

*AIM = Asset & Income Modeler

This reference will assist you with our AIM enhancement within Loan Product Advisor® (LPASM) to enable assessment of rental income reported on the borrower's individual tax returns. The assessment includes an automated analysis to determine if the submitted monthly rental income amount for each property is supported based on the Schedule E of the tax return.

This capability is available for LPA System-to-System (S2S) users only.

Learn More

The following information is provided to help you learn more about:

- [The Benefits](#)
- [How it Works](#)
- [Getting Started](#)
- [How to Interpret the Results](#)
- [Resources](#)
- [Service Provider Information](#)



Benefits

- Early visibility into LPA's view of the rental income for each disclosed property, including a derived monthly income amount.
- Loan-specific and property-specific feedback messages.
- Help in streamlining the loan origination process and reducing origination costs.

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Service Guide* and your other Purchase Documents.

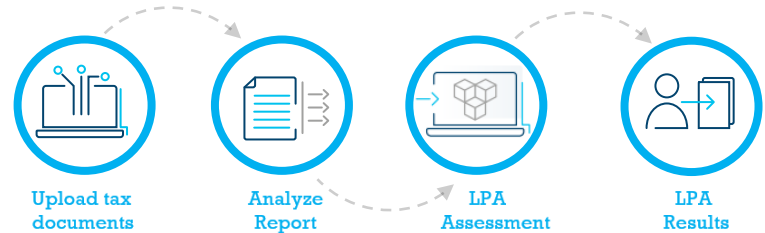
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How it Works

The rental income assessment capability within LPA leverages access to optical character recognition (OCR) technology from third-party service providers to help enable the automation of certain rental income calculations. The assessment will return loan-specific and property-specific feedback messages that can help you during the underwriting process.



How does this happen?

- 1 Simply upload your borrower's federal income tax returns to a designated service provider.
- 2 A report ("Income Calculation Report) is returned from the third-party service provider for your review and verification in accordance with the requirements of [Section 5306.1](#). Note, if edits are made to the report, the updated Income Calculation Report must be resubmitted to the service provider before proceeding.
- 3 Once the report is reviewed and verified, submit the mortgage to LPA using the unique reference number assigned by the service provider. From there, LPA applies calculation and eligibility rules and returns the result of the assessment on the LPA Feedback Certificate.
- 4 Review the informational feedback messages returned to assess if the submitted rental income is supported.

Note: Rental income is not eligible for income representation and warranty relief assessment.

How to Get Started

The next several sub-sections cover details including the initial setup process and steps for originating loans with the AIM enhancement for rental income assessment.



Initial Setup

To participate, you must first have an agreement with a designated service provider*. In your agreement, the service provider must agree to:

- Utilize its proprietary technology to extract data from borrower tax returns you submit to enable calculation of certain rental income/loss.
- Generate an Income Calculation Report with a unique reference number.
- Forward the Income Calculation Report and all income documentation you uploaded to the service provider to Freddie Mac through Loan Product Advisor.

**This enhancement will initially only be available through [LoanBeam](#). Plans for participation by [CoreLogic](#) and [LoanCraft](#) are currently underway and their deployment date will be communicated at a later date.*

Note: By requesting an income report from the service provider and entering the applicable reference number in LPA, you are requesting the capability to be initiated in LPA. Use of this capability is not required.

Steps for Originating Loans

Operational, loan origination system (LOS), and service provider system impacts must be taken into consideration before implementing this capability. Once you are ready to begin using this service, follow and complete the steps outlined below. Based on your organization's business processes, the order in which you complete the steps may vary.

Step 1: Order the Income Calculation Report from the Service Provider

As part of your process for gathering loan application data and authorizations, also obtain the borrower's authorization to share their tax returns and other relevant income information with the service provider and Freddie Mac. After you have obtained the borrower's authorization, upload the required tax documents and order the service provider's Income Calculation Report.

Step 2: Reconcile the Report

The service provider completes the report request and returns the Income Calculation Report to you. This report meets the requirements of Guide Section 5306.1 for calculating the net rental income using [Form 92](#), Net Rental Income Calculations – Schedule E, or a similar alternative form.

After you receive the report, capture the unique identifier (Reference Number). The reference number issued by the service provider will apply to a maximum of one IRS Form 1040 for each applicable calendar year, for up to two years, with no more than two borrowers on the same 1040 when filed jointly.



