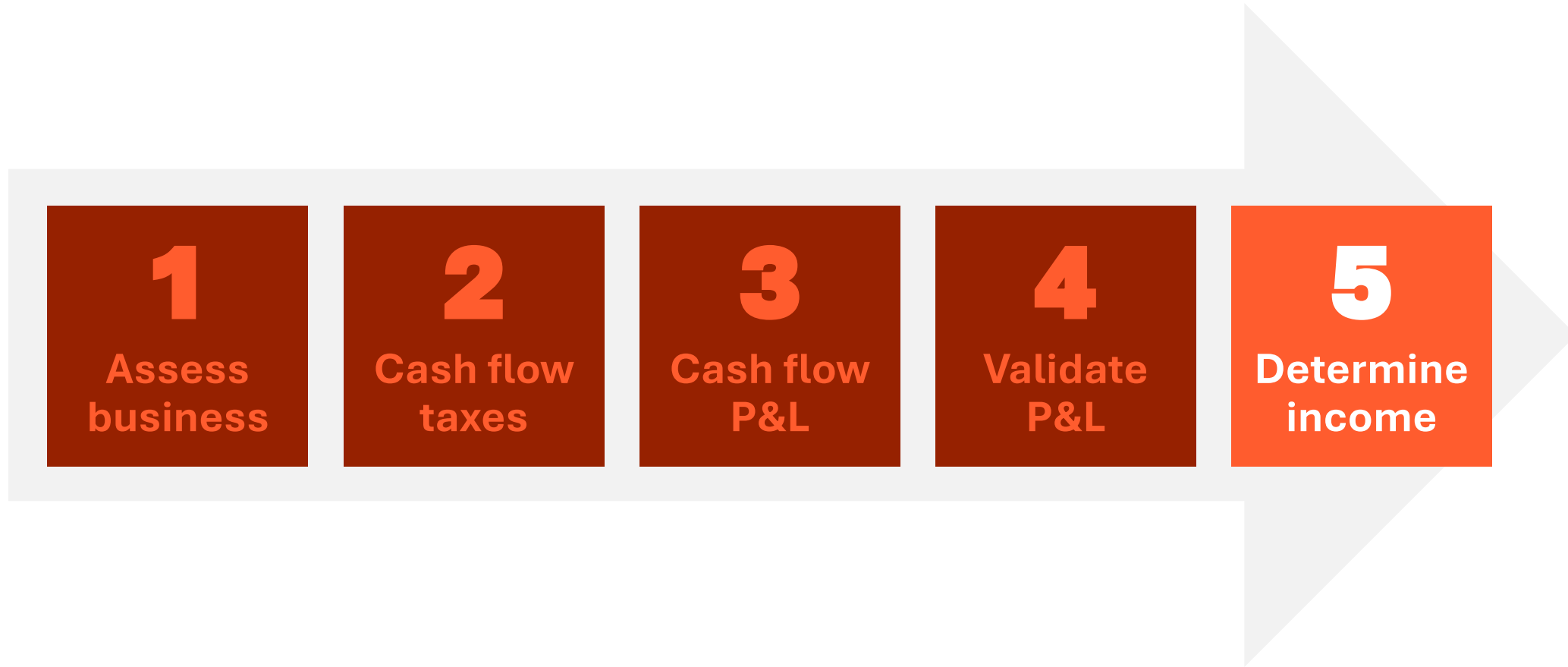
Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

