

AIM for Income Using Tax Data (Formerly “AIM for Self-Employed”) with Loan Product Advisor®

This reference document is updated to coincide with changes to requirements to automated income assessment with Loan Product Advisor using tax data related to the borrower’s **self-employed** income. Recent changes include:

Revision History

April 7, 2024 Loan Product Advisor Release	
Loan Product Advisor Release Notes	<ul style="list-style-type: none"> ▪ Feedback Certificate Update: The Assessment Summary section has been updated to display a new “Partial” shield when portions of the income are eligible for relief.
February 7, 2024	
<p>Updated the requirements to reflect dates specific to the 2023 tax year</p>	<p>Expanded requirements to permit alternative documentation in lieu of the Internal Revenue Service (IRS) confirmation that tax transcript(s) are not yet available for the business tax return(s).</p> <ul style="list-style-type: none"> • Confirmation business tax returns were filed after IRS filing due date for the prior year(s) (e.g., 2022 business tax return in file was signed later in the year (e.g., October)) or documentation from third-party tax return preparer confirming 2023 business return has not yet been filed; and • Documented evidence of continued income stability using at least one of the examples listed in Section 5304.1(d) in the row labeled “Business and/or individual tax return(s) – most recent calendar year not yet available” <p>Specified that for all Mortgages with Note Dates on or after November 1, 2024, the most recent tax return(s) must be no older than 2023, regardless of other factors such as tax filing extension status or IRS tax filing deadline relief status.</p>

Note: Vertical revision bars " | " are used in the margin of this quick reference to highlight new requirements and significant changes

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This reference is intended to assist you with using our automated income assessment with Loan Product Advisor® (LPASM) using tax data (formerly known as “AIM for self-employed”), a part of asset and income modeler (AIM) – our solution for automating the manual processes of assessing borrower assets and income, and provides the following information:

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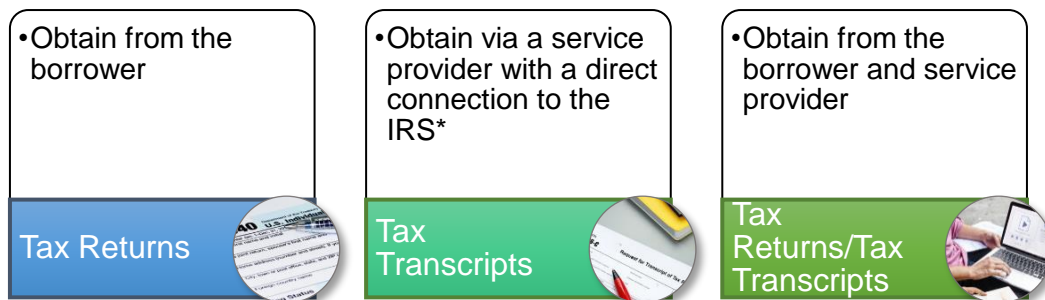


Introduction

Automated income assessment with LPA using tax data related to the borrower's **self-employed** income (formerly "AIM for Self-Employed") is a capability within LPA that leverages access to optical character recognition (OCR) technology from third-party service providers (service provider) or tax transcripts, via a service provider, to help enable the automation of certain income calculations for self-employed borrowers; this allows LPA to determine whether you are eligible for relief from enforcement of certain representations and warranties (referred to as "rep and warranty") related to the borrower's self-employed income using tax data.

How does it work?

You have options based on your processes and service provider,



*Currently supported by Halcyon

To make it easier to,

- Grow your business: Simpler underwriting helps you take on loans with self-employed income you might have had to commit greater time and resources to previously.
- Close loans faster: Automation speeds up income assessment and creates efficiency.
- Get immediate representation and warranty relief: Related to the eligible self-employed income.

To participate in using this capability, you must first have an agreement with a third-party service provider designated by Freddie Mac. Refer to the [Appendices](#) for getting started with a service provider.



How it Works – Process Flow

The following information provides a high-level overview of how to use the automated income assessment with LPA using tax data.



Tax Returns Obtained from the Borrower



When you obtain the federal income tax returns from the borrower, you upload the tax returns to a service provider, and they will produce a report (“Income Calculation Report”) which is returned for your review and verification in accordance with the requirements of Section 5903.3(a). If edits are made to the report, the updated Income Calculation Report must be uploaded to the service provider before proceeding. Once the report is reviewed and verified, you submit the loan to LPA using the unique report ID (reference number) assigned by the service provider. From there, LPA applies calculation and eligibility rules to assess for income representation and warranty relief eligibility and returns the result of the assessment on the Feedback Certificate.

Tax Transcripts Obtained from a Service Provider Direct Connection to the IRS



You may request from the Internal Revenue Service (IRS), via a service provider’s direct connection to the IRS, a tax transcript of the borrower’s federal individual income tax return(s). The tax transcripts are returned for your review and verification in accordance with the requirements of Section 5903.3(b). For Schedule C income, once you have derived a monthly stable income amount submit the loan to LPA using the report ID assigned by the service provider. From there, LPA applies income calculation and eligibility rules for self-employed income reported on IRS Schedule C to assess for income and data representation and warranty relief eligibility and returns the result of the assessment on the Feedback Certificate.



Did you know...

You can also request tax transcripts as part of your fraud prevention processes and improve risk management.

Obtain Tax Returns from the Borrower and Request Tax Transcripts from Service Provider



You have the option to obtain the tax returns from the borrower and tax transcripts, via a service provider. LPA will compare data from the borrower’s tax return to data from the tax transcript for assessment of tax return data representation and warranty relief eligibility and return the results of the assessment on the Feedback Certificate.








Eligibility Requirements

Loans must be submitted to LPA and must meet the following requirements outlined in Guide Chapter [5903](#):

Topic	Requirements
Eligible Mortgages	Conventional Mortgages (conforming and super conforming) delivered through Loan Selling Advisor® as a Loan Product Advisor Mortgage
Loan Product Advisor Risk Class	Risk Class of “Accept”
Loan Purpose	<ul style="list-style-type: none">▪ Purchase▪ Refinance
Eligible Income	<p>Self-employed income is eligible if it is derived from the following business structures:</p> <p>Using tax returns obtained from the borrower:</p> <ul style="list-style-type: none">▪ Sole Proprietorships reported on Internal Revenue Service (IRS) Schedule C▪ S Corporations reported on IRS Form 1120S (including compensation of officers reported on IRS Form W-2), IRS Form 8825 and IRS Schedule K-1 (Form 1120S)▪ Partnerships reported on IRS Form 1065, IRS Form 8825 and IRS Schedule K-1 (Form 1065) <p>Using tax transcripts obtained from a service provider:</p> <ul style="list-style-type: none">▪ Sole Proprietorships reported on IRS Schedule C <p>Note: If other self-employed income is reflected on other tax schedules (e.g., Schedule E or Schedule F), the mortgage is not eligible for the automated assessment using tax transcripts.</p>
	<p>Tax returns must not be:</p> <ul style="list-style-type: none">▪ Filed on a fiscal year basis▪ An amended return▪ Handwritten▪ From a U.S. Territory
	<p>Note: For borrowers with business ownership interest(s) < 25% refer to Guide Section 5303.2(d) and Guide Chapter 5304.</p>