Importance of the Reference Number

The service provider assigns a unique reference number to the Income Calculation Report. This number is associated with an application ID at the service provider. Identifying and using the correctly formatted reference number is critical for LPA to access the tax return data. The following are items to keep in mind with regard to the reference number:

1. The reference number is located in a field in the report provided by the service provider.
2. If there are multiple versions of the report, there is still only one reference number. The reference number plus the applicable date and time makes each report version unique.
3. Based on the reference number provided to LPA, Loan Product Advisor will receive the latest version of the report that you send back to or update with the service provider.
4. If you did not make any changes to the report, LPA will receive the original version generated by the service provider.
5. If you don't want LPA to use the report provided by the service provider, omit the reference number from your LPA request.
6. Ensure you are requesting the correct report when submitting the loan to LPA.
7. The original reference number must be used with all subsequent submissions to the service provider to update information (if applicable) and with all loan data submissions to LPA.

Next, review the Income Calculation Report to determine if any adjustment to the income must be made based on the information in the mortgage file and, if so, update the Income Calculation Report accordingly.

For example:

1. Are the income calculations acceptable or do manual changes need to be made to the report?
2. Is there rental income that should be excluded, such as when an investment property has been sold?
3. Are there technical issues that may require help from the service provider support team to resolve?

Tip!

Updates to the Income Calculation Report

If you need to make manual updates to the Income Calculation Report, follow your service provider's process for manually updating an Income Calculation Report. Confirm you are using the same reference number so LPA can access the updated Income Calculation Report.

Refer to the service provider for examples of each service provider's report.



Step 3: Complete Loan Data Entry

Once you have reviewed the Income Calculation Report and made any applicable adjustments, enter the stable monthly rental income amount used to qualify in your LOS.

Reminders when entering data:

- Include the reference number assigned by the service provider in the **Report ID** field with the submission for LPA to access the tax return data.
- Follow your LOS processes for data entry regarding property addresses, mortgage details and net rental income or loss.

Section 3: Financial Information — Real Estate. This section asks you to list all properties you currently own and what you owe on them. *I do not own any real estate*

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

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. <i>if not included in Monthly Mortgage Payment</i>	For 2-4 Unit Primary or Investment Property	
\$			\$	Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
				\$	\$

Mortgage Loans on this Property *Does not apply*

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$	<input type="checkbox"/>		\$
		\$	\$	<input type="checkbox"/>		\$

Once you have reconciled the properties based on information in the loan file, capture the property address exactly as it appears on Schedule E of the borrower's tax returns. LPA will match the submitted address with the address on Schedule E.

Use the net monthly rental income or loss used to qualify the borrower.

Note: Determine if any adjustment to the income must be made based on the information in the mortgage file and/or the Income Calculation Report. If you are assessing rental income using a lease, in lieu of using Schedule E, you must follow the requirements in Guide Section [5306.1](#).

For more information on calculating net rental income and documentation requirements refer to Guide Section [5306.1](#) and the [Rental Income Matrix](#).

Step 4: Submit the Loan to Loan Product Advisor

From your system, submit the loan to LPA. Loan Product Advisor sends a request with the Report ID (reference number) to the service provider. The service provider must match the information provided in the request to release the report data to LPA.

If a match is not made, (e.g., rental address is not provided, or there is a mismatch between Schedule E and the submitted property address) actionable messages are returned which provide guidance for next steps.

LPA applies calculation and eligibility rules and returns the result of the assessment on the LPA Feedback Certificate.



Step 5: Review the Loan Product Advisor Feedback Certificate

LPA provides applicable messaging in the *Employment and Income* section of the Feedback Certificate.

Review the messages and reconcile them against the information in the Income Calculation Report and the loan application. Also, verify that the report date and time on the Income Calculation Report matches the report date and time in the LPA message.

Review the informational feedback messages returned to determine if the submitted rental income is supported. Keep in mind, after you review the messages and determine what, if any action is needed, you may choose to resubmit the loan.

Here is an example of the informational feedback messages returned indicating that the rental income is supported.

Employment and Income Messages	
CODE	MESSAGES
FEI0029	Based on Loan Product Advisor's overall assessment, the loan is not eligible for income representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FEI0275	The submitted rental income/loss result for 100 AMBAZAR ANYWHERE US 92222 of \$400.00 is supported by Schedule E income and submitted information (Income Calculation Report #1234567 date 05/17/2021 11:59 AM).