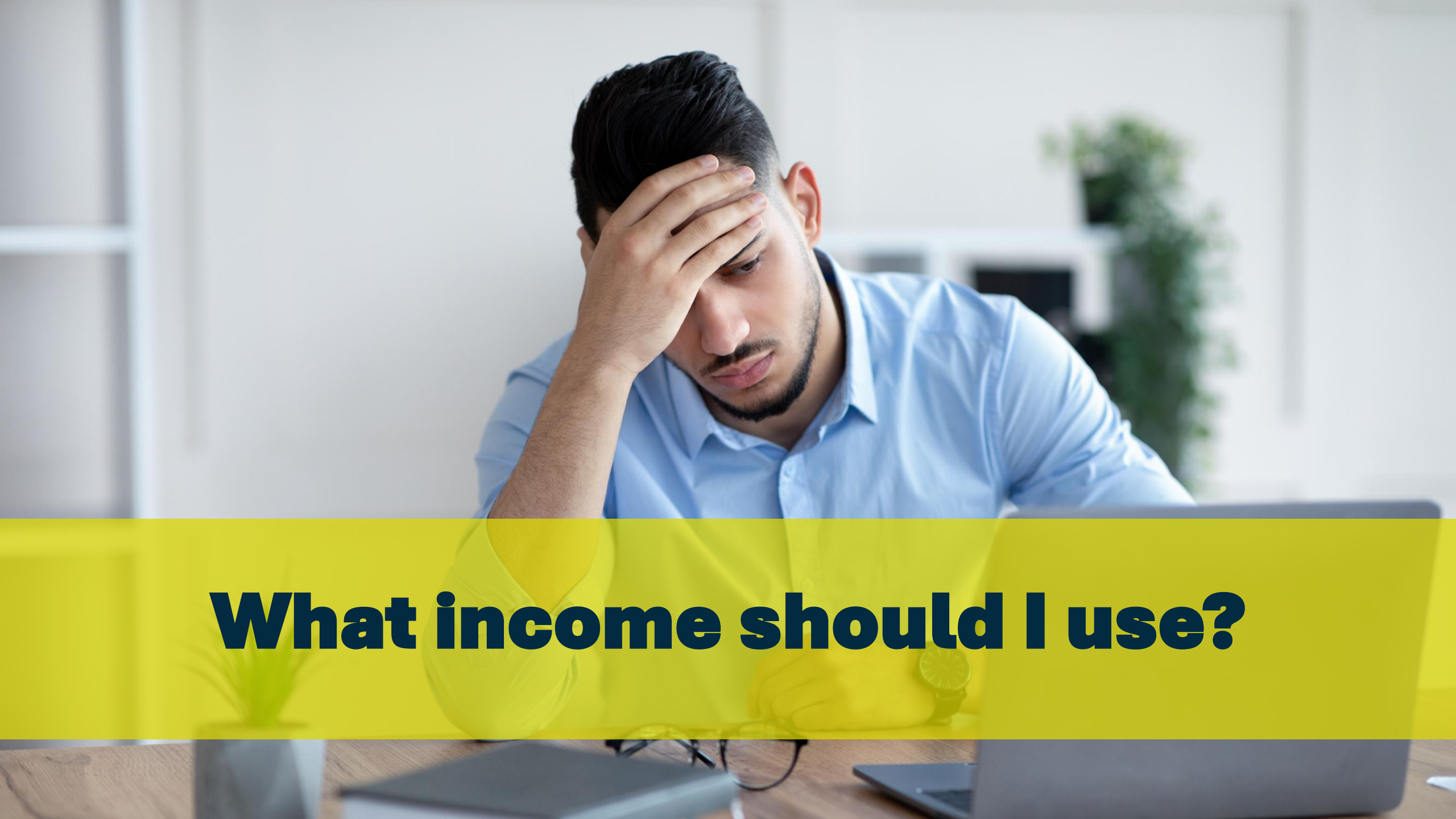
Business Name: **SPEEDY REPAIR SERVICES** Date: Annualization Date: **4/15/2026**
 Completed by:

