

## The Basics of Analyzing Rental Income

May 14, 2025



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## Determining income or losses from a rental properties continues to be a challenge



### Rental income from the **subject property**

- Owner-occupied 2–4-unit properties
- Non-owner-occupied investment properties (MPF Xtra® only)

### Rental income from **non-subject properties**

- Personally held non-owner-occupied investment properties
- Non-owner-occupied investment properties held in partnerships or S-corporations

## Rental income and losses from *personally held* properties are reported on IRS 1040 using **Schedule E\***

- Properties owned by an individual
- Personally owned with a spouse or other individual(s)
- Single-member LLC

\*Non-personally owned properties held in partnerships or s-corporations will use IRS Form 8825 which flows through to Schedule K-1 and Schedule E

SCHEDULE E (Form 1040)		Supplemental Income and Loss (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-NR, or 1041. Go to <a href="https://www.irs.gov/ScheduleE">www.irs.gov/ScheduleE</a> for instructions and the latest information.		2024 Attachment Sequence No. 13
Name(s) shown on return				Your social security number
<b>Part I Income or Loss From Rental Real Estate and Royalties</b>				
Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.				
A Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions. Yes <input type="checkbox"/> No <input type="checkbox"/>				
B If "Yes," did you or will you file required Form(s) 1099? Yes <input type="checkbox"/> No <input type="checkbox"/>				
1a Physical address of each property (street, city, state, ZIP code)				
A				
B				
C				
1b Type of Property (from list below)		2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.		
A		A		Fair Rental Days
B		B		Personal Use Days
C		C		QJV
Type of Property:				
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental				
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) _____				
Income:				
3 Rents received . . . . . 3				
4 Royalties received . . . . . 4				
Expenses:				
5 Advertising . . . . . 5				
6 Auto and travel (see instructions) . . . . . 6				
7 Cleaning and maintenance . . . . . 7				
8 Commissions . . . . . 8				
9 Insurance . . . . . 9				
10 Legal and other professional fees . . . . . 10				
11 Management fees . . . . . 11				
12 Mortgage interest paid to banks, etc. (see instructions) . . . . . 12				
13 Other interest . . . . . 13				
14 Repairs . . . . . 14				
15 Supplies . . . . . 15				
16 Taxes . . . . . 16				
17 Utilities . . . . . 17				
18 Depreciation expense or depletion . . . . . 18				
19 Other (list) . . . . . 19				
20 Total expenses. Add lines 5 through 19 . . . . . 20				
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . . 21				
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . . 22				
23a Total of all amounts reported on line 3 for all rental properties . . . . . 23a				
b Total of all amounts reported on line 4 for all royalty properties . . . . . 23b				
c Total of all amounts reported on line 12 for all properties . . . . . 23c				
d Total of all amounts reported on line 18 for all properties . . . . . 23d				
e Total of all amounts reported on line 20 for all properties . . . . . 23e				
24 Income. Add positive amounts shown on line 21. Do not include any losses . . . . . 24				
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . . 25				
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 . . . . . 26				

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040) 2024



# Rental Income Calculation Tools

There are many different options to help you calculate rental income

## Rental Income Worksheets

- Fannie Mae Forms 1038 or 1038A
- Freddie Mac Form 92 (Schedule E only)
- MI Companies

## Fannie Mae's Rental Income Calculator (NEW)

Rental Income Worksheet					
Individual Rental Income from Investment Property(s): Monthly Qualifying Rental Income (or Loss)					
Documentation Required: <ul style="list-style-type: none"><li>• Schedule E (IRS Form 1040) OR</li><li>• Lease Agreement or Fannie Mae Form 1007 or Form 1025</li></ul>		Enter	Investment Property Address	Investment Property Address	Investment Property Address
Step 1. When using Schedule E, determine the number of months the property was in service by dividing the Fair Rental Days by 30. If Fair Rental Days are not reported, the property is considered to be in service for 12 months unless there is evidence of a shorter term of service.					
Step 1. Result: Enter the number of months the property was in service:		Result			
Step 2. Calculate monthly qualifying rental income (loss) using Step 2A: Schedule E OR Step 2B: Lease Agreement or Fannie Mae Form 1007 or Form 1025.					
Step 2A. Schedule E - Part I For each property complete ONLY 2A or 2B					
A1	Enter total rents received.	Enter			
A2	Enter total expenses.	Subtract			
A3	Enter insurance expense.				
A4	Enter mortgage interest paid.				
A5	Enter tax expense.				
A6	Enter homeowners' association dues. <i>This expense must be specifically identified on Schedule E in order to add it back.</i>				
A7	Enter depreciation expense or depletion.				
A8	Enter any one-time extraordinary expense (e.g., casualty loss). There must be evidence of the nature of the one-time extraordinary expense.				
Equals adjusted rental income.					
A9	Enter the number of months the property was in service (Step 1 Result).				
Equals adjusted monthly rental income					
A10	Enter proposed PITIA (for subject property) or existing PITIA (for non-subject property).				
Step 2A. Result: Monthly qualifying rental income (or loss):					
Step 2B. Lease Agreement OR Fannie Mae Form 1007 or Form 1025					
This method is used when the transaction is a purchase, the property was acquired subsequent to					
Enter the gross monthly rent (from the lease agreement) or market rent (reported on Form 1007 or Form 1025).					