If the income is not supported or the submitted property address does not match to Schedule E, informational feedback messages will be returned. Refer to the [Loan Product Advisor Feedback Certificate Messages](#) section for a list of the messages specific to this capability.

Employment and Income Messages	
CODE	MESSAGES
FEI0029	Based on Loan Product Advisor's overall assessment, the loan is not eligible for income representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FEI0276	The submitted rental income/loss result for 100 AMBAZAR ANYWHERE US 92222 is not supported by Schedule E income and submitted information; however, a result of \$407.50 is supported based on Schedule E income of \$2,592.50 and a submitted monthly payment amount of \$2,185.00 (Income Calculation Report #1234567 date 05/17/2021 11:59 AM).
FEI0271	Unable to assess rental income on the properties below because match was not made with Schedule E data. Please reconcile submitted address with Schedule E data (Income Calculation Report #1234567 date 05/17/2021 11:59 AM): 20570 SW FIRST ST #100 ANYWHERE US 92222.
FEI0272	Unable to match the below Schedule E addresses to a submitted property. Please reconcile the Schedule E data with submitted addresses and provide evidence to support omission, if applicable (Income Calculation Report #1234567 date 05/17/2021 11:59 AM): 100 PALM AVE ANYWHERE US 92222.

Rental income is not supported as submitted, however, a derived income amount is returned. You may resubmit with the derived income to obtain the rental income is supported message or document the submitted rental income amount per the Guide.

LPA could not match the submitted address to Schedule E. (e.g., investment property was purchased in the current year). Reconcile the information and document per the Guide.

LPA could not match the address reported on Schedule E with a submitted address. Provide documentation to support the reason for the omission of the property address from the submitted file (e.g., property may have been sold).

Note: On resubmissions, maintain the same reference number in the **Report ID** field.



Deliver the Loan to Freddie Mac

When you are ready to deliver the loan to Freddie Mac, you must deliver it through Loan Selling Advisor® as a LPA loan. Loan Selling Advisor confirms that the data from the Last Feedback Certificate is consistent with the data delivered in Loan Selling Advisor.

Loan Product Advisor Feedback Certificate Examples – AIM enhancement for rental income assessment

The following scenarios are examples of what you may see in your results.

Reminder: The tax returns uploaded to the service provider must meet the requirements outlined in [Guide Section in 5903.6](#).

Example 1

In this example, the loan was submitted to Loan Product Advisor with the following income :

Eligible Income for rep and warranty relief	Other Income Types
<ul style="list-style-type: none"> John Freddie: Partnership 	<ul style="list-style-type: none"> One investment property (Schedule E)

Assessment Summary		Representation & Warranty Relief		
PURCHASE ELIGIBILITY	RISK CLASS	COLLATERAL R&W* RELIEF	INCOME R&W* RELIEF	ASSET R&W* RELIEF
ELIGIBLE	ACCEPT	NOT ELIGIBLE	ELIGIBLE	NOT ELIGIBLE
		N/A		

Employment and Income Messages	
CODE	MESSAGES
FEI0030	Based on Loan Product Advisor's overall assessment, the loan is eligible for income representation and warranty relief.
FEI0275	The submitted rental income/loss result for 100 AMBAZAR ANYWHERE US 92222 of \$400.00 is supported by Schedule E income and submitted information (Income Calculation Report #1234567 date 05/17/2021 11:59 AM).
FEI0225	John Freddie's submitted self-employed income of \$13,521.00 was assessed using the [redacted] report. The Income Calculation Report 1234567 dated 05/17/2021 11:59 AM, tax returns, and all other documentation uploaded to [redacted] must be retained in the loan file. No further documentation is required for this income.
FEI0034	Signed 4506: Any borrower whose income is used to qualify is required to sign IRS Form 4506 no later than the note date.
FEI0068	File must contain verification of current existence of each business through a third-party source for John Freddie dated no more than 120 days prior to the Note Date or after the Note Date but prior to the Delivery Date.
FEI0066	If rental income is being used to qualify, document the loan file in accordance with Chapter 5306 of the Freddie Mac Single-Family Seller/Service Guide.



The Results from Example 1 indicate:

Income Representation and Warranty Relief Eligibility	
Topic	Income Type/Feedback Messages
Self-employed income	Message Code FEI0030: Based on the assessment, the loan is eligible for loan-level income rep and warranty relief on the self-employed income only.
Rental Income	Not eligible for income rep and warranty relief, however, the rental income is supported. Information messages are provided for the rental income.