		for the Year(s): →		
		2024	2025	2026
Gross Receipt/Sales		\$ 425,000	\$ 475,000	\$ 142,260
Gross Receipts/Sales	\$	425,000	\$ 475,000	\$ 491,143
% Change			+12%	+3%
Gross Income	\$	425,000	\$ 475,000	\$ 491,143
(Gross Receipts/Sales - Returns & Allowances)				
% Change			+12%	+3%
Cost of Goods Sold (C	\$	75,000	\$ 127,500	\$ 71,143
% Change			+70%	-44%
Expenses	\$	200,000	+47% * \$ 257,500	+54% * \$ 217,286
(CGS + Total deductions/Total expenses)				
% Change			+29%	-16%
Gross Profits	\$	350,000	\$ 347,500	\$ 420,000
(Gross Receipts/Sales - Returns & Allowances - CGS)				
% Change			-1%	+21%
Taxable Income	\$	225,000	+53% ** \$ 192,500	+41% ** \$ 273,857
% Change			-14%	+42%

*Annual % of Expenses compared to Gross Income **Annual % of Taxable Income compared to Gross Income

5-step process





What income should I use?

5

Determine income

SAM Cash Flow Analysis Worksheet											MGIC
PERSONAL CASH FLOW SUBTOTALS:											
		2025		2024		Qualifying Income			Total No. of Months		
		Subtotal	# mo.	Subtotal	# mo.						
PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:											
<input type="checkbox"/>	Schedule K-1 SPEEDY REPAIR SERVICES	\$	132,550.00	12	<input checked="" type="checkbox"/>	\$	142,000.00	0	\$	11,045.83	12
<input type="checkbox"/>	W-2 Wages SPEEDY REPAIR SERVICES	\$	85,750.00	12	<input checked="" type="checkbox"/>	\$	105,000.00	0	\$	7,145.83	12
<input type="checkbox"/>	Form 1120S SPEEDY REPAIR SERVICES	\$	11,625.00	12	<input checked="" type="checkbox"/>	\$	7,650.00	0	\$	968.75	12
	S Corporation SPEEDY REPAIR SERVICES Subtotal	\$	229,925.00			\$	-		\$	19,160.41	
CORPORATION CASH FLOW SUBTOTALS:											
	Average Monthly Cash Flow (Total)								\$	19,160.42	
Comments / Notes (For a new line, hold Alt and press Enter) 12 month average of 2025 was used due to declining income. YTD P&L dated 4/15.26 shows business earnings have stabilized. Borrower has provided LOE indicating that year end purchase of goods in 2025 was cause of declining income.											

A man with dark hair, a beard, and glasses, wearing a light blue button-down shirt, is sitting at a desk. He has his hands clasped under his chin and is looking intently at a laptop screen. The background is a bright, modern office with white shelves, a potted plant, and a whiteboard with charts. A semi-transparent blue banner is overlaid across the bottom half of the image, containing white text.

**Do I have everything I need
to omit debt?**

7

One last question on this loan (I promise). The borrower has provided 12 months of cancelled checks to prove that the business pays the 2 auto leases shown on the credit report. Is that all that is needed to omit these debts?

7

One last question on this loan (I promise). The borrower has provided 12 months of cancelled checks to prove that the business pays the 2 auto leases shown on the credit report. Is that all that is needed to omit these debts?

Glad to hear that you were able to obtain evidence that the business pays those large auto lease payments. Make sure that the accounts have been paid on a timely basis and that the tax returns evidence the reporting of the debt paid by the business.

Form **1120-S** U.S. Income Tax Return for an S Corporation OMB No. 1545-0123
 Department of the Treasury Internal Revenue Service Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. **2025**
 Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year 2025 or tax year beginning ., 2025, ending ., 20

A Selection effective date Name **D** Employer identification number

B Business activity code number (see instructions) Number and street. If a P.O. box, see instructions. Room or suite no. **E** Date incorporated

C Check if Sch. M-3 attached City or town State or province Country ZIP or foreign postal code **F** Total assets (see instructions)

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. Yes No

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination

I Enter the number of shareholders who were shareholders during any part of the tax year

J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 22. See the instructions for more information.