☐ No, the loan will not refinance this property

Rental Property Housing Expense (PITIA) ⓘ  
Provide the current monthly housing expense association dues for the rental property

\$2,347.00

Line 1b ⓘ  
☒ Enter Type of Property

1. Single Family Residence

**Freddie Mac**

## Form 92

### Net Rental Income Calculations – Schedule E

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

I. Net Rental Income from Schedule E (1-unit Primary Residence with an ADU or 2- to 4-unit Primary Residence)

1- TO 4-UNIT PRIMARY RESIDENCE NET RENTAL INCOME CALCULATION – SCHEDULE E <sup>1</sup>		
Refinance Mortgage of property owned in the prior year(s)		
Internal Revenue Service (IRS) 1040 Schedule E – Supplemental Income and Loss	Subject: Y / N Property Address: _____	
	Year:	Year:
Rents received	(+)	(+)
Less total expenses	(-)	(-)
Insurance <sup>2</sup>	(+)	(+)
Mortgage interest paid to banks, etc. <sup>2</sup>	(+)	(+)
Taxes (real estate only) <sup>2,3</sup>	(+)	(+)
Depreciation and/or depletion	(+)	(+)
*Homeowners association (HOA) dues (if specifically reported as an expense) <sup>7</sup>	(+)	(+)
One-time losses (e.g., casualty loss) if documented	(+)	(+)
Non-cash deductions (e.g., amortization)	(+)	(+)
Subtotal	\$ 1,000	\$ 1,000

# Using Rental Income

## Rental Income from a Subject Property

## How Much Rental Income Can You Use?

Borrower owns a principal residence or has a current housing expense **and** has at least one year of documented property management experience



There is no restriction to the amount of positive rental income that can be added to the borrower's income

Borrower owns a principal residence or has a current housing expense **and** has less than a one-year history of documented property management experience



If the subject property is **owner-occupied**, rental income up to the amount of the property's PITIA can be added to the borrower's income

If the subject property is **non-owner occupied** (MPF Xtra only), the rental income can only be used to offset the PITIA of the subject property (zero positive cash flow)

Does not own a principal residence or have a current housing expense



Rental income from the subject property cannot be used for qualifying



## Rent From a Non-Subject Property

Borrower owns a principal residence or has a current housing expense **and** has at least one year of documented property management experience

Does not currently have a housing expense but has at least a year of receiving income from the property



## How Much Rental Income Can You Use?

There are no restrictions to the amount of rental income that can be used

Borrower owns a principal residence or has a current housing expense **and** has less than a one-year history of documented property management experience



If a non-subject investment property is newly acquired or placed in service less than 1 year ago, rental income can only be used to offset the PITIA of the related property (zero positive cash flow)

If the borrower's primary residence is a non-subject property that generates rental income, rental income added to the borrower's gross monthly income is restricted to no more than the associated PITIA

Does not own a principal residence or have a current housing expense



Rental income from the subject property cannot be used for qualifying

# How To Calculate Income or Losses

## Owner-Occupied Properties:

- Add the net rent back to the borrower's income **per the allowable limits**
- The full amount of the PITIA is used to calculate the DTI housing ratio

## Non-Owner-Occupied Properties

- If the qualifying monthly rental income minus the property's PITIA is positive it may be added back to the borrower's qualifying income per the allowable limits
- If the qualifying monthly rental income is negative after subtracting the property's PITIA, add it to the borrower's monthly liabilities
- The PITIA for the property should be subtracted from qualifying rental income and should not be counted as a monthly obligation

# Documentation

## Rental Income from a Subject Property



# Examples of Subject Properties with Rental Income

- Owner-occupied 2-4-unit properties
- 1-4-unit non-owner-occupied investment properties (MPF Xtra® product only)
- Owner-occupied 1-unit properties with an eligible accessory dwelling unit (ADU)\*



\*ADUs are not eligible with a 2-4-unit dwellings, investment properties, or when a manufactured home is the primary residence. Properties with multiple ADUs are ineligible.

## Documentation for subject properties that currently generate rental income

### Purchases:

- 2-4-unit properties: Small Residential Income Property Appraisal Report (Form 1025/72)
- 1-unit properties: Single Family Comparable Rent Schedule (Form 1007/1000)
- Current lease(s)

### Refinances:

- Same as purchases **plus;**
- Federal tax return for the previous tax year

## Documentation for subject properties that are not currently generating rental income

### Purchases:

- 2-4-unit properties: Small Residential Income Property Appraisal Report (Form 1025/72)
- 1-unit properties: Single Family Comparable Rent Schedule (Form 1007/1000)

### Refinances:

- Same as above



# Documentation

## Rental Income from Non-Subject Properties

# Non-Subject Properties

- Some borrowers may own other properties for investment purposes
- The income/loss on these properties impacts the borrower's qualifying income
- The rental income and expenses are reflected on Schedule E of the borrower's federal tax return

## Documentation



\*If purchased during the last tax filing year, leases may be acceptable if federal tax returns have not yet been filed

# Analyzing Rental Income Partial Histories



## What if Schedule E shows that a property was in service for only a portion of the year or doesn't show the property at all?