Topic	Requirements		
Federal Tax Return and Tax Transcript - Documentation Requirements	Business Structure	Business in existence \geq 5 years	Business in existence < 5 years
	Sole Proprietorship	Complete signed federal individual (form 1040) income tax return or tax transcript for the most recent year.	Complete signed federal individual (form 1040) income tax returns or tax transcripts for the most recent two years.
	Partnership	Complete signed federal individual and partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent year.	Complete signed federal individual and partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent two years.
	S-Corporation	Complete signed federal individual and S-Corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent year.	Complete signed federal individual and S-Corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent two years.
	<p>Check the tax returns uploaded to the service provider for the following to confirm:</p> <p> IRS Filing: Are they the borrower's most recent return(s) filed with the IRS? We encourage you to always confirm with the borrower that the tax return(s) or tax transcripts obtained by the service provider are the most recent filed with the IRS. In addition, the individual tax return year most recently filed must correspond to the business tax return year most recently filed with the IRS for all businesses (e.g., when the most recently filed individual tax return year is 2023, the most recently filed business tax return year must also be 2023). Refer to the Age of Tax Data Requirements.</p> <p> History of receipt: If the borrower's business has been in existence, or the borrower has owned the business <u>for less than five years</u>, does the borrower's federal income tax returns or tax transcripts reflect at least <u>two years of receipt of income</u> and/or losses from the business?</p> <p> Same business type: Is the income and/or loss reflected in the tax returns or tax transcripts reported for the same business on the same tax form structure for the most recent two years? For example, the business cannot be reported as a sole proprietorship and then converted to a partnership.</p> <p> Business tax returns: Income reported on the business tax returns but not on the personal tax returns must not be considered as stable monthly income.</p> <p>Note: For a sole proprietorship you must document on the loan application the number of years the business has been in existence. The length of time must not contradict the borrower's federal individual income tax return(s) or tax transcripts and any other documentation or information received.</p>		



Topic	Requirements		
Age of Tax Data Requirements (Guide Section 5903.6)	The following date and documentation requirements for 2022 and 2023 federal income tax return(s) or tax transcripts must be met:		
	Application Received Date	Note Date	Age of tax return(s) and other documentation requirements
	Before: April 15, 2024	Before: May 31, 2024	<ul style="list-style-type: none"> ▪ Most recent federal income tax return(s) or tax transcripts filed with the IRS. ▪ The most recent tax return(s) or tax transcripts must be no older than 2022.
	On or after: April 15, 2024	Before: May 31, 2024	If the borrower has not filed the 2023 tax return(s) with the IRS: <ul style="list-style-type: none"> ▪ The most recent tax return(s) must be no older than 2022. ▪ You must obtain: <ul style="list-style-type: none"> – IRS confirmation verifying transcript(s) are not yet available for the tax returns (individual, and business as applicable) from the 2023 tax year^{1,2}, and – Evidence of completed IRS tax filing extension(s) for 2023 tax year³. <ul style="list-style-type: none"> ○ IRS Form(s) 4868 for the individual tax return, and ○ Documented IRS tax filing extension for the business tax return, if applicable (e.g., IRS Form 7004).
	All	On or after May 31, 2024 Before November 1, 2024	<ul style="list-style-type: none"> – Evidence of completed IRS tax filing extension(s) for 2023 tax year³. <ul style="list-style-type: none"> ○ IRS Form(s) 4868 for the individual tax return, and ○ Documented IRS tax filing extension for the business tax return, if applicable (e.g., IRS Form 7004). <p>Note: If tax transcripts are used to calculate income, transcripts from previous years cannot be used for the automated assessment. The most recent year must be obtained.</p>
All	On or after: November 1, 2024	<ul style="list-style-type: none"> ▪ The most recent tax return(s) or tax transcripts must be no older than 2023, regardless of other factors such as tax filing extension status or IRS tax filing deadline relief status. 	
<p>¹ If the IRS extends the tax filing due date, the IRS confirmation is required for Mortgages with Application Received Dates on or after the IRS income tax filing due date, or May 31, 2024, whichever occurs first; and Note Dates on or after the last day of the month following the IRS income tax filing due date, or June 30, 2024, whichever occurs first.</p> <p>² Alternative documentation is acceptable in lieu of the IRS confirmation that tax transcript(s) are not yet available for the business tax return(s) as follows:</p> <ul style="list-style-type: none"> • Confirmation business tax returns were filed after IRS filing due date for the prior year(s) (e.g., 2022 business tax return in file was signed later in the year (e.g., October)) or documentation from third-party tax return preparer confirming 2023 business return has not yet been filed; and • Documented evidence of continued income stability using at least one of the examples listed in Section 5304.1(d) in the row labeled “Business and/or individual tax return(s) – most recent calendar year not yet available.” Note: If income representation and warranty relief is granted, evidence of continued income stability has been met. <p>³ If the IRS extends the tax filing due date, evidence of the completed IRS tax filing extension is required for Mortgages with Application Received Dates on or after the IRS income tax filing due date and Note Dates on or after the last day of the month following the IRS income tax filing due date.</p>			



Topic	Requirements
Tax Extensions	<p>How it works:</p> <p>Automated income assessment with LPA using tax data includes the ability to perform a personal tax liability analysis when a tax return extension has been filed. An analysis is performed to determine continued income stability by comparing the estimated tax liability for the 2022 tax year to prior year(s) tax liability for consistency. If consistency is confirmed, the automated income assessment will continue using the older tax return(s) to assess income. The results of the assessment will be displayed on the Feedback Certificate, including income representation and warranty relief eligibility.</p> <p>Note: Available service providers: CoreLogic, LoanBeam, LoanCraft</p> <div data-bbox="423 667 1507 953" style="border: 2px solid #00AEEF; border-radius: 15px; padding: 10px; text-align: center;"><pre>graph LR; 1((1)) --> 2((2)); 2 --> 3((3)); 3 --> 4((4));</pre></div> <p>*Including assessment for income representation and warranty relief eligibility.</p> <p>Note: If the loan does not meet the revised age of tax return requirements you may continue to sell these loans if certain requirements are met. Refer to Section 5304.1(d).</p>
Income Calculation Documentation	<p>Using Tax Returns Obtained from the Borrower</p> <p>Income Calculation Report: The document provided by the service provider that you are responsible for reviewing to determine if any adjustments to the income must be made based on information in the mortgage file.</p> <ul style="list-style-type: none">Upload borrower's federal income tax returns to the service provider.Service provider generates an Income Calculation Report with a report ID. Retain in the mortgage file. <p>Note: If an Income Calculation Report is not provided, document the calculation of the borrower's self-employed income on Form 91, Income Calculations, or a similar alternative form as described in Section 5304.1.</p> <p>Next Steps:</p> <ol style="list-style-type: none">Review and verify the Income Calculation Report against information in the mortgage file to determine if any adjustments must be made. If so, you must update the Income Calculation Report and upload it to the service provider, along with any additional documentation necessary to support the update.Submit to LPA using the report ID. Refer to the Getting Started Section.



Topic	Requirements
Income Calculation Documentation (cont'd)	Using Tax Transcripts Obtained from a Service Provider <ul style="list-style-type: none">Request tax transcripts from a service provider.The service provider, using a direct connection to the IRS, will provide the tax transcript to the Seller, along with a report ID.
	Next Steps: <ol style="list-style-type: none">Review the tax transcriptsDocument the calculation of the borrower's self-employed income on Form 91 or a similar alternative form as described in Section 5304.1.Submit to LPA using the report ID. Refer to the Getting Started Section.
Additional Information	
Verification of Current Existence of Business	<ul style="list-style-type: none">Verification of the current existence of the business is required when positive income from the business is used as stable monthly income.Must be completed prior to the Delivery Date, but not more than 120 days prior to the Note Date.Refer to Section 5903.3(c)(3) for acceptable third-party and alternative sources for verification of existence of the business.
Internal Revenue Service (IRS) Form 4506-C	<ul style="list-style-type: none">IRS Form 4506-C signed by the borrower (or alternate form acceptable to the IRS that authorizes the release of comparable tax information to a third-party), orFor borrowers with income that is derived from sources in Puerto Rico, Commonwealth of Puerto Rico Form 2907 signed by the borrower for submission to the Puerto Rico Department of Treasury, Internal Revenue Area, orFor borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands, Form 4506-C signed by the borrower (or an alternate form that authorizes the release of comparable tax information to a third party) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable
Business Assets	<i>If applicable, Assess Business Assets:</i> If business assets are used for closing, you must meet the requirements in Section 5903.3(c)(4).



Representation and Warranty Relief Results and Loan Product Advisor Feedback Certificate Results

Income Representation and Warranty Relief

Loan Product Advisor using tax returns obtained from the borrower assesses the calculation of income and/or losses on an **individual borrower-level** and **individual business-level** basis from the eligible self-employed income based on data from the federal income tax returns and the Income Calculation Report you upload to the service provider.