Income	1a	Gross receipts or sales	b	Less returns and allowances	c	Balance	1c
	2	Cost of goods sold (attach Form 1125-A)					2
	3	Gross profit. Subtract line 2 from line 1c					3
	4	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					4
	5	Other income (loss) (see instructions—attach statement)					5
	6	Total income (loss). Add lines 3 through 5					6
Deductions (see instructions for limitations)	7	Compensation of officers (see instructions—attach Form 1125-E)					7
	8	Salaries and wages (less employment credits)					8
	9	Repairs and maintenance					9
	10	Bad debts					10
	11	Rents					11
	12	Interest (see instructions)					12
	13	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)					13
	14	Depletion (do not deduct oil and gas depletion)					14
	15	Advertising					15
	16	Pension, profit-sharing, etc., plans					16
	17	Employee benefit programs					17
18	Energy efficient commercial buildings deduction (attach Form 7205)					18	
19	Other deductions (attach statement)					19	
20	Total deductions. Add lines 7 through 19					20	
21	Ordinary business income (loss). Subtract line 21 from line 6					21	
Tax and Payments	22	Excess net passive income or LIFO recapture tax (see instructions)	23a				23a
	23a	Tax from Schedule D (Form 1120-S)	23b				23b
	23b	Add lines 23a and 23b (see instructions for additional taxes)					23c
	23c	Current year's estimated tax payments and preceding year's overpayment credited to the current year	24a				24a
	24a	Tax deposited with Form 7004	24b				24b
	24b	Credit for federal tax paid on fuels (attach Form 4136)	24c				24c
	24c	Elective payment election amount from Form 3800	24d				24d
	24d	Add lines 24a through 24d					24z
	24z	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>					25
	25	Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed					26
26	Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid					27	
27	Enter amount from line 27: a Credited to 2026 estimated tax b Refunded					28b	
28	c Routing number <input type="text"/> d Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings						
28b	e Account number <input type="text"/>						

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Signature of officer _____ Date _____ Title _____

Preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____

Firm's name _____ Firm's EIN _____
 Firm's address _____ Phone no. _____

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form **1120-S** (2025) Created 4/7/25