### Acquired or placed into service during last year

- Confirm the purchase date using a settlement statement or other documentation
- **Fair Rental Days** on Schedule E must confirm the partial year of rental income

### Acquired or placed into service this year

- Confirm the purchase date using a settlement statement or similar
- Schedule E or the most recently filed federal tax return must confirm no rental income or expenses for the property

### The property was out of service for an extended period (i.e., for repairs or renovations)

- Repair expenses on Schedule E must be consistent with the renovation project(s)
- **Fair Rental Days** on Schedule E must confirm the number of days the rental unit was in service which will support the unit being in service for all or a portion of the year

# Properties in Service for Less than One Year

**SCHEDULE E**  
(Form 1040)

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074  
**2024**  
Attachment Sequence No. **13**

Department of the Treasury  
Internal Revenue Service

Name(s) shown on return  
Sally M Homeowner

Your social security number

**Part I Income or Loss From Rental Real Estate and Royalties**  
Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

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

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

**1a** Physical address of each property (street, city, state, ZIP code)

**A** 246 Hopscotch Lane, Anywhere, WI 00000

**B**

**C**

1b Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
<b>A</b> 1		<b>A</b> 180	185	<input type="checkbox"/>
<b>B</b>		<b>B</b>		<input type="checkbox"/>
<b>C</b>		<b>C</b>		<input type="checkbox"/>

**Type of Property:**  
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental  
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) \_\_\_\_\_

	Properties:		
	A	B	C
<b>Income:</b>			
<b>3</b> Rents received . . . . .	<b>3</b> 12000		
<b>4</b> Royalties received . . . . .	<b>4</b>		
<b>Expenses:</b>			
<b>5</b> Advertising . . . . .	<b>5</b>		
<b>6</b> Auto and travel (see instructions) . . . . .	<b>6</b>		
<b>7</b> Cleaning and maintenance . . . . .	<b>7</b>		
<b>8</b> Commissions . . . . .	<b>8</b>		
<b>9</b> Insurance . . . . .	<b>9</b> 2200		
<b>10</b> Legal and other professional fees . . . . .	<b>10</b>		
<b>11</b> Management fees . . . . .	<b>11</b>		
<b>12</b> Mortgage interest paid to banks, etc. (see instructions) . . . . .	<b>12</b> 3421		
<b>13</b> Other interest . . . . .	<b>13</b>		
<b>14</b> Repairs . . . . .	<b>14</b> 28555		
<b>15</b> Supplies . . . . .	<b>15</b> 4650		
<b>16</b> Taxes . . . . .	<b>16</b> 4239		
<b>17</b> Utilities . . . . .	<b>17</b>		
<b>18</b> Depreciation expense or depletion . . . . .	<b>18</b> 2100		
<b>19</b> Other (list) . . . . .	<b>19</b>		
<b>20</b> Total expenses. Add lines 5 through 19 . . . . .	<b>20</b> 45159		
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . .	<b>21</b> (33159)		
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . .	<b>22</b> ( )		
<b>23a</b> Total of all amounts reported on line 3 for all rental properties . . . . .	<b>23a</b> 12000		
<b>b</b> Total of all amounts reported on line 4 for all royalty properties . . . . .	<b>23b</b>		
<b>c</b> Total of all amounts reported on line 12 for all properties . . . . .	<b>23c</b> 3421		
<b>d</b> Total of all amounts reported on line 18 for all properties . . . . .	<b>23d</b> 2100		
<b>e</b> Total of all amounts reported on line 20 for all properties . . . . .	<b>23e</b> 45159		
<b>24</b> Income. Add positive amounts shown on line 21. Do not include any losses . . . . .	<b>24</b>		
<b>25</b> Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . .	<b>25</b> (33159)		
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 . . . . .	<b>26</b> (33159)		

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040) 2024

Sally renovated her rental property in 2024 resulting in it being out of service for 6 months

Schedule E reflects significant costs for repairs and supplies

Can you assume all repair and supply costs are nonrecurring?

No. More documentation is needed to confirm if the claimed expenses were all related to the renovation and truly nonrecurring

## When using a lease to verify rental income it must be supported by the following:

- Small Residential Income Property Appraisal Report (Form 1025/72)
- Single Family Comparable Rent Schedule (Form 1007/1000)

**But what if you need to use a lease for a non-subject property?**

**You must confirm the lease has gone into effect**

- two months consecutive bank statements or electronic transfers of rental payments, **or**
- for newly executed leases, copies of the security deposit and first month's rent check with proof of deposit



If there is a situation where you feel that a particular situation warrants the use of a lease over the information shown on Schedule E, you must justify your decision by providing an explanation in the file

SCHEDULE E

(Form 1040)

Department of the Treasury

Internal Revenue Service

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

2024

Attachment Sequence No. 13

Go to [www.irs.gov/ScheduleE](https://www.irs.gov/ScheduleE) for instructions and the latest information.

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

Name(s) shown on return

Sally M Homeowner

Your social security number

Part I

Income or Loss From Rental Real Estate and Royalties

Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A

Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions.

Yes

No

B

If "Yes," did you or will you file required Form(s) 1099?

Yes

No

1a

Physical address of each property (street, city, state, ZIP code)

A

246 Hopscotch Lane, Anywhere, WI 00000

B

C

1b

Type of Property (from list below)

A

1

B

C

2

For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.

A

180

B

C

Fair Rental Days

180

Personal Use Days

185

QJV

Type of Property:

1

Single Family Residence

3

Vacation/Short-Term Rental

5

Land

7

Self-Rental

2

Multi-Family Residence

4

Commercial

6

Royalties

8

Other (describe)

Income:

3

Rents received

4

Royalties received

Expenses:

5

Advertising

6

Auto and travel (see instructions)

7

Cleaning and maintenance

8

Commissions

9

Insurance

10

Legal and other professional fees

11

Management fees

12

Mortgage interest paid to banks, etc. (see instructions)

13

Other interest

14

Repairs

15

Supplies

16

Taxes

17

Utilities

18

Depreciation expense or depletion

19

Other (list)

20

Total expenses. Add lines 5 through 19

21

Subtract line 20 from line 3 (rents) and/or 4 (royalties). If the result is a loss, see instructions to find out if you can deduct it. See Form 6198.