Loan Product Advisor using tax transcripts obtained from a service provider assesses the calculation of income and/or losses on an **individual borrower-level** and **individual business-level** basis from the eligible self-employed income reported on IRS Form Schedule C based data from the federal income tax transcripts.


On a loan-level basis, LPA returns one of the following income rep and warranty results on the Feedback Certificate using an “Income R&W Relief” indicator of: Eligible, Partial, Not Eligible, or Unavailable in the **Assessment Summary** section of the Loan Product Advisor Feedback Certificate. The Feedback Certificate also provides additional messages associated with the income rep and warranty relief result in the **Employment and Income Messages** section of the Loan Product Advisor Feedback Certificate. Review the messages and reconcile them against the information in the Income Calculation Report, Form 91 Income Calculations or similar alternative form. Keep in mind, after you review the messages and determine what, if any action is needed, you may choose to resubmit the loan.

To obtain relief, the data on the last complete Loan Product Advisor Feedback Certificate must be consistent with the data delivered to Freddie Mac.


Terms	
Loan-level representation and warranty relief	All income assessed and used for qualification purposes is from eligible self-employed income on the Income Calculation Report, Form 91 or similar alternative form and receives income representation and warranty relief as described in Section 5903.5(a)(i).
Partial representation and warranty relief	Multiple sources of income are used for qualification purposes. Eligible self-employed income on the Income Calculation Report, Form 91 or similar alternative form is eligible for income representation and warranty relief as described in Section 5903(a)(i).




The following chart provides a summary of income assessment results and the messages returned to confirm income representation and warranty relief eligibility and documentation requirements.

Eligibility Result	Representation and Warranty Relief	Income Documentation Requirements
<p>Income R&W Relief Indicator:</p> <p> ELIGIBLE</p> <p>Eligible for Income Representation and Warranty Relief</p>	<p>You are relieved from enforcement of the following representation and warranties:</p> <ol style="list-style-type: none"> 1. Accuracy of the income calculation for the eligible self-employed income shown on the Income Calculation Report, or Form 91 (or a similar alternative form as described in Section 5304.1) and 2. The business and income analysis described in Section 5304.1(d), including the analysis of the eligible self-employed income to support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the borrower. 	<p>For eligible self-employed income:</p> <ol style="list-style-type: none"> 1. The Income Calculation Report or Form 91, Income Calculations (or similar alternative form as described in Section 5304.1) must be used to document the income. 2. The requirements of Section 5903.6 must be met. <p>When there are multiple income sources and one or more receives income representation and warranty relief, for the income source(s) not eligible for representation and warranty relief, you must either:</p> <ol style="list-style-type: none"> 1. Verify and document the income as required by the Guide, or 2. Remove the income and resubmit the mortgage to LPA.

Example:







Assessment Summary

Details		Affordable P	
BORROWER NAME	NUMBER OF SUBMISSIONS	LP KEY NUMBER	AREA MEDIAN INCOME (%)
JOHN FREDDIE	7		\$150,400.0


Assessment Summary

PURCHASE ELIGIBILITY  **ELIGIBLE**

RISK CLASS


 **ACCEPT**

Representation & Warranty Relief


COLLATERAL R&W* RELIEF  **NOT ELIGIBLE**

N/A

INCOME R&W* RELIEF

 **ELIGIBLE**

ASSET R&W* RELIEF

 **NOT ELIGIBLE**


Employment And Income Messages

CODE	MESSAGES
FEI0030	The loan is eligible for loan-level income representation and warranty relief.

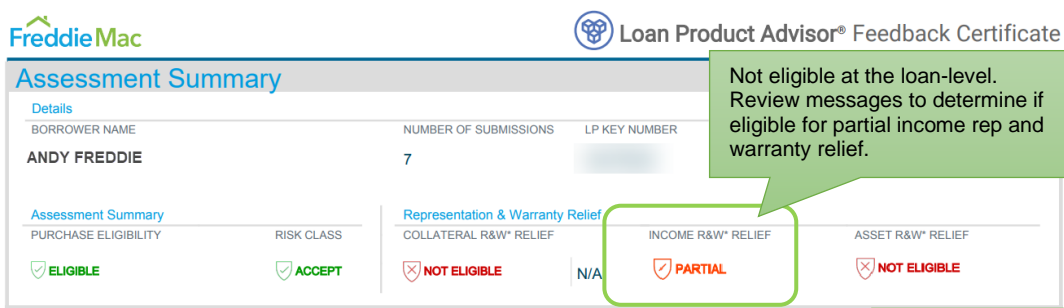
Eligible for income rep and warranty relief at the loan-level

Borrower's income source is an eligible income type and assessed by LPA which is sufficient to support the loan.



Eligibility Result	Representation and Warranty Relief	Income Documentation Requirements
<p>Income R&W Relief Indicator:</p> <p> PARTIAL</p> <p>Partial income representation and warranty relief message is returned</p>	<p>When partial income representation and warranty relief is received for a source(s), you are relieved from:</p> <ol style="list-style-type: none"> 1. The accuracy of the income calculation for the eligible self-employed income shown on the Income Calculation Report or Form 91 (or a similar alternative form as described in Section 5304.1), and 2. The business and income analysis described in Section 5304.1(d), including the analysis of the eligible self-employed income to support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the borrower. <p>Note: You are relieved from enforcement of representations and warranties related to the borrower's income confirmed by LPA feedback messages.</p>	<p>For eligible self-employed income:</p> <ol style="list-style-type: none"> 1. The Income Calculation Report or Form 91, Income Calculations (or similar alternative form as described in Section 5304.1) must be used to document the income. 2. The requirements of Section 5903.6 must be met. <p>When the loan has multiple income sources and one or more income sources are needed to qualify the borrower, document the income source(s) as required by the feedback message.</p>

Example: Using Tax Return Data



FreddieMac Loan Product Advisor® Feedback Certificate

Assessment Summary

Details: BORROWER NAME: ANDY FREDDIE, NUMBER OF SUBMISSIONS: 7, 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: PARTIAL, ASSET R&W* RELIEF: NOT ELIGIBLE

Not eligible at the loan-level. Review messages to determine if eligible for partial income rep and warranty relief.

Employment And Income Messages

CODE	MESSAGES
FEI0295	The loan is eligible for partial income representation and warranty relief.
FEI0225	Andy FREDDIE's submitted self-employed income of \$11,240.00 is relieved of representations and warranties for the accuracy of the income calculation and the business and income analysis. This income was assessed using the Vendor Name report dated 3/24/2020 07:00 PM; the report must be retained in the loan file. No further documentation is required for this income.
FEI0093	Dividend or interest income for Andy Freddie must be supported by signed, complete individual federal tax returns for the most recent two-year period OR year-end asset account statements for the most recent two years evidencing all dividend and interest income for each year for the income producing asset(s). Evidence of sufficient assets to support the qualifying income is required.

Eligible self-employed income documented on an Income Calculation Report is eligible for income rep and warranty relief, as long as, the other income is documented per the Guide.



Eligibility Result	Representation and Warranty Relief	Income Documentation Requirements
Income R&W Relief Indicator: NOT ELIGIBLE Not Eligible for Loan-level or Partial Income Representation and Warranty Relief	You are not eligible for relief from enforcement of representations and warranties related to the borrower's income. LPA did not return a feedback message indicating representation and warranty relief was received.	The income must be verified and documented as required by the Guide.

Example

Assessment Summary

Details

BORROWER NAME	NUMBER OF SUBMISSIONS	LP KEY NUMBER
ANDY FREDDIE	7	

Assessment Summary

PURCHASE ELIGIBILITY	RISK CLASS	COLLATERAL R&W* RELIEF	INCOME R&W* RELIEF	ASSET R&W* RELIEF
ELIGIBLE	ACCEPT	NOT ELIGIBLE	NOT ELIGIBLE	NOT ELIGIBLE

Representation & Warranty Relief


Affordable Product Information

Not eligible at the loan-level. Review messages to determine if eligible for partial income rep and warranty relief.