Documentation Requirements			
Topic	Income Type		Feedback Messages
	Eligible self-employed income	Other - Rental Income	
Income Calculation Report	✓	✓	Message Code FEI0225: The Income Calculation Report is acceptable documentation as an alternative to Form 91 , Income Calculations, to support the eligible self-employed income for the borrower, and as an alternative to Form 92 , Net Rental Calculations, to support the rental income. Confirm the report date and time on the Income Calculation Report matches the report date and time in this message. Maintain in the mortgage file.
Federal Income Tax Returns	✓	✓	Message Code FEI0225: Self-employed and rental income reported on Schedule E. Maintain the tax returns and all other documentation uploaded to the service provider in the mortgage file.
Verify existence of the business	✓	N/A	Message Code FEI0068: Self-employed income - Traditional documentation for obtaining the verification of the existence of the business for John Freddie.
4506-C	✓	✓	Message Code FEI0034: Obtain signed IRS Form 4506.
Rental income documentation	N/A	✓	Message Code FEI0275 and Message Code FEI066: the submitted rental income is supported. Document the loan file in accordance with the Guide Section 5306.1.



Example 2

In this example, the loan was submitted to Loan Product Advisor with the following income:

Eligible Income for rep and warranty relief	Other Income Types
<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> John Freddie: 1 investment property (Schedule E)

Assessment Summary		Representation & Warranty Relief			
PURCHASE ELIGIBILITY	RISK CLASS	COLLATERAL R&W* RELIEF	INCOME R&W* RELIEF	ASSET R&W* RELIEF	Asset Details
ELIGIBLE	ACCEPT	NOT ELIGIBLE N/A	NOT ELIGIBLE	NOT ELIGIBLE	

Employment and Income Messages	
CODE	MESSAGES
FEI0029	Based on Loan Product Advisor's overall assessment, the loan is not eligible for income representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FEI0275	The submitted rental income/loss result for 419 MAIN ST ANYWHERE US 92222 of \$2000.00 is supported by Schedule E income and submitted information (Income Calculation Report #1234567 date 05/17/2021 11:59 AM).
FEI0034	Signed 4506: Any borrower whose income is used to qualify is required to sign IRS Form 4506 no later than the note date.
FEI0066	If rental income is being used to qualify, document the loan file in accordance with Chapter 5306 of the Freddie Mac Single-Family Seller/Servicer Guide.

The Results from Example 2 indicate:

Income Representation and Warranty Relief Eligibility	
Topic	Income Type/Feedback Messages
Rental Income Only	Message Code FEI0029: Based on the assessment, the loan is not eligible for loan-level or source-level income rep and warranty relief as rental income is not eligible for income rep and warranty relief.



The Results from Example 2 (cont'd) indicate:

Documentation Requirements			
Topic	Income Type		Feedback Messages
	Eligible income	Other - Rental Income	
Income Calculation Report	N/A	✓	Message Code FEI0275: Rental income is supported. The Income Calculation Report is acceptable documentation as an alternative to Form 92, Net Rental Calculations, to support the rental income. Confirm the report date and time on the Income Calculation Report matches the report date and time in this message. Maintain in the mortgage file.
Federal Income Tax Returns	N/A	✓	Message Code FEI0225: Maintain the tax returns and all other documentation uploaded to the service provider in the mortgage file.
4506-C	N/A	✓	Message Code FEI0034: Obtain signed IRS Form 4506.
Rental income documentation	N/A	✓	Message Code FEI0275 and Message Code FEI066: the submitted rental income is supported. Document the loan file in accordance with the Guide Section 5306.1.