22

Deductible rental real estate loss after limitations. See instructions.

23a

Total of all amounts reported on line 3 for all properties

b

Total of all amounts reported on line 4 for all properties

c

Total of all amounts reported on line 12 for all properties

d

Total of all amounts reported on line 18 for all properties

e

Total of all amounts reported on line 20 for all properties

23e

45159

24

Income. Add positive amounts shown on line 21. Do not include any losses.

25

Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here.

26

Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2.

26

(33159)

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11344L

Schedule E (Form 1040) 2024

**mpf** Mortgage Partnership Finance™

# Analyzing Rental Income Using Leases and Fair Market Rents



# When are Leases and/or Market Rents Used?

**Purchases:** subject properties that are currently rented out by the seller

**Refinances:** subject properties or non-subject properties acquired in the current year or unrented in the previous tax year

When able to use a lease or market rents to determine rental income, **75%** of the gross monthly rent(s) is used

*The remaining 25% is the estimated cost of potential vacancy losses and annual maintenance*





## Owner-Occupied 2-Unit Purchase Scenario

Bob and Teri are selling their condo and purchasing a duplex. They plan to live in one unit and rent out the other

The rental unit is currently occupied by a long-time tenant paying **\$2,100** per month (which is supported by the rental market data on the appraisal)

The proposed monthly PITIA for the duplex is **\$2,675**



# Bob and Teri's Rental Income Analysis Using Fannie Mae Form 1037

Enter the gross monthly rental income

Multiply by .75 (the worksheet calculates this for you)

Add the monthly rental income to the borrower's qualifying income

Hold the entire PITIA against the borrower

Step 2B. Lease Agreement OR Fannie Mae Form 1025 <span style="color: red;">For each property complete ONLY 2A or 2B</span>				
This method is used when the transaction is a purchase, the property was acquired subsequent to the most recent tax filing.				
B1	Enter the gross monthly rent (from the lease agreement) or market rent (from Form 1025) for the applicable rental unit	Enter	\$2,100	
B2	Multiply gross monthly rent or market rent by 75% (.75). <i>The remaining 25% accounts for vacancy loss, maintenance, and management expenses.</i>	Multiply	x.75	x.75
	Equals monthly rental income per unit	Total	1575	0
B3	Combine the monthly rental income of all non-owner-occupied rental units (up to a maximum of 3 rental units since rental income is not eligible on the unit occupied by the borrower).	Add	0	0
<b>Step 2B. Result:</b> Monthly qualifying rental income:		<b>Result</b>	1575	
<b>Step 3. Determine the qualifying impact using the combined result of Step 2A or Step 2B.</b>				
3A	Add the monthly qualifying rental income to the borrower's monthly qualifying income.			1575
3B	Identify the full amount of the PITIA as the borrower's primary housing expense and include it in the debt-to-income ratio. <i>Use proposed PITIA when the subject property; existing PITIA when not the subject property.</i>			2675

Remember, the amount of rental income you can add to the borrower's income may be limited based on whether the borrower has a current housing payment and/or property management experience



# Don't Forget the Rules

What if the net rent for the tenant's unit was \$2,900 which is \$225 more than Bob and Teri's PITIA for the property. Could the entire \$2,900 be added to their qualifying income?

**No.** Unless Bob and Teri have at least one year of previous property management experience, only an amount equal to the subject property's PITIA can be added to their qualifying income

If Bob and Teri lived rent-free with Bob's aunt for the last 4 years, would that change anything?

**Yes.** If neither of them owned a primary residence or had a housing expense, the rental income cannot be added to their qualifying income



# Analyzing Rental Income/Loss from Schedule E

# Schedule E Review

- Property Address
- Type of Property
- Fair Rental Days



**SCHEDULE E**  
(Form 1040)

Department of the  
Internal Revenue Service

Name(s) shown on return  
**Taylor C Homeowner**

**Part I** Income or Loss From Rental Real Estate and Royalties

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

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

**1a** Physical address of each property (street, city, state, ZIP code)

**A** 123 Poppy Lane, Anyville, SD 00000

**B**

**C**

**1b** Type of Property (from list below)

**A** 1

**B**

**C**

**Type of Property:**

1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental

2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) \_\_\_\_\_

**SCHEDULE E**  
(Form 1040)

Department of the Treasury  
Internal Revenue Service

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(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2024**  
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**Taylor C Homeowner**

Your social security number

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Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

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

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

**1a** Physical address of each property (street, city, state, ZIP code)

**A** 123 Poppy Lane, Anyville, SD 00000

**B**

**C**

**1b** Type of Property (from list below)

**A** 1

**B**

**C**

**2** For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.

	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	365	0	<input type="checkbox"/>
<b>B</b>			<input type="checkbox"/>
<b>C</b>			<input type="checkbox"/>

**Type of Property:**

1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental

2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) \_\_\_\_\_

**Income:**

	A	B	C
<b>3</b> Rents received . . . . .	26400		
<b>4</b> Royalties received . . . . .			

**Expenses:**

	A	B	C
<b>5</b> Advertising . . . . .			
<b>6</b> Auto and travel (see instructions) . . . . .			
<b>7</b> Cleaning and maintenance . . . . .			
<b>8</b> Commissions . . . . .			
<b>9</b> Insurance . . . . .	2375		
<b>10</b> Legal and other professional fees . . . . .			
<b>11</b> Management fees . . . . .			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions) . . . . .	13460		
<b>13</b> Other interest . . . . .			
<b>14</b> Repairs . . . . .	3100		
<b>15</b> Supplies . . . . .			
<b>16</b> Taxes . . . . .	4310		
<b>17</b> Utilities . . . . .			
<b>18</b> Depreciation expense or depletion . . . . .	2449		
<b>19</b> Other (list) . . . . .			
<b>20</b> Total expenses. Add lines 5 through 19 . . . . .	25694		
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . .	706		
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . .			