Employment and Income Messages

CODE	MESSAGES
FEI0029	The loan is not eligible for income representation and warranty relief.
FEI0219	Self-employment income for ANDY FREDDIE from Partnership named TNT PARTNERSHIP could not be derived because of insufficient documentation. Submit complete signed individual and business returns for most recent 2 years if business in existence less than 5 years; most recent year return if in existence for at least 5 years.
FEI0171	For ANDY FREDDIE, the total Loan Product Advisor derived self-employed income is \$3,004.41 using tax return data provided by Vendor Income Calculation Report #102398 dated 03/25/2019 07:00 PM).
FEI0172	For ANDY FREDDIE, self-employed income of \$2,876.00 from SoleProprietorship named AAA INC was derived using tax return data provided by Vendor (Income Calculation Report #102398 dated 03/25/2019 07:00 PM).
FEI0172	For ANDY FREDDIE, self-employed income of \$128.41 from SCorporation named ENBC CORPORATION was derived using tax return data provided by Vendor (Income Calculation Report #102398 dated 03/25/2019 07:00 PM).
FEI0174	Please retain in the loan file all documentation uploaded Vendor and the Income Calculation Report #102398 dated 03/25/2019 07:00 PM.
FEI0183	If the Borrower's sole proprietorship(s) has been in existence for less than five years, complete signed income tax returns reflecting at least two years of receipt of income from the business must be uploaded to Vendor.
FEI0068C	File must contain verification of current existence of each business through a third-party source for ANDY FREDDIE dated no more than 120 days prior to the Note Date or after the Note Date but prior to the Delivery Date.
FEI0034	Signed IRS Form 4506: Any borrower whose income is used to qualify is required to sign IRS Form 4506 no later than the note date.
FEO0070	Self-employed income for ANDY FREDDIE must be supported by signed complete federal individual and business tax returns as applicable. If business in existence five years or more, provide personal and business tax returns for the most recent year. If the business has been in existence for less than five years provide personal and business tax returns for the most recent two years. File must contain Form 91 or equivalent.



Eligibility Result	Representation and Warranty Relief	Income Documentation Requirements
<p>Income R&W Relief Indicator</p> <p> UNAVAILABLE</p> <p>Unable to Assess for Income Representation and Warranty Relief</p>	<p>You are not eligible for relief from enforcement of representations and warranties related to the borrower's income.</p> <p>LPA was unable to assess the borrower's income. This could be due to missing or incomplete information from the service provider or a system being down.</p>	<p>The income must be verified and documented as required by the Guide.</p>

Data Representation and Warranty Relief Using Tax Transcripts

In addition to income representation and warranty relief, LPA also determines eligibility for tax transcript data representation and warranty relief. Automated income assessment with LPA using tax data includes the ability to request a tax transcript from the IRS through a service provider that has a direct connection to the IRS. Once you receive the tax transcript data, submit the mortgage to LPA with the report ID. LPA assesses the tax transcript data for income reported on IRS form Schedule C. If LPA is able to assess the income, you may be eligible for relief of representations and warranties related to the accuracy and integrity of the tax transcript data.

Halcyon is currently the only service provider supporting this capability. Refer to [Appendix D](#).

Tax Transcript Data Representation and Warranty Relief Eligibility Result	Representation and Warranty Relief
Eligible	<p>You are relieved from enforcement of representations and warranties related to:</p> <ul style="list-style-type: none"> The accuracy and integrity of the data from tax transcripts obtained from the service provider for Schedule C income (as described in Section 5903.2(b)(ii)). <p>Note: For all other income types, you do not receive data representation and warranty relief and must follow the requirements in Section 5302.5.</p>
Not Eligible	<p>You are not eligible for relief from enforcement of representations and warranties related to the accuracy and integrity of the data from the tax transcripts obtained from the service provider.</p>
Unavailable	<p>LPA was unable to assess the accuracy and integrity of the data. This could be due to a system being down.</p> <p>You are not eligible for relief from enforcement of representations and warranties related to the accuracy and integrity of the data from the tax transcripts obtained from the service provider.</p>



Example: Using Tax Transcript Data - Eligible

FreddieMac Loan Product Advisor® Feedback Certificate

Assessment Summary

Details			Affordable Product Information	
BORROWER NAME	NUMBER OF SUBMISSIONS	LP KEY NUMBER	AREA MEDIAN INCOME	AREA MEDIAN INCOME (%)
JOHN FREDDIE	7	[REDACTED]	\$150,400.00	100.54%

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

Eligible for income rep and warranty relief at the loan-level

Borrower's self-employed income reported on Schedule C is an eligible income type for using tax transcripts

Income and the accuracy and integrity of the tax transcript data representation and warranty relief message

Employment And Income Messages

CODE	MESSAGE
FEI0030	The loan is eligible for loan-level income representation and warranty relief.
FEI0300	AIM for self-employed using tax transcript data can assess income only from sole proprietorships reported on IRS Schedule C. If JOHN FREDDIE reports self-employed income on Schedule E or F or has ownership in a corporation, the loan is not eligible for automated income assessment using the [XYZ: 1234] report. Income from other types of businesses may be eligible for AIM for self-employed using tax return data.
FEI0301	JOHN FREDDIE's submitted self-employed income of \$8,852.63 is relieved of representations and warranties for the accuracy of the income calculation and integrity of the tax data. This income was assessed using the [XYZ:1234] report dated 06/08/2023 02:38 PM. Form 91 or similar alternative form, tax data, and all other documentation must be retained in the loan file.
FEI0183	If sole proprietorship 123 Company has been in existence for less than five years, two years of tax returns or transcripts are required. This income was assessed using [XYZ: 1234] report dated 06/08/2023 02:38 PM.
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.

Example: Using Tax Transcript Data – Not Eligible

FreddieMac Loan Product Advisor® Feedback Certificate

Assessment Summary

Details			Affordable Product Information	
BORROWER NAME	NUMBER OF SUBMISSIONS	LP KEY NUMBER	AREA MEDIAN INCOME	AREA MEDIAN INCOME (%)
JOHN FREDDIE	7	[REDACTED]	\$150,400.00	100.54%

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	NOT ELIGIBLE	NOT ELIGIBLE

Not Eligible for income or tax transcript data representation and warranty relief due to insufficient income and insufficient liquidity

EMPLOYMENT AND INCOME MESSAGES

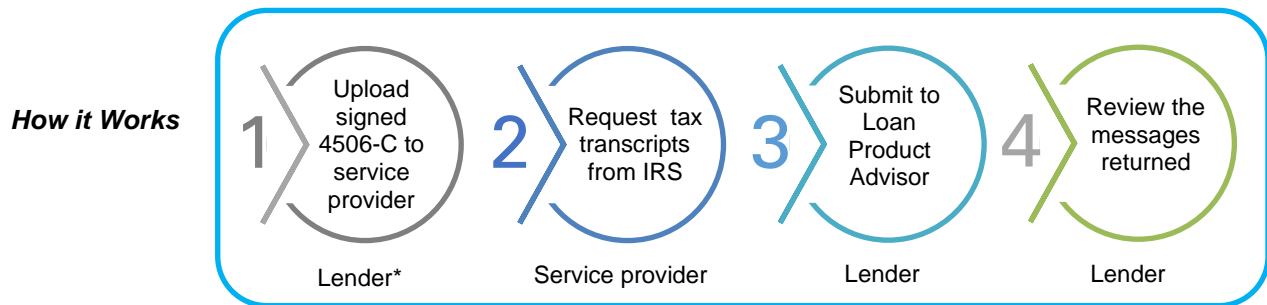
Code	Message Text
FEI0029	The loan is not eligible for income representation and warranty relief.
FEI0172	Unable to offer income representation and warranty relief for John Freddie's income from AAA Inc Sole Proprietorship. The derived \$2,000 from [Halcyon: 123456] report dated 08/02/2023 12:00AM is insufficient.
FEI0218	Self-employment income for John Freddie from BBB Inc Sole Proprietorship could not be derived because the business does not have sufficient liquidity and/or is not financially capable of producing stable monthly income. This income was assessed using [Halcyon: 123456] report dated 08/02/2023 12:00AM.