Example 3

In this example, the loan was submitted to Loan Product Advisor with the following income:

Eligible Income for rep and warranty relief	Other Income Types
<ul style="list-style-type: none"> Alice Freddie: Partnership 	<ul style="list-style-type: none"> Two investment properties (Schedule E)

Feedback Certificate

BORROWER NAME Alice B Freddie	NUMBER OF SUBMISSIONS 1	LP KEY NUMBER [REDACTED]
Assessment Summary		
PURCHASE ELIGIBILITY ELIGIBLE	RISK CLASS ACCEPT	Representation & Warranty Relief
COLLATERAL R&W* RELIEF NOT ELIGIBLE	INCOME R&W* RELIEF NOT ELIGIBLE	ASSET R&W* RELIEF NOT ELIGIBLE

The Results from Example 3:

Employment and Income Messages	
CODE	MESSAGES
FEI0029	Based on Loan Product Advisor's overall assessment, the loan is not eligible for income representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FEI0276	The submitted rental income/loss result for 100 AMBAZAR ANYWHERE US 92222 is not supported by Schedule E income and submitted information; however, a result of \$407.50 is supported based on Schedule E income of \$2,592.50 and a submitted monthly payment amount of \$2,185.00 (Income Calculation Report #1234567 date 05/17/2021 11:59 AM).
FEI0272	Unable to match the below Schedule E addresses to a submitted property. Please reconcile the Schedule E data with submitted addresses and provide evidence to support omission, if applicable (Income Calculation Report #1234567 date 05/17/2021 11:59 AM): 100 PALM AVE ANYWHERE US 92222.
FEI0225	Alice B Freddie's submitted self-employed income of \$13,521.00 was assessed using the I [REDACTED] report. The Income Calculation Report 1234567 dated 05/17/2021 11:59 AM, tax returns, and all other documentation uploaded to [REDACTED] must be retained in the loan file. No further documentation is required for this income.
FEI0034	Signed 4506: Any borrower whose income is used to qualify is required to sign IRS Form 4506 no later than the note date.
FEI0068	File must contain verification of current existence of each business through a third-party source for Alice B Freddie dated no more than 120 days prior to the Note Date or after the Note Date but prior to the Delivery Date.
FEI0066	If rental income is being used to qualify, document the loan file in accordance with Chapter 5306 of the Freddie Mac Single-Family Seller/Servicer Guide.



The Results from Example 3 indicate:

Income Representation and Warranty Relief Eligibility	
Topic	Income Type/Feedback Messages
Self-employed (partnership)	Message Code FEI0029: Based on the assessment, the loan is not eligible for loan-level income rep and warranty relief. However , the borrower's submitted eligible self-employed income is eligible at the source level for income rep and warranty relief.
Rental Income	Not eligible for income rep and warranty relief.

Documentation Requirements			
Topic	Income Type		Feedback Messages
	Eligible self-employed income	Other - Rental Income	
Income Calculation Report	✓	✓	Message Code FEI0225: The Income Calculation Report is acceptable documentation as an alternative to Form 91 , Income Calculations, to support the eligible self-employed income for the borrower and as an alternative to Form 92 , Net Rental Calculations, to support the rental income. Confirm the report date and time on the Income Calculation Report matches the report date and time in this message. Maintain in the mortgage file.
Federal Income Tax Returns	✓	✓	Message Code FEI0225: Self-employed and rental income reported on Schedule E. Maintain in the mortgage file the tax returns and all other documentation uploaded to the service provider.
Verify existence of the business	✓	N/A	Message Code FEI0068: Self-employed income - Traditional documentation for obtaining the verification of the existence of the business.
4506-C	✓	✓	Message Code FEI0034: Obtain signed IRS Form 4506.
Rental income documentation	N/A	✓	Message Code FEI0276: Submitted rental income is not supported, however, a derived rental income result of \$407.50 is supported. Resubmit the loan or obtain additional documentation to support the rental income amount. Message Code FEI0272: Unable to match a Schedule E address to a submitted property address. Provide documentation to support the reason for the omission of this address.



Where to Get Help

For questions related to getting started with AIM, please contact your Freddie Mac representative or the Freddie Mac Customer Support Center at **800-FREDDIE**, or for more information access the following resources:

Rental Income Requirements



[Webinar](#)

AIM for Self-Employed



[Webinar](#)

AIM webpage



[FreddieMac.com](#)

Seller/Service Guide



[Section 5306.1](#)

Loan Product Advisor Feedback Messages

The results of the assessment will be returned on the LPA Feedback Certificate with informational [feedback messages](#) in the Income and Employment section.