**23a** Total of all amounts reported on line 3 for all rental properties . . . . . 26400

**23b** Total of all amounts reported on line 4 for all royalty properties . . . . .

**23c** Total of all amounts reported on line 12 for all properties . . . . . 13460

**23d** Total of all amounts reported on line 18 for all properties . . . . . 2449

**23e** Total of all amounts reported on line 20 for all properties . . . . . 25694

**24** Income. Add positive amounts shown on line 21. Do not include any losses . . . . . 706

**25** Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . .

**26** Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 . . . . . 706

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040) 2024

OMB No. 1545-0074

**2024**  
Attachment  
Sequence No. 13

Your social security number

If you are an individual, report farm

☐ Yes ☒ No

☐ Yes ☒ No

**Personal Use Days**

0

**QJV**

☐

☐

☐

(be) \_\_\_\_\_

# Fair Rental Days

## Properties with less than 365 rental days require extra research and documentation

- Was the property acquired or placed into service during the tax year?
- Was the property out of service due to renovations?
- Was the property vacant between tenants?
- Days must be converted to months for calculating purposes
- **NOTE:** Rental income from properties disclosed as second homes cannot be used for qualifying

2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.		Fair Rental Days	Personal Use Days	QJV
A		245		<input type="checkbox"/>
B				<input type="checkbox"/>
C				<input type="checkbox"/>

Convert days to months:  $245 \div 30 = 8.17$  months (round up to 9 months)



# IRS 1040 Schedule E

- Gross annual rents received
- Expenses related to the property

**SCHEDULE E**  
(Form 1040)

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074  
**2024**  
Attachment  
Sequence No. 13

Department of the Treasury  
Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.  
Go to [www.irs.gov/ScheduleE](https://www.irs.gov/ScheduleE) for instructions and the latest information.

Name(s) shown on return  
Taylor C Homeowner

Your social security number

**Part I** **Income or Loss From Rental Real Estate and Royalties**  
Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions . . . . . ☐ Yes ☒ No  
**B** If "Yes," did you or will you file required Form(s) 1099? . . . . . ☐ Yes ☒ No

**1a** Physical address of each property (street, city, state, ZIP code)  
**A** 123 Poppy Lane, Anyville, SD 00000  
**B**  
**C**

**1b** Type of Property (from list below)  
**A** 1  
**B**  
**C**

**2** For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.

	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	365	0	<input type="checkbox"/>
<b>B</b>			<input type="checkbox"/>
<b>C</b>			<input type="checkbox"/>

**Type of Property:**  
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental  
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) \_\_\_\_\_

**Income:**

	A	B	C
<b>3</b> Rents received . . . . .	26400		
<b>4</b> Royalties received . . . . .			

**Expenses:**

<b>5</b> Advertising . . . . .			
<b>6</b> Auto and travel (see instructions) . . . . .			
<b>7</b> Cleaning and maintenance . . . . .			
<b>8</b> Commissions . . . . .			
<b>9</b> Insurance . . . . .	2375		
<b>10</b> Legal and other professional fees . . . . .			
<b>11</b> Management fees . . . . .			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions) . . . . .	13460		
<b>13</b> Other interest . . . . .			
<b>14</b> Repairs . . . . .	3100		
<b>15</b> Supplies . . . . .			
<b>16</b> Taxes . . . . .	4310		
<b>17</b> Utilities . . . . .			
<b>18</b> Depreciation expense or depletion . . . . .	2449		
<b>19</b> Other (list) . . . . .			
<b>20</b> Total expenses. Add lines 5 through 19 . . . . .	25694		
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . .	706		
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . .			

**23a** Total of all amounts reported on line 3 for all rental properties . . . . . **23a** 26400  
**23b** Total of all amounts reported on line 4 for all royalty properties . . . . . **23b**  
**23c** Total of all amounts reported on line 12 for all properties . . . . . **23c** 13460  
**23d** Total of all amounts reported on line 18 for all properties . . . . . **23d** 2449  
**23e** Total of all amounts reported on line 20 for all properties . . . . . **23e** 25694

**24** **Income.** Add positive amounts shown on line 21. Do not include any losses . . . . . **24** 706  
**25** **Losses.** Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . . **25**  
**26** **Total rental real estate and royalty income or (loss).** Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 . . . . . **26** 706

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040) 2024

## The calculator is publicly available!



**mpf** Mortgage Partnership Finance™

# Fannie Mae's Rental Income Calculator

Many of the initial fields you encounter are optional

- After accepting the privacy policy, select *Income Type* from the menu
- Select *Rental* and the Schedule E analysis option

The screenshot shows the 'Income Calculator' interface. On the left is a sidebar menu with the following items: Welcome, Start, **Income Type** (highlighted with a yellow arrow), Reference Name, Length of Employment, Desktop Underwriter, Business Structure, Select Tax Year, Select Tax Forms, Input Tax Data, and Findings Report. The main content area is titled 'Income Type' and contains two radio button options: 'Self-Employed or Business Owner' and 'Rental' (selected with a yellow arrow). Below these options is a text prompt: 'Thinking about the rental income you want Income Calculator to evaluate, describe the method used by the borrower to report this rental income to the IRS:'. There are two radio button options for this prompt: 'Rental income is reported to the IRS using Form 1040, Schedule E, Part 1' (selected with a yellow arrow) and 'Rental income is reported to the IRS using business tax returns (Form 1065 or Form 1120S)'. At the bottom of the main content area are 'Back' and 'Continue' buttons.