Data Representation and Warranty Relief Using Tax Returns

In addition to income representation and warranty relief, LPA also determines eligibility for tax return data representation and warranty relief. Automated income assessment with LPA using tax data includes the ability to request a tax transcript from the IRS through a service provider. If a tax transcript is provided by the IRS, LPA will perform a comparison of data from the borrower’s uploaded tax return(s) to the data from the tax transcript, assess for data representation and warranty relief eligibility, and return related messages on the Feedback Certificate. This capability will help with automating the manual process further up in the origination process.

Note: Eligibility for each type of representation and warranty relief is determined separately.



*Previously uploaded borrowers tax returns

The following chart provides the **tax return data** representation and warranty relief results.

Tax Return Data Representation and Warranty Relief Eligibility Result	Representation and Warranty Relief
Eligible	<p>You are relieved from enforcement of representations and warranties related to:</p> <ul style="list-style-type: none"> The accuracy and integrity of the data from tax return(s) uploaded to the service provider for eligible income (as described in Section 5903.2(b)(i)) that is on the Income Calculation Report. <p>Note: You do not receive data representation and warranty relief for all other income types and must follow the requirements in Section 5302.5. LPA Feedback Message (FEI0240): Loan Product Advisor has confirmed a match between the data on the tax return(s) uploaded to the service provider and the RS tax transcript data, related to the eligible income types.</p>
Not Eligible**	<p>You are not eligible for relief from enforcement of representations and warranties related to the accuracy and integrity of the data from the tax return(s) uploaded to the service provider.</p>
Unavailable	<p>LPA was unable to assess the accuracy and integrity of the data. This could be due to a system being down.</p> <p>You are not eligible for relief from enforcement of representations and warranties related to the accuracy and integrity of the data from the tax return(s) uploaded to the service provider.</p>

**If the “Not Eligible” is due to inconsistencies between the tax transcript returned by the IRS via the service provider and the tax return(s) uploaded to the service provider, you must resolve the discrepancy. If you find discrepancies, you must update the information in LPA and/or the Income Calculation report and resubmit the data, as necessary.

Note: You must maintain in the loan file the tax transcript received from the IRS via the service provider.



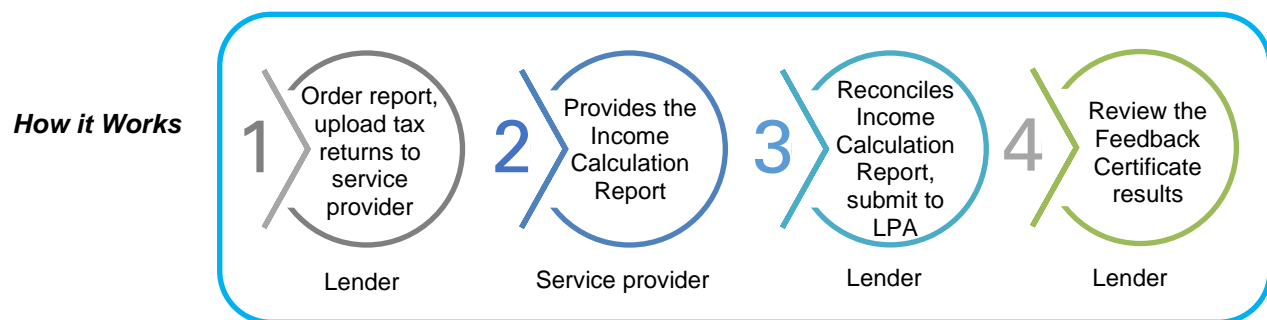
Getting Started

The next several sub-sections provide helpful tips for originating loans using tax data.

Steps for Originating Loans: Using Tax Returns Obtained from the Borrower

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.

Using tax returns obtained from the borrower process steps



*If using LoanBeam as your service provider you must select the "Freddie Mac Form 91" file format.

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: Service Provider Returns the Income Calculation Report

The service provider completes the report request and returns the Income Calculation Report to you. After you receive the report, capture the unique identifier (Report ID). The report ID 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 Report ID (Reference Number)

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

1. The report ID 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 report ID. The report ID plus the applicable date and time makes each report version unique.
3. Based on the report ID provided to Loan Product Advisor, LPA 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 report ID from your LPA request.
6. Ensure you are requesting the correct report when submitting the loan to LPA.
7. The original report ID must be used with all subsequent submissions to the service provider to update information (if applicable) and with all loan data submissions to LPA.

Step 3: Reconcile the Income Calculation Report

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 non-continuing income, or income that should be excluded (e.g., the business is no longer in operation)?
3. Are there technical issues that may require help from the service provider support team to resolve?

Tips!

Uploading Additional Income Documentation

If you need to upload additional income documentation to the service provider, edit your previous request so you are uploading documentation to the service provider's existing application ID. Request an updated Income Calculation Report from the service provider. The service provider will return an updated Income Calculation Report to you with the same report ID.

Updates to the Income Calculation Report

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



Refer to the service provider [Appendices](#) for examples of each service provider's report.

Step 3(a): Complete Loan Product Advisor Loan Data Entry

Once you have reviewed the Income Calculation Report and made any applicable adjustments, submit the loan with the stable monthly income amount and complete loan data entry in your loan origination system. Keep the following requirements in mind when entering data:

- Include the report ID assigned by the service provider in the **Report ID** field with the submission for LPA to assess the report.
- “Yes” **must be selected** for the **Self-Employed** indicator field in the Borrower Employment and Income section if the borrower is self-employed, and the amount of self-employed income you used to underwrite the loan entered in the Monthly Income (or Loss) field.
- You may enter income types for a borrower in LPA even if the income is from income types other than eligible self-employed income which is not currently assessed under the automated income assessment with LPA using tax data capability (for example, employed income).

Step 3(b): Submit the Loan to Loan Product Advisor

From your system, submit the loan to Loan Product Advisor. LPA sends a request with the report ID 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, (for example, an invalid report ID or invalid report) messages are returned indicating LPA was unable to process the report for an individual borrower.

Step 4: Review the Loan Product Advisor Feedback Certificate

LPA provides the Income Representation and Warranty Relief result in the *Assessment Summary* section and 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. Also, verify that the report date and time on the Income Calculation Report matches the report date and time in the LPA message(s). Keep in mind, after you review the messages and determine what, if any action is needed, you may choose to resubmit the loan.

If, for any reason, you update the Income Calculation Report, or provide additional income documentation, you must upload the updated report and/or income documentation to the service provider and resubmit the loan with the same report ID to LPA.

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



Deliver the Loan to Freddie Mac

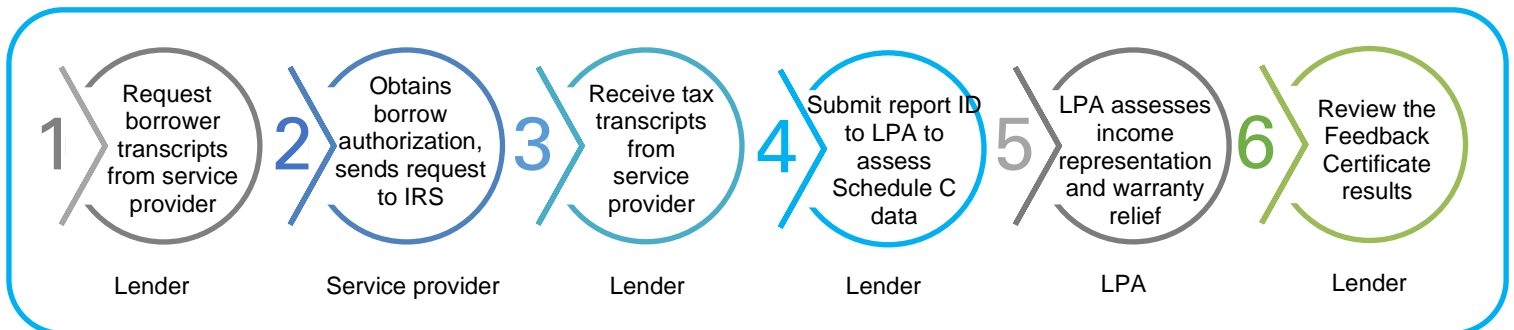
When you are ready to deliver the loan to Freddie Mac, you must deliver it through Loan Selling Advisor® as a Loan Product Advisor loan. Loan Selling Advisor confirms that the data from the Last Feedback Certificate is consistent with the data delivered in Loan Selling Advisor, and when applicable, provides relief from enforcement of certain selling rep and warranties related to the accuracy of income calculations and the business and income analysis.