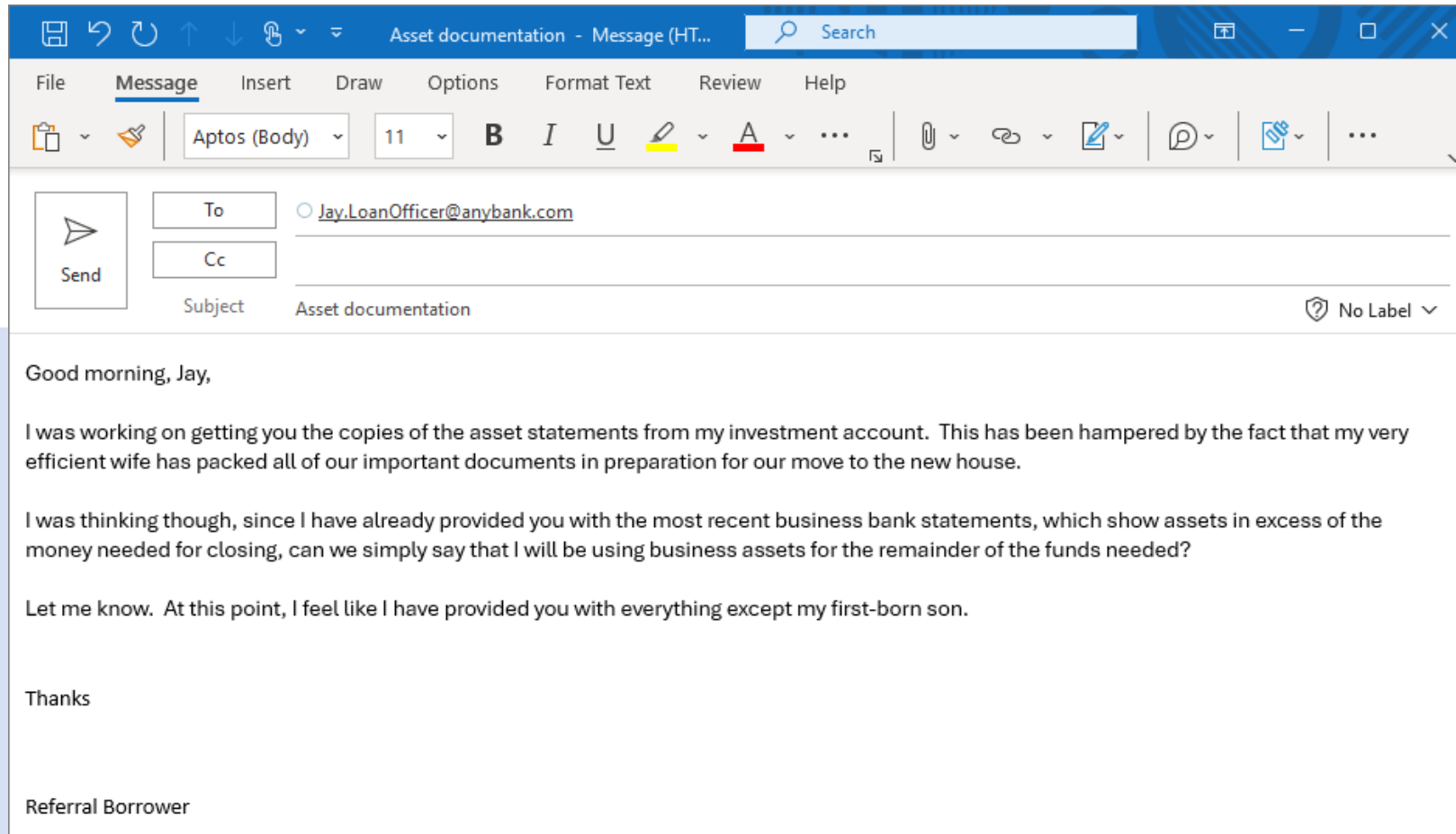
Confirming that the business paid the debt

1. Auto loan payments listed as interest deductions
2. Auto lease payment will be on a separate schedule



What's this? The borrower wants to use business assets for closing!

Email from borrower



8

Please don't kill me. My borrower now wants to use business assets for the missing \$30K for closing, as he has already provided 3 months of business bank statements. Can we use those funds and get cleared to close?