Income Calculator

Refer

Welcome

Start

Income Type

Reference Name

Desktop Underwriter

Select Tax Year

Select Tax Forms

Input Tax Data

2024 Forms

Form 1040

Form 1040 Sch 1

Form 1040 Sch E

Losses And Expenses

Findings Report

Input Data: Rental Income Form 1040 - Sch E (2024)

For the property you want Income Calculator to evaluate, find Part I of Schedule E

A separate Income Calculator evaluation is required for each income-producing property used for loan qualification. Provide all requested data exactly as it appears on the tax returns. Do not create an Income Calculator evaluation for a property the borrower will not own at the time of loan closing.

Line 1a (optional)

Physical address of property

Borrower's principal residence (Occupancy)

No, the property is not the borrower's principal residence

Loan will refinance this property

No, the loan will not refinance this property

Rental Property Housing Expense (PITIA)

Provide the current monthly housing expense (principal, interest, taxes, insurances, and ho

property

Line 1b

Enter Type of Property

Select Type of Property

There is no value of this line

Line 2

Enter Fair Rental Days

As you click through each question, the associated line from Schedule E will highlight

SCHEDULE E (Form 1040) Supplemental Income and Loss

Part I Income or Loss From Rental Real Estate and Royalties

1a Physical address of each property (street, city, state, ZIP code)

1b Type of Property (from list below)

2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.

Type of Property: 1 Single Family Residence 2 Multi-Family Residence 3 Vacation/Short-Term Rental 4 Commercial 5 Land 6 Royalties 7 Self-Rental 8 Other (describe)

Income: 3 Rents received 4 Royalties received

Expenses: 5 Advertising 6 Auto and travel (see instructions) 7 Cleaning and maintenance 8 Commissions 9 Insurance 10 Legal and other professional fees 11 Management fees 12 Mortgage interest paid to banks, etc. (see instructions) 13 Other interest 14 Repairs 15 Supplies 16 Taxes 17 Utilities 18 Depreciation expense or depletion 19 Other (list) 20 Total expenses. Add lines 5 through 19

21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a loss, see instructions to find out if you must file Form 6198

22 Deductible rental real estate loss after limitation, if any, on Form 6198 (see instructions)

23a Total of all amounts reported on line 3 for all rental properties 23b Total of all amounts reported on line 4 for all royalty properties 23c Total of all amounts reported on line 12 for all properties 23d Total of all amounts reported on line 18 for all properties 23e Total of all amounts reported on line 20 for all properties

24 Income. Add positive amounts shown on line 21. Do not include any losses

25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here

26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2



- Occupancy
- Borrower's current housing status
- Is the property being refinanced
- Property PITIA

## Input Data: Rental Income Form 1040 - Sch E (2024)

For the property you want Income Calculator to evaluate, find Part I of Schedule E

A separate Income Calculator evaluation is required for each income-producing property used for loan qualification. Provide all requested data exactly as it appears on the tax returns. Do not create an Income Calculator evaluation for a property the borrower will not own at the time of loan closing.

### Line 1a (optional) ⓘ

Physical address of property

123 Poppy Lane

### Borrower's principal residence (Occupancy) ⓘ

- ☐ Yes, the property is the borrower's principal residence
- ☒ No, the property is not the borrower's principal residence

### Borrower Housing Expense ⓘ

- ☒ The borrower owns a principal residence or pays rent
- ☐ The borrower does not have any housing expense (Does not own a principal residence and does not pay rent)

### Loan will refinance this property ⓘ

- ☐ Yes, the loan will refinance this property
- ☒ No, the loan will not refinance this property

### Rental Property Housing Expense (PITIA) ⓘ

Provide the current monthly housing expense (principal, interest, taxes, insurances, and homeowner's association dues) for the rental property

\$1,830

1b	Type of Property (from list below)	2	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days
A	1			A 245
B				B
C				C

**Type of Property:**

1 Single Family Residence	3 Vacation/Short-Term Rental	5 Land	7 Self-Rental
2 Multi-Family Residence	4 Commercial	6 Royalties	8 Other (describe)

		Property	
		A	B
<b>Income:</b>			
3	Rents received . . . . .	3	26400
4	Royalties received . . . . .	4	
<b>Expenses:</b>			
5	Advertising . . . . .	5	
6	Auto and travel (see instructions) . . . . .	6	
7	Cleaning and maintenance . . . . .	7	
8	Commissions . . . . .	8	
9	Insurance . . . . .	9	2375
10	Legal and other professional fees . . . . .	10	
11	Management fees . . . . .	11	
12	Mortgage interest paid to banks, etc. (see instructions)	12	13460
13	Other interest . . . . .	13	
14	Repairs . . . . .	14	3100
15	Supplies . . . . .	15	
16	Taxes . . . . .	16	4310
17	Utilities . . . . .	17	
18	Depreciation expense or depletion . . . . .	18	2449
19	Other (list) . . . . .	19	
20	Total expenses. Add lines 5 through 19 . . . . .	20	25694
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . .	21	706
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . .	22	( )
23a	Total of all amounts reported on line 3 for all rental properties . . . . .	23a	
b	Total of all amounts reported on line 4 for all royalty properties . . . . .	23b	
c	Total of all amounts reported on line 12 for all properties . . . . .	23c	
d	Total of all amounts reported on line 18 for all properties . . . . .	23d	
e	Total of all amounts reported on line 20 for all properties . . . . .	23e	
24	<b>Income.</b> Add positive amounts shown on line 21. <b>Do not</b> include any losses . . . . .		
25	<b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . .		
26	<b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 . . . . .		

