

# Selling Guide

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## What adjustments are made in the cash flow analysis for Schedule C?

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### Sole Proprietorship, Schedule C

Non-recurring income must be deducted in the cash flow analysis, including any exclusion for meals and entertainment expenses reported by the borrower on Schedule C.

The following recurring items claimed by the borrower on Schedule C must be added back to the cash flow analysis: depreciation, depletion, business use of a home, amortization, and casualty losses.

For additional information, see [B3-3.3-03, Income or Loss Reported on IRS Form 1040, Schedule C](#) and Fannie Mae's Cash Flow Analysis (Form 1084)\*.

\*For a complete list of forms used in fulfilling requirements contained in the Selling and Servicing Guides, see the [Guide Forms](#) page.