Message Code	New Message Text	Purpose
FEI0272	Unable to match the below Schedule E addresses to a submitted property. Please reconcile the Schedule E data with submitted addresses and provide evidence to support omission, if applicable (Income Calculation Report #~ReportID~ dated ~ReportDateTime~): ~Schedule E Address 1~, ~Schedule E Address 2~.	New message indicating that the addresses found on the Schedule E could not be matched to a submitted property address.
FEI0273	Unable to assess rental income on the properties below because the combination of Property Usage Type and Financed Unit Count is not eligible for assessment at this time (Income Calculation Report #~ReportID~ dated ~ReportDateTime~): ~Submitted Property Address 1~, ~Submitted Property Address 2~.	New message indicating rental income could not be assessed because the property does not meet usage and unit eligibility.
Message Code	New Message Text	Purpose
FEI0274	Unable to assess rental income on the properties below because fair rental days associated with the property were not provided (Income Calculation Report #~ReportID~ dated ~ReportDateTime~): ~Submitted Property Address 1~, ~Submitted Property Address 2~.	New message indicating rental income could not be assessed because the fair rental days were not provided
FEI0275	The submitted rental income/loss result for ~Submitted Property Address~ of ~Final Calculation Result~ is supported by Schedule E income and submitted information (Income Calculation Report #~ReportID~ dated ~ReportDateTime~).	New message indicating the property rental income or loss is supported by the Schedule E data.
FEI0276	The submitted rental income/loss for ~Submitted Property Address~ is not supported by Schedule E income and submitted information; however, a result of ~Final Calculation Result~ is supported based on Schedule E income of ~Schedule E Income Result~ and a submitted monthly payment amount of ~Monthly Housing Expense Amount~ (Income Calculation Report #~ReportID~ dated ~ReportDateTime~).	New message indicating the property rental income or loss was not supported by the Schedule E data, along with the amount that is supported.



Message Code	New Message Text	Purpose
FEI0277	The submitted rental income/loss for ~Submitted Property Address~ is not supported by Schedule E income and submitted information; however, a result of ~Final Calculation Result~ is supported based on Schedule E income analysis (Income Calculation Report #~ReportID~ dated ~ReportDateTime~).	New message indicating the property rental income or loss was not supported by the Schedule E data, along with the amount that is supported.
Revised Message		
FEI0259	The determination of continued income stability is supported by the documentation uploaded to ~DataProvider~. However, at this time, representation and warranty relief is not available for loans with tax returns on extension that have Application Received Dates on or after April 15.	Revised message indicating continued income stability is supported based on the documentation provided. This information can be used to help underwrite a Mortgage that contains a tax extension filing as per Topic 5300.

Initial Set-up Information

Before you can participate in the AIM enhancement to assess rental income with Loan Product Advisor using tax return data with LoanBeam as your service provider, you must first have an account established with LoanBeam. If you are not already an existing customer and would like to sign up with LoanBeam, please register on the [LoanBeam Contact Us](#) website.

To get started with LoanBeam, complete the following steps:

Step 1: Use LoanBeam’s enrollment URL to sign up, or contact LoanBeam directly

Step 2: For support:

- Contact Us URL: <https://loanbeam.com/contact-us/>
- Support: 855-544-2326 Ext. 1, or Support@loanbeam.com
- Help Options: <https://help.loanbeam.com/hc/en-us>

Step 3: Use the following enumeration to Unique ID 431.80 – Ipa:RequestedDocumentVendorIdentifier

- “LNBM”: LoanBeam

LoanBeam Workbook illustrations:

Income Calculation Report – Cover Page

The screenshot shows a Microsoft Excel spreadsheet titled "LoanBeam". The spreadsheet is divided into sections: "I LoanBeam Announcements", "II Application Details", and "IV Files Uploaded".

Section II: Application Details

Application ID	AliceFreddie_marc...level-N_3REOs_FRD-365-negative	Loan Processor's Name	Test Freddie
Reference No	147643	Underwriter's Name	
Other ID		Location Name	Corporate
Borrower's First Name	Alice	Template Name	2020-2019 Freddie Mac (Form 91)
Borrower's Last Name	Freddie	Last Updated	8/31/2021 9:45:59 AM PST

Section IV: Files Uploaded

#	File Name
1	Alice Freddie 2019 Form 1040.pdf
2	Alice Freddie 2019 Form 1120S - PNBC Solutions.pdf
3	Alice Freddie 2019 Sch K-1 1120S - PNBC Solutions.pdf
4	Alice Freddie 2020 Form 1040.pdf
5	Alice Freddie 2020 Form 1120S - PNBC Solutions.pdf
6	Alice Freddie 2020 Sch K-1 1120S - PNBC Solutions.pdf

The spreadsheet also features a navigation bar at the bottom with tabs: "Cover Page", "Summary Sheet", "Main Sheet", "Sch C - Sole Prop", "Rental (Manual)", "92 Sch E Rental", "Sch E Royalty", "Sch F - Farm", and "Partnership". The "92 Sch E Rental" tab is highlighted with a red box.