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L

Let's test out a partial year!

Enter the reason for the partial year

How long as the borrower managed a rental property?

Enter the rents received

Enter the annual insurance paid



Line 1b

Enter Type of Property

1 Single Family Residence

There is no value of this line

Line 2

Enter Fair Rental Days

245

There is no value on this line

Fair rental days less than 365 detail

Provide the reason Fair Rental Days are less than 365

The property was either acquired or was converted to a rental property during this tax year

The property was undergoing significant renovation or rehabilitation and was not acquired during this tax year

I don't know/Other

Rental property ownership history

The borrower has at least a one-year history of receiving rental income or at least a one-year history of property management experience

The borrower has less than a one-year history of receiving rental income and less than a one-year history of property management experience

Line 3

Enter Rents received

\$26,400

There is no amount on this line

Line 9

Enter Insurance

\$2,375

There is no amount on this line

1b	Type of Property (from list below)	2	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	
A	1			A	245
B				B	
C				C	

Type of Property:

1 Single Family Residence

2 Multi-Family Residence

3 Vacation/Short-Term Rental

4 Commercial

5 Land

6 Royalties

7 Self-Rental

8 Other (describe)

		Property	
		A	B
Income:			
3	Rents received	3	26400
4	Royalties received	4	
Expenses:			
5	Advertising	5	
6	Auto and travel (see instructions)	6	
7	Cleaning and maintenance	7	
8	Commissions	8	
9	Insurance	9	2375
10	Legal and other professional fees	10	
11	Management fees	11	
12	Mortgage interest paid to banks, etc. (see instructions)	12	13460
13	Other interest	13	
14	Repairs	14	3100
15	Supplies	15	
16	Taxes	16	4310
17	Utilities	17	
18	Depreciation expense or depletion	18	2449
19	Other (list)	19	
20	Total expenses. Add lines 5 through 19	20	25694
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	706
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	
23a	Total of all amounts reported on line 3 for all rental properties	23a	
b	Total of all amounts reported on line 4 for all royalty properties	23b	
c	Total of all amounts reported on line 12 for all properties	23c	
d	Total of all amounts reported on line 18 for all properties	23d	
e	Total of all amounts reported on line 20 for all properties	23e	
24	Income. Add positive amounts shown on line 21. Do not include any losses	24	
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount	25	
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount	26	

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11344L



## Mortgage interest

Don't forget to select if  
the field on Schedule E  
contains no amount

## Repair costs

## Real Estate Taxes

## Depreciation

## Total Expenses

<b>Line 12</b>	
<input checked="" type="radio"/> Enter Mortgage interest paid to banks, etc.	
<input type="text" value="\$13,460"/>	
<input type="radio"/> There is no amount on this line	
<b>Line 13</b>	
<input type="radio"/> Enter Other interest	
<input type="text" value=""/>	
<input checked="" type="radio"/> There is no amount on this line	
<b>Line 14</b>	
<input checked="" type="radio"/> Enter Repairs	
<input type="text" value="\$3,100"/>	
<input type="radio"/> There is no amount on this line	
<b>Line 16</b>	
<input checked="" type="radio"/> Enter Taxes	
<input type="text" value="\$4,310"/>	
<input type="radio"/> There is no amount on this line	
<b>Line 18</b>	
<input checked="" type="radio"/> Enter Depreciation expense or depletion	
<input type="text" value="\$2,449"/>	
<input type="radio"/> There is no amount on this line	
<b>Line 20</b>	
<input checked="" type="radio"/> Enter Total expenses	
<input type="text" value="\$25,694"/>	
<input type="radio"/> There is no amount on this line	

<b>Income:</b>		<b>A</b>	
<b>3</b>	Rents received . . . . .	<b>3</b>	26400
<b>4</b>	Royalties received . . . . .	<b>4</b>	
<b>Expenses:</b>		<b>5</b>	
<b>5</b>	Advertising . . . . .	<b>6</b>	
<b>6</b>	Auto and travel (see instructions) . . . . .	<b>7</b>	
<b>7</b>	Cleaning and maintenance . . . . .	<b>8</b>	
<b>8</b>	Commissions . . . . .	<b>9</b>	2375
<b>9</b>	Insurance . . . . .	<b>10</b>	
<b>10</b>	Legal and other professional fees . . . . .	<b>11</b>	
<b>11</b>	Management fees . . . . .	<b>12</b>	13460
<b>12</b>	Mortgage interest paid to banks, etc. (see instructions) . . . . .	<b>13</b>	
<b>13</b>	Other interest . . . . .	<b>14</b>	3100
<b>14</b>	Repairs . . . . .	<b>15</b>	
<b>15</b>	Supplies . . . . .	<b>16</b>	4310
<b>16</b>	Taxes . . . . .	<b>17</b>	
<b>17</b>	Utilities . . . . .	<b>18</b>	2449
<b>18</b>	Depreciation expense or depletion . . . . .	<b>19</b>	
<b>19</b>	Other (list) . . . . .	<b>20</b>	25694
<b>20</b>	Total expenses. Add lines 5 through 19 . . . . .	<b>21</b>	706
<b>21</b>	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file <b>Form 6198</b> . . . . .	<b>22</b>	
<b>22</b>	Deductible rental real estate loss after limitation, if any, on <b>Form 8582</b> (see instructions) . . . . .	<b>23a</b>	
<b>23a</b>	Total of all amounts reported on line 3 for all rental properties . . . . .	<b>23b</b>	
<b>23b</b>	Total of all amounts reported on line 4 for all royalty properties . . . . .	<b>23c</b>	
<b>23c</b>	Total of all amounts reported on line 12 for all properties . . . . .	<b>23d</b>	
<b>23d</b>	Total of all amounts reported on line 18 for all properties . . . . .	<b>23e</b>	
<b>23e</b>	Total of all amounts reported on line 20 for all properties . . . . .	<b>24</b>	
<b>24</b>	<b>Income.</b> Add positive amounts shown on line 21. <b>Do not</b> include any losses . . . . .	<b>25</b>	
<b>25</b>	<b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter the total from Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 of Form 1040-ES . . . . .	<b>26</b>	
<b>26</b>	<b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter the total from Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 of Form 1040-ES . . . . .		
For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344			