Steps for Originating Loans: Using Tax Transcripts from a Service Provider Using a Direct Connection to the IRS

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.

Obtaining tax transcripts from a service provider process steps*

How it Works:



*Halcyon is currently the only service provider supporting this capability.



Step 1: Request borrower tax transcripts

Request the borrower's tax transcripts from a service provider.

Step 2: Initiate Requests

The service provider initiates the authorization for IRS tax transcripts with the borrower. The borrower authorizes the request and the service provider submits a tax transcript request through a direct connection to the IRS.

Step 3: Receive tax transcripts

Once you receive the tax transcripts, review the information and document the calculation of the borrower's self-employed income on Form 91 or a similar alternative form as described in Section 5304.1.

Step 4: Complete Loan Product Advisor Loan Data Entry

Submit the loan to LPA with the stable monthly income amount and complete loan data entry in your loan origination system.

Keep the following requirements in mind when entering data:

- Select the service provider
- Include the report ID assigned by the service provider in the **Report ID** field with the submission for LPA to assess Schedule C tax transcript data. Refer to "Importance of the Report ID".
- "Yes" **must be selected** for the **Self-Employed** indicator field.

Step 5: LPA Assess Income Representation and Warranty Relief Eligibility

If LPA is able to assess the income, you may be eligible for relief of representations and warranties related to the accuracy and integrity of the tax transcript data.

Step 6: Review the Loan Product Advisor Feedback Certificate

LPA provides the Income Representation and Warranty Relief result in the *Assessment Summary* section and applicable messaging in the *Employment and Income* section of the Feedback Certificate. Review the messages returned.

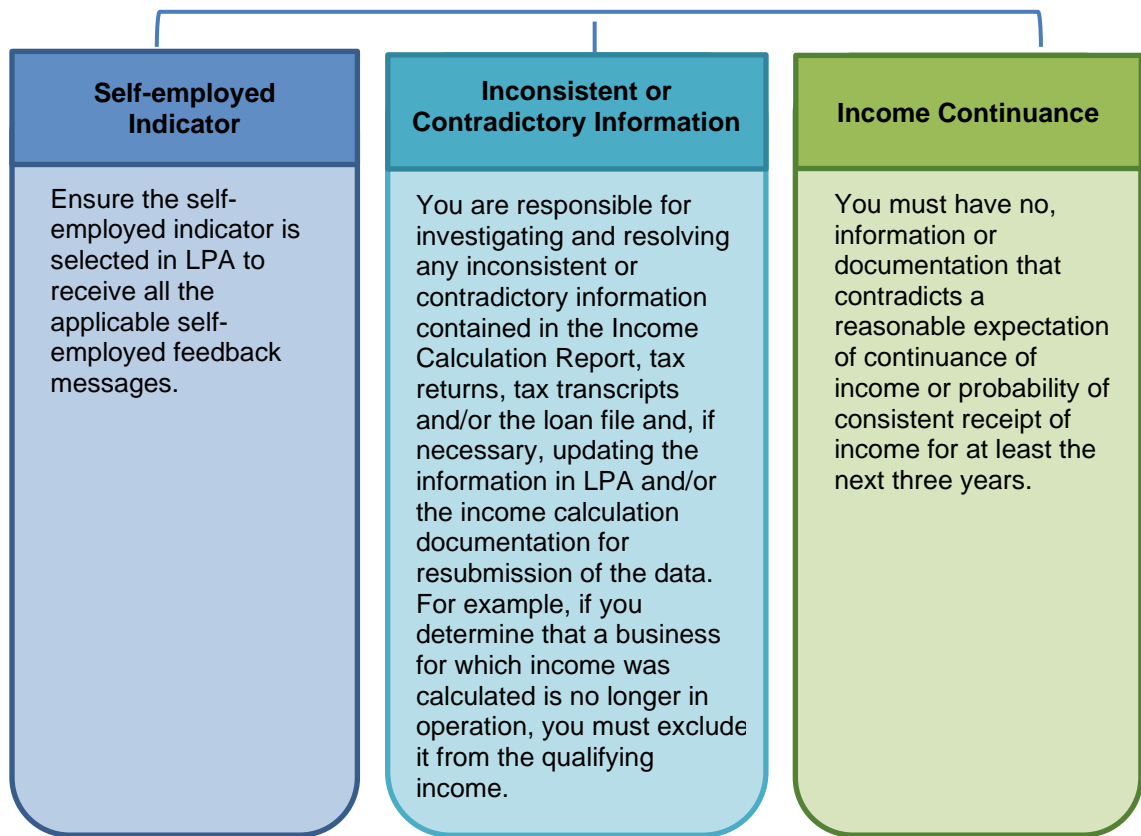
Note: On resubmissions, maintain the same **report ID**.

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 Loan Product Advisor loan. Loan Selling Advisor confirms that the data from the Last Feedback Certificate is consistent with the data delivered in Loan Selling Advisor, and when applicable, provides relief from enforcement of certain selling rep and warranties related to the accuracy of income calculations and for the accuracy and integrity of the data.



Important Reminders



Ineligible Income Types for LPA Assessment

All income used to qualify the borrower must meet the requirements of the Guide. Income not included under this capability for LPA assessment may be used to qualify the borrower, provided the income meets Guide requirements. For instance, the following income types may be shown on the tax returns but are not included under the AIM for income using tax data capability for LPA assessment; however, these income types may still be used to qualify the borrower for the loan:

- Wages, Salaries, Tips, etc.
- Dividends
- Capital Gains
- IRA distributions
- Rental income (IRS Form 8825)*
- Social Security
- Corporation income
- Taxable and non-taxable interest
- Alimony
- Royalties
- Other gains/losses
- Pensions/annuities
- Unemployment Compensation
- Other income
- Farm income

*For rental income assessment reported on Schedule E (IRS Form 1040) refer to the [AIM Enhancement – Rental Income Assessment](#) job aid. **Reminder:** Rental income is not eligible for income representation and warranty relief assessment.



Seller's In-House Quality Control Program

For mortgages selected for Seller's in-house pre-closing and/or post-closing quality control review that receive an income rep and warranty relief message on the Last Feedback Certificate of either "Eligible" for loan-level or "Eligible" for partial income representation and warranty relief with a feedback message indicating that no further documentation is required for the eligible self-employed income reflected on the Income Calculation Report, Form 91 or similar form, you are not required to do the following

- Recalculate income for eligible self-employed income described in Section 5903.2(b) that is on the Income Calculation Report, Form 91 or alternative form, and
- Perform the business and income analysis described in Section 5304.1(d) for eligible self-employed income that is on the Income Calculation Report, Form 91 or alternative form.

For mortgages that receive an "Eligible" for **tax transcript data** representation and warranty relief message on the last Feedback Certificate, the Seller is not responsible for the accuracy and integrity of the data from tax transcripts obtained from the service provider for Schedule C income (as described in Section 5903.2(b)(ii)).

For mortgages that receive an "Eligible" for **tax return data** representation and warranty relief message on the last Feedback Certificate, the Seller is not responsible for the accuracy and integrity of the tax data for eligible income described in Section 5903.2(b) that is on the Income Calculation Report.

If IRS income information was received during the origination process, then Form 4506-C is not required.

Where to Get Help



For questions related to the automated income assessment with LPA using tax data, please contact your Freddie Mac representative or Freddie Mac's Customer Support Center at 800-FREDDIE. Also, visit [Freddie Mac Learning](#) for additional AIM resources. For questions related to a specific service provider, refer to the applicable [Appendix](#).