A callout box with a green background and black border points to the "Reference No" cell (147643) in the Application Details table, containing the text: "Cover Page displays the Reference number that must be provided to Loan Product Advisor."



Income Calculation Report – Schedule E Rental Income Example

Schedule E Net Rental Calculations Details of Current Year & Prior Year			
Cells shaded in 'aqua' require manual entry.			
Schedule E Total Rental Income		\$ 125,092	\$ 78,660
Schedule E Rental Qualifying Income Grand Total (Monthly)		\$ 10,424.33	

[Back to Summary Sheet](#)

Select '2-to4-unit Primary Residence', 'Subject' or 'Non-Subject Investment Property' -> IRS 1040 Schedule E - Supplemental Income and Loss	Net Rental Income Calculation(s)		Manual Override	
	2020	2019	2020	2019
Location Of Rental Property (Line 1)	Borrower 1	1122 SARATATA, NEWPORT News, CA, 91230		
Fair Rental Days		365		
Number of Months - Maximum 12		12		
Rents Received (line 3)	+	\$ 70,000		
Less total expenses (line 20)	-	\$ 18,980		
Insurance (line 9)	+	\$ 1,460		
Mortgage interest paid to bank, etc. (line 12)	+	\$ 940		
Taxes (real estate only) (line 16)	+	\$ 1,620		
Depreciation and/or depletion (line 18)	+	\$ 2,470		
Homeowners association (HOA) dues (if specifically reported as an expense) (line 19)	+	\$ -		
One time losses e.g., casualty loss if documented (line19)	+	\$ -		
Net Rental Income (Annual)		\$ 57,510		
Net Rental Income (Monthly)		\$ 4,793		
Monthly Mortgage Payment (PMTA)				
Schedule E Rental Income		\$ 57,510	\$ -	
Qualifying Rental Income (Monthly)		\$ 4,792.50		
What was considered for QI, 2 Yr Avg. or CY?		CY		"X" to exclude income
Percentage of change from Previous Year to Current Year		-		

Form 92 Information

Notes

! Additional Information

Property Expenses.

Loan Product Advisor does not use the property expenses listed in Schedule E as the data on the tax return(s) may not reflect the current state of expenses. LPA uses the property expenses that are provided on the loan application and submitted in the request file for assessment.

Tax Extensions

Loans to borrowers using extended tax returns may undergo rental income assessment only if the requirements for the tax extension enhancement are met. See section [Loans with Tax Returns on Extension](#).

Manual updates to the report

If you need to make manual updates to the report, refer to LoanBeam, for steps and processes for making changes to the report.

Note: You must resubmit the loan under the same reference number so Loan Product Advisor can access the updated Income Calculation Report.



Rental Income Assessment of Loans with Tax Returns on Extension

AIM using tax return data includes the ability to perform a personal tax liability analysis when a tax return extension has been filed. The assessment will provide the determination as to whether the tax return data supports income being stable enough to use older tax returns to calculate self-employed and rental income. Informational messages are returned in the Employment and Income Message section of the Feedback Certificate.

Note: Loans with tax returns on extension are **not** eligible for income representation and warranty relief.

How it works:

You may submit loans with tax returns on extension with Application Received Dates on or after April 15, 2021. Simply:

- Upload 2019 or 2019 and 2018 tax returns (depending on the number of tax return years required to the service provider).
- Upload IRS Form 4868 for 2020 tax year to the service provider.
- Submit to LPA. LPA will perform a personal tax liability analysis to determine if the tax documentation supports continued income stability.
- Review the messages returned in the Feedback Certificate.
 - If income stability **is supported** LPA will provide **Message Code FEI0259** and the derived income amount (**Message Code FEI0172** and **FEI0171**) which will be helpful in underwriting the loan per Guide requirements.
 - If income stability is **not** supported messaging will be returned stating the reason why LPA was unable to assess the income.

For more information and examples of loans with tax returns on extension refer to the [AIM for Self-Employed](#) job aid and Guide Section [5302.4\(d\)](#).

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Service Guide* and your other Purchase Documents.

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