# Other Useful Questions

## You can enter homeowners Association Dues if applicable



### Homeowners Association/Condo/Coop Dues ⓘ

Review Schedule E (particularly Lines 7, 11, and 19) and any attachments for homeowner's association/condominium or cooperative dues.

☐ Enter homeowner's association/condominium/cooperative dues

☒ No homeowner's association/condominium/cooperative dues can be identified on the tax returns

**Documented non-recurring expenses  
(large repair items, renovation costs, etc.)  
can be considered into the calculation**



Some borrowers have certain uncommon property losses or expenses that can be added back when calculating the rental property's income or loss. If you think the borrower may have these kinds of property losses or expenses, continue reviewing the information below; otherwise click "Continue".

### Casualty & Theft Loss ⓘ

Losses due to a major federally declared disaster (also known as a casualty), such as a hurricane or earthquake are reported in detail on IRS Form 4684 Casualties and Thefts. Look for this form in the tax returns.

☐ Yes, Form 4684 is included in the tax returns

☒ No, Form 4684 is not included in the tax returns

### Extraordinary One-Time Expenses Determined by the Lender ⓘ

The lender may determine certain property expenses are extraordinary one-time expenses. There is no one specific location on the tax return where extraordinary one-time expenses are identified. The lender's underwriting analysis must describe the circumstances that justify the extraordinary and one-time nature of the expense. The lender may request documentation from the borrower to support its determination that the expense is extraordinary and nonrecurring.

☐ Enter Extraordinary One-Time Expenses Determined by the Lender

☒ There is no Extraordinary One-Time Expense

# Results

Provides guidance  
about how to apply  
the income or loss

## Findings Report












Income Calculator ID	D533TVX ⓘ	123 Poppy Lane
Qualifying Rental Income	\$758.89 ⓘ	
Qualifying Rental Loss (add to DTI)	\$0.00 ⓘ	
Rental Property Occupancy	Investment ⓘ	
Add Rental Property PITIA to DTI	No ⓘ	
Add Primary Housing Expense/Rent to DTI	Yes ⓘ	
Subject Property	No ⓘ	
IRS Property Type	1 Single Family Residence ⓘ	

# Results

Easily review your figures from Schedule E

Calculates the monthly rental income based on the number of months in service

Subtracts the PITIA for the property to arrive at the monthly income/loss for the property

	Tax Returns	Income Calculator
	2024	2024
Fair Rental Days ⓘ	245 	245
Rents Received ⓘ	\$26,400.00 	\$26,400.00
Accessory Unit or Boarder Income ⓘ	\$0.00 	\$0.00
Total Expenses ⓘ	\$25,694.00 	-\$25,694.00
Insurance ⓘ	\$2,375.00 	\$2,375.00
Mortgage Interest Paid to Banks ⓘ	\$13,460.00 	\$13,460.00
Other Deductible Mortgage Interest ⓘ	\$0.00 	\$0.00
Taxes ⓘ	\$4,310.00 	\$4,310.00
Homeowners Association Dues ⓘ	\$0.00 	\$0.00
Depreciation/Depletion ⓘ	\$2,449.00 	\$2,449.00
> Casualty/theft loss ⓘ	\$0.00	\$0.00
Extraordinary one-time expenses ⓘ	\$0.00 	\$0.00
Adjusted Rental Income ⓘ		\$23,300.00

Months In Service (Fair Rental Days / 30)		245 / 30 = 9
Monthly Rental Income		\$23,300.00 / 9 months = \$2,588.89 - \$1,830.00 = \$758.89
Qualifying Rental Amount		\$758.89

# Summary

- Always use the calculator or a worksheet to calculate rental income/losses
- Even when not using rental income to qualify, calculations must be completed
- Rental income calculation methods differ between owner-occupied and non-owner-occupied properties
- If using leases for a subject property, always compare the leases with the appraisal data
- Understand what the limits are for considering rental income for qualifying

**For more details on rental income analysis, refer to the MPF Traditional Product and Fannie Mae Selling Guides**

- **MPF Traditional Selling Guide 5.3.8**
- **Fannie Mae Selling Guide B3-3.1-08**

# MPF Program Contacts and Resources

## MPF Service Center

Email - [MPF-Help@FHLBC.com](mailto:MPF-Help@FHLBC.com)

Hours - 8:30 am to 4:30 PM CT

Phone: (877) 345-2673

## MPF National Education

[mpftraining@fhlbc.com](mailto:mpftraining@fhlbc.com)

Keep up with MPF product guideline updates by subscribing to MPF Announcements:

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