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Service Guide* or any other contractual agreements. This information does not constitute an agreement between Freddie Mac and any other party. © 2024 Freddie Mac

[Freddie Mac Learning](#)

Initial Setup

To participate in the automated income with Loan Product Advisor using tax data (formerly “AIM for self-employed”), you must first have an agreement with a designated service provider. Refer to the appendices for getting started with a service provider.

Note: By entering the applicable report ID in LPA, you are requesting the capability to be initiated in LPA. Use of this capability is not required.

For automated income assessment using tax return data 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 self-employment income/loss, including eligible business structures.
- Generate an Income Calculation Report with a unique report ID.
- Forward the Income Calculation Report and all income documentation you uploaded to the service provider to Freddie Mac through Loan Product Advisor.

[Appendix A: CoreLogic](#)

[Appendix B: LoanBeam, Now a part of LoanLogic](#)

[Appendix C: LoanCraft](#)

[Appendix D: Halcyon](#)

NOTE: Freddie Mac does not endorse, or make any representations or warranties regarding, any service provider. Each lender is solely responsible for the decision of whether to engage a given provider, and on what terms, and for ensuring that the providers it engages have in place and maintain controls, processes, and procedures that satisfy the lender's business, operational, risk, legal and regulatory requirements.

Initial Set-up Information

Before participating in the automated income assessment with Loan Product Advisor using tax return data (formerly: “AIM for self-employed”) using CoreLogic as your service provider, you must establish an account with CoreLogic. If you are not an existing customer and want to sign up with CoreLogic’s AutomatiQ Borrower Income Analysis, please register on the website.

For more information on AutomatiQ Borrower Income Analysis from CoreLogic, <https://www.corelogic.com/products/factcheck.aspx>.

To get started with CoreLogic, complete the following steps:

Step 1: Access, to sign up, or contact directly:

- [Get Started](#)
- Business Contact: sales@corelogic.com
- Sales: 866-774-3282
- Existing Customer Support:
 - Email: AutomatiQ-CustomerService.crd@corelogic.com
 - Phone: 855-466-2456 (Press 1, then 3)

Step 2: Use the following enumeration to Unique ID 431.80 – Ipa:RequestedDocumentVendorIdentifier

- “CRLC”: CoreLogic

AutomatiQ Borrower Income Analysis illustrations:



AutomatIQ™ Borrower

Cover Page displays the Reference number that must be provided to Loan Product Advisor.

Income Analysis Report

Guideline: FHLMC

Loan Number: TEST230306378_guns

Reissue Reference: CRLC:IncomeVerification:BZHGC7PVO4

Published: 7/10/23

Income Summary

Tom Firsthouse

Base	\$0.00
Overtime	\$0.00
Bonus	\$0.00
Commission	\$0.00
Wage Other	\$0.00
2nd Job	\$0.00
Schedule C	\$3,029.83
K1/Corporation	\$15,469.03
Schedule F	\$0.00
Other	\$0.00
Rental	\$0.00
Total	\$18,498.86



AutomatiQ™ Borrower

Income Analysis Report

Guideline: FHLMC

Loan Number: TEST230306378_guns

Reissue Reference: CRLC:IncomeVerification:BZHOC7PVO4

Published: 7/10/23

Income Summary

Base	\$0.00
Overtime	\$0.00
Bonus	\$0.00
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Wage Other	\$0.00
2nd Job	\$0.00
Schedule C	\$3,029.83
K1/Corporation	\$15,469.03
Schedule F	\$0.00
Other	\$0.00
Rental	\$0.00
Total	\$18,498.86

Tom Firshouse

Borrower 1: Tom Firshouse

Source # 1

ACME INC EIN: 77888888

Form 1095

	2022	Adj-2022	2021	Adj-2021	Avg/Mnth
W2 Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ordinary Income (Loss)	\$165,000.00	\$165,000.00	\$101,011.00	\$101,011.00	\$11,063.79
Net Rnt Est./ Other Income (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Guaranteed Payments To Partner	\$4,242.00	\$4,242.00	\$4,043.00	\$4,043.00	\$345.21
(Income) Loss Other Partnerships	\$-33,100.00	\$-33,100.00	\$0.00	\$0.00	\$-1,379.17
Nonrecurring Other (Income) Loss	\$-2,200.00	\$-2,200.00	\$0.00	\$0.00	\$-91.67
Depreciation (+)	\$23,000.00	\$23,000.00	\$1,603.00	\$1,603.00	\$1,025.13
Depletion (+)	\$17,171.00	\$17,171.00	\$1,717.00	\$1,717.00	\$787.00
Amortization/Casualty Loss (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mortgage/Notes Payable (-)	\$-1,604.00	\$-1,604.00	\$-1,605.00	\$-1,605.00	\$-133.71
Non-Debtbl Trnl & Ent Expense (-)	\$-4,442.00	\$-4,442.00	\$-4,242.00	\$-4,242.00	\$-361.63
Subtotal	\$-1,175.00	\$-1,175.00	\$-2,527.00	\$-2,527.00	\$-154.25
Ownership Percentage	55.000%	55.000%	60.000%	60.000%	
Adjmts * Ownshp %	\$-646.25	\$-646.25	\$-1,516.20	\$-1,516.20	\$-99.10
K-1 + (1095 Adjmts * Ownshp %) + W2	\$168,595.75	\$168,595.75	\$103,537.80	\$103,537.80	\$11,338.99
Cash Distributions	\$43,000.00	\$43,000.00	\$1,919.00	\$1,919.00	\$1,671.63
CD + (Adjmts * Ownshp %) + GP + W2	\$46,595.75	\$46,595.75	\$4,445.80	\$4,445.80	\$2,126.73
Final Income		\$168,595.75		\$103,537.80	\$11,338.99

Trend: Upward, 24 Month calculation utilized.
Source: K-1 + (1095 Adjmts * Ownshp %) + W2
Quick Ratio: 1.50
Current Ratio: 2.14

Source # 1 Qualifying Income

\$11,338.99

Source # 2

TDM LOGISTICS EIN: 59666666

Form 1120 S

	2022	Adj-2022	2021	Adj-2021	Avg/Mnth
W2 Income	\$555.55	\$555.55	\$555.55	\$555.55	\$46.30
Ordinary Income (Loss)	\$75,000.00	\$75,000.00	\$2,400.00	\$2,400.00	\$3,225.00
Net Rnt Est./ Other Income (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nonrecurring Other (Income) Loss	\$-3,000.00	\$-3,000.00	\$0.00	\$0.00	\$-125.00
Depreciation (+)	\$14,141.00	\$14,141.00	\$14,141.00	\$14,141.00	\$1,178.42
Depletion (+)	\$15,151.00	\$15,151.00	\$15,151.00	\$15,151.00	\$1,262.58
Amortization/Casualty Loss (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mortgage/Notes Payable (-)	\$-1,704.00	\$-1,704.00	\$-1,704.00	\$-1,704.00	\$-142.00
Non-Debtbl Trnl & Ent Expense (-)	\$-323.00	\$-323.00	\$-323.00	\$-323.00	\$-26.92
Subtotal	\$24,265.00	\$24,265.00	\$27,265.00	\$27,265.00	\$2,147.08
Ownership Percentage	40.000%	40.000%	40.000%	40.000%	



Adjmts * Ownshp %	\$9,706.00	\$9,706.00	\$10,906.00	\$10,906.00	\$858.83
K-1 + (1120a Adjmts * Ownshp %) + W2	\$85,261.55	\$85,261.55	\$13,861.55	\$13,861.55	\$4,130.13
Cash Distributions	\$63,000.00	\$63,000.00	\$1,612.00	\$1,612.00	\$2,692.17
CD + (Adjmts * Ownshp %) + W2	\$73,261.55	\$73,261.55	\$13,073.55	\$13,073.55	\$3,997.30
Final Income		\$85,261.55		\$13,861.55	\$4,130.13

Trend: Upward, 24 Month calculation utilized.
Source: K-1 + (1120a Adjmts * Ownshp %) + W2
Quick Ratio: 4.25
Current Ratio: 4.31