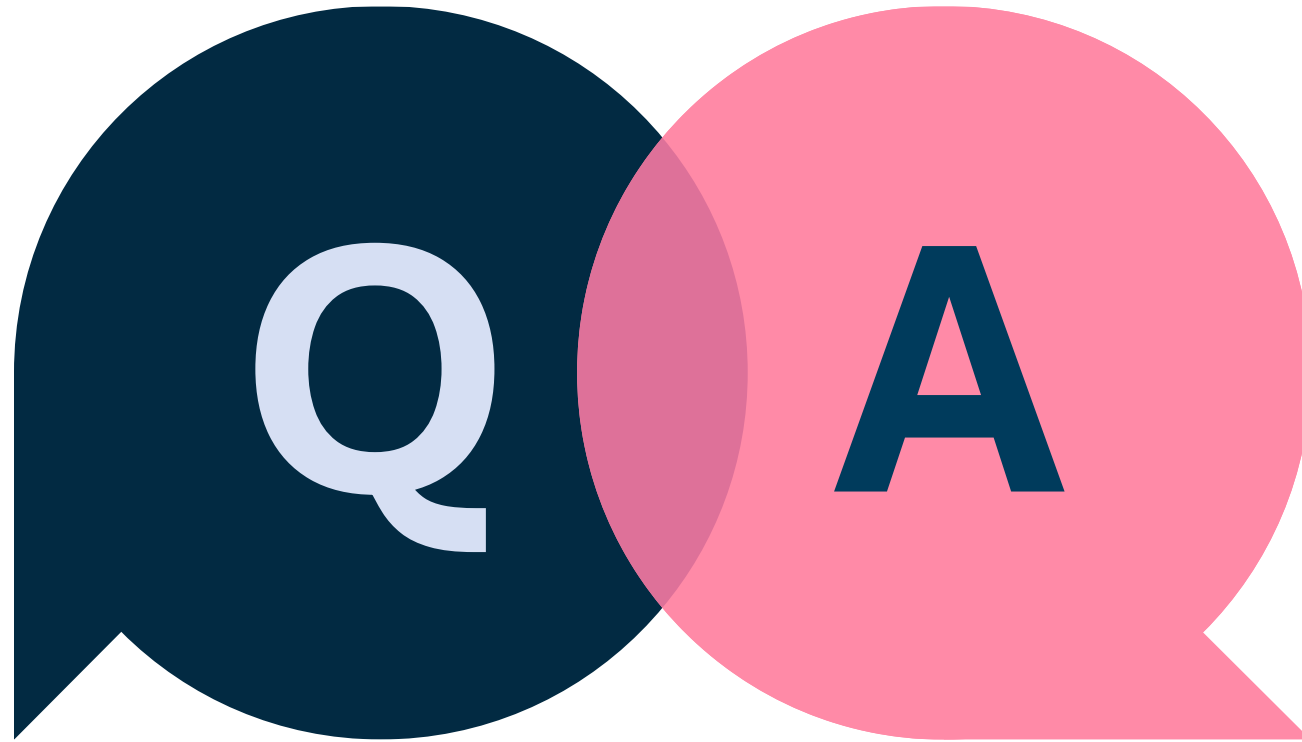
8

Please don't kill me. My borrower now wants to use business assets for the missing \$30K for closing, as he has already provided 3 months of business bank statements. Can we use those funds and get cleared to close?

Jay, this change will result in the loan going back into underwriting. I seem to remember that you were really tight in your liquidity ratio calculation. If the borrower is going to use business funds for closing in the amount of \$30K, then that amount would need to be deducted during your liquidity test. I don't think that is going to work in this case.



Thanks for your help!



TOOLS FOR SUCCESS!



mgic.com/seb

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Self-employed borrower and income analysis calculators

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

[MGIC](#) > [underwriting](#) >

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

- All-in-one self-employed income calculator (updated for tax year 2025)
- Employment & other income calculator (updated for 2026)
- Rental income calculator

[Gain access now ▶](#)

MGIC worksheets



The screenshot shows a web page with a dark blue header and a light blue background. At the top, there are three white circles representing a mobile menu. Below this is a decorative banner with a grid of colorful geometric shapes (triangles, squares, circles) in shades of green, yellow, orange, pink, and blue. The main heading is "SEB and income analysis calculators and resources". Below the heading is a breadcrumb trail: "MGIC > underwriting > seb >". The section is titled "Available calculators" and contains a paragraph of text: "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." Below this is a "PLEASE NOTE" section: "PLEASE NOTE: Download and save a copy to your desktop as a template." At the bottom, there are three calculator cards. The first card is green and titled "All-in-one self-employed income calculator" with the subtitle "Full workbook". The second card is also green and titled "All-in-one self-employed income calculator" with the subtitle "Condensed version". The third card is blue and titled "Employment and other income calculator".

SEB and income analysis calculators and resources

MGIC > underwriting > seb >

Available 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
All-in-one self-employed income calculator Full workbook	All-in-one self-employed income calculator Condensed version	Employment and other income calculator

Training – SEB webinars

mgic.com/seb-webinars

The screenshot shows the MGIC website's training page. At the top, there is a navigation bar with links for Credit Unions, Get Started with MGIC, MI Basics, Careers, Contact, Investors, Login / Signup, and a search icon. Below this is a secondary navigation bar with links for Rates, Underwriting, Ordering / Servicing, Training, Tools, Mortgage Connects, and About MGIC. A prominent pink button labeled 'Get a quick quote' is located on the right side of this bar. The main heading of the page is 'Webinar series: Analyzing Self-Employed Borrowers', accompanied by a colorful geometric graphic. Below the heading is a breadcrumb trail: 'MGIC > training >'. The page features a grid of seven webinar cards, each with a representative image, a title, a duration, a brief description, and a 'View details' link.

Webinar Title	Duration	Description
Getting Started & the Sole Proprietor	75 minutes	We'll cover the foundational concepts you'll need in your analysis of your borrower's qualifying income, with a focus on the sole proprietor (Schedule C).
Concentrating on S Corporations	60 minutes	Learn to document, calculate and analyze income from an S corporation (Form 1120-S). Uncover the important difference between ordinary income and distributions.
Zeroing in on Partnerships & LLCs	60 minutes	Take your SEB knowledge to the next step and zero in on evaluating partnerships (Form 1065). Help solve a K-1 mystery and learn what makes LLCs unique.
Focusing on Corporations & Financial Statements	60 minutes	Discover how corporations are different than any other business entity (Form 1120). Learn what a balance sheet and a profit and loss statement tell us about the health and profitability of a business.
Looking at Income from Farming	45 minutes	
Using Rental Income from a Business-Owned Property	30 minutes	
Overcoming Tough Challenges	60 minutes	

Dig deeper

mgic.com/magic-minutes

The image shows a webpage layout for a video titled "Analyzing Self-Employed Income" from the "Magic Minute series". The page features a dark blue header with three white circles. Below the header, the text "Magic Minute series" is displayed, followed by a sub-headline: "Count on MGIC's on-demand video mortgage industry knowledge in 1". A large central graphic shows a green document with a dollar sign and a magnifying glass over a checkmark. The main content area has a dark blue background with the title "Analyzing Self-Employed Income" in light blue, and a description: "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 this section is a call to action: "Explore the series ►". To the right, there is a colorful grid of squares. Below the main content, there are two smaller video thumbnails. The left one is titled "Analyzing Income" and has a description: "This new training confidently calculate income of a self". The right one is partially visible and has a description: "ps you better age insurance plan to choose, borrowers".

Magic Minute series

Count on MGIC's on-demand video mortgage industry knowledge in 1

MGIC :
On-
Magic
on me

ring

Analyzing Self-Employed Income

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.

Explore the series ►

Analyzing Income
This new training confidently calculate income of a self

ps you better age insurance plan to choose, borrowers



A screenshot of the MGIC website interface. At the top left, the MGIC logo is visible with the word "Rates" next to it. Below the logo, the text "Magic Minutes" is partially visible. The main content area features a video player with a blue header that says "Video". The video title is "Analyzing Self-Employed Income" and the subtitle is "Business liquidity". The video thumbnail shows a magnifying glass over a document with a dollar sign and a clock. A large white play button is overlaid on the video. To the right of the video player, there is a text overlay with the heading "Business liquidity" and the text "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." In the top right corner of the website, there is a pink button that says "Get a quick quote". Below the video player, there is a section titled "Eligibility requirements" with a small video thumbnail and a "Watch it on YouTube" link. The bottom of the page shows a dark blue footer with the MGIC logo and "Rates" text.

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YouTube: mgic.com/youtube



Facebook: mgic.com/facebook

**Let us earn
your business**



Get a free MI quote



mgic.com/MIQ

**Explore training
& special events**

mgic.com/training

Connect

training@mgic.com

Thank you for choosing MGIC

mgic.com

MGIC

mortgage guaranty
insurance corporation