Source # 2 Qualifying Income \$4,130.13

Source # 3

Tom FIRSTHOUSE/IT CONSULTANT EIN/NAICS: 123456

Schedule C Sole Proprietorship

	2022	Adj-2022	2021	Adj-2021	Avg/Mnth
Net Profit (or Loss)	\$30,133.00	\$30,133.00	\$38,000.00	\$0.00	\$2,511.08
Other (Income) Loss/Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Depreciation	\$1,313.00	\$1,313.00	\$1,313.00	\$0.00	\$109.42
Depletion	\$1,212.00	\$1,212.00	\$1,212.00	\$0.00	\$101.00
Non Deductible Meals & Ent	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Business Use Home	\$3,030.00	\$3,030.00	\$3,030.00	\$0.00	\$252.50
Mileage x Rate	444.00	\$0.26	444.00	\$0.00	
Vehicle Expense	\$115.00	\$115.00	\$115.00	\$0.00	\$9.58
Amortization/Casualty Loss (+)	\$555.00	\$555.00	\$444.00	\$0.00	\$46.25
Total	\$36,358.00	\$36,358.00	\$45,114.00	\$0.00	\$3,029.83

Trend: Downward, 12 month analysis selected.
Source: Schedule C Total

Source # 3 Qualifying Income \$3,029.83

Manual updates to the report

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

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

Initial Set-up Information

Before you can participate in the automated income assessment with Loan Product Advisor using tax return data (formerly: “Aim for self-employed”) using 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://loanlogics.com/contact-us.html>
- Support: 855-544-2326 Ext. 1, or LBsupport@loanlogics.com
- Help Options: <https://loanbeam.loanlogics.com/home/>

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

- “LNBM”: LoanBeam

LoanBeam Workbook illustrations:

Income Calculation Report – Cover Page

LoanBeam	
I LoanBeam Announcements	
II Application Details	
Application ID	W1-3-CAR-3-31 (2-22)
Reference No	29254
Other ID	
Borrower's First Name	Jack
Borrower's Last Name	Anderson
Loan Processor's Name	
Underwriter's Name	
Location Name	Corporate



Income Calculation Report – Tabs completed based on business structure

The screenshot displays three overlapping Excel windows. The top window shows the 'Corporation Income Analysis Details of Current Year & Prior Year' with fields for Corporation Total Income, Qualifying Income Grand Total (Annual), and Qualifying Income Grand Total (Monthly). The middle window shows the 'Partnership Income Analysis Details of Current Year & Prior Year' with similar fields for Partnership Total Income and Grand Totals. The bottom window shows the 'Schedule C Profit or Loss from Business (Sole Proprietorship)' with a table of annual figures (2017, 2016) and manual overrides for 2017 and 2016. The Schedule C table includes rows for Business Name (AAA INC), Proprietor Name (JACK ANDERSON), and various income and expense categories like Depreciation, Amortization, and Casualty Loss. A 'YEAR-TO-DATE PROFIT AND LOSS STATEMENT' section at the bottom shows a 2017 Avg profit of \$2,278.66 and a 52.74% percentage change from the previous year.

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 report ID so Loan Product Advisor can access the updated Income Calculation Report.

Initial Set-up Information

Before you can participate in the Automated Income Assessment with Loan Product Advisor using tax return data (formerly: “Aim for self-employed”) using LoanCraft as your service provider, you must first have an account established with LoanCraft. If you are not already an existing customer and would like to sign up with LoanCraft, please register on the website.

To get started with LoanCraft, complete the following steps:

Step 1: Access, to sign up, or contact directly:

- Contact Us: <https://www.loancraft.net/contact>
- Business Contacts: [DominiC.Spadafore, dspadafore@loancraft.net](mailto:DominiC.Spadafore@loancraft.net), or 248-273-1700 Ext. 100037
- Sales at LoanCraft, pcatallo@loancraft.net, or 248-273-1700 Ext. 1812
- Help Desk: incomehelp@loancraft.net, or 248-939-8541

Step 2: Use the following enumeration to Unique ID 431.80 – lpa:RequestedDocumentVendorIdentifier

- “LCFT”: LoanCraft

LoanCraft illustration of Income Calculation Report

Income Report

File ID: LCFT000001 Applicant(s): Alice Freddie - Reference #: F1XLCFT000001
Report Date: 12/15/2020 11:06 AM
Calculation Model & Entity: Lender Specific - Freddie

Monthly Income Summary						
Firm				\$13,595.83		
Lender Specific				\$13,595.83		
Projected with Additional Research				\$13,595.83		
Projected with Extensive Additional Research				\$13,688.79 to \$13,696.33		
Source Summary						
Source	Type	Firm	Lender Specific	Projected	Notes	Docs Requested
Business Schedule C	Business owned by Alice Freddie.	\$13,595.83	\$13,595.83	\$13,595.83		
Interest	Interest	N/A	N/A	\$92.96 - \$100.58		Portfolio Statement
Total Deductions: \$0.00						
Borrower	Description	Monthly Total				
None						
Overrides						
None						
Breakdown by Borrower						
Alice Freddie						\$13,595.83

Cover Page displays the Reference number* that must be provided to Loan Product Advisor.

*Note: You must include the full File ID including the pre-fix.

Manual updates to the report

If you need to make manual updates to the report, refer to LoanCraft, for steps and processes for making changes to the report. **Note:** You must resubmit the loan under the same report ID so Loan Product Advisor can access the updated Income Calculation Report.

Appendix D: Halcyon Specific Information

Before you can participate in the automated income assessment with Loan Product Advisor using tax transcript data (formerly: "Aim for self-employed") using Halcyon as your service provider, you must first have an account established with Halcyon. If you are not already an existing customer and would like to sign up with Halcyon, please register on the Halcyon website.

To get started with Halcyon, complete the following steps:

Step 1: Access, to sign up, or contact directly:

- sales@Halcyonsw.com
- For questions and issues contact support@halcyonsw.com (support 24/7)

Step 2: Use the following enumeration to Unique ID 431.80 – Ipa:RequestedDocumentVendorIdentifier

- "HLCN": Halcyon

Halcyon illustration of Tax Transcript

**Halcyon Still Water
IRS Vol Transcripts**

2023-07-26T14:25:09.157Z

Freddie Mac Loan Report ID: RF4R2901

Report ID

Internal Revenue Service
United States Department of the Treasury

This Product Contains Sensitive Taxpayer Data

Record of Account

Request Date: 04-28-2023
Response Date: 04-28-2023
Tracking Number: 0000000000
Customer File Number: 00000000

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2021

TAXPAYER IDENTIFICATION NUMBER: XXX-XX-XXXX
SPOUSE TAXPAYER IDENTIFICATION NUMBER: XXX-XX-XXXX

JOHN DOE & JANE DOE
123 BROADWAY

--- ANY ZEROES SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE: 0.00
ACCRUED INTEREST: 0.00 AS OF Feb. 29, 2023
ACCRUED PENALTY: 0.00 AS OF Feb. 29, 2023

ACCOUNT BALANCE PLUS ACCRUALS
(this is not a payoff amount): 0.00

** INFORMATION FROM THE RETURN OR AS ADJUSTED **

EXEMPTIONS: 02
FILING STATUS: Married Filing Joint
ADJUSTED GROSS INCOME: 21,400.00
TAXABLE INCOME: 0.00
TAX PER RETURN: 361.00
SE TAXABLE INCOME TAXPAYERS: 2,360.00
SE TAXABLE INCOME SPOUSE: 0.00
TOTAL SELF EMPLOYMENT TAX: 361.00

RETURN PREPARED BY: Apr. 15, 2022
PROCESSING DATE: Mar. 28, 2022

CODE	EXPLANATION OF TRANSACTION	CYCLE DATE	AMOUNT
150	Tax return filed	20221001 03-28-2022	\$361.00
n/a	0021-040-11014-0		
806	W-2 or 1099 withholding	04-15-2022	-\$600.00
766	Tax relief credit	03-29-2021	-\$2,800.00
846	Refund issued	03-17-2021	\$2,800.00
290	Additional tax assessed	00-00-0000	\$0.00
n/a	0021-039-05011-1		
971	001100 Issued	04-01-2021	\$0.00
	00101444		