



Form 92

Net Rental Income Calculations – Schedule E

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

I. Net Rental Income from Schedule E (Subject 2- to 4-unit Primary Residence)

SUBJECT 2- TO 4-UNIT PRIMARY RESIDENCE NET RENTAL INCOME CALCULATION – SCHEDULE E¹ Refinance Transaction owned in the prior year(s)		
IRS 1040 Schedule E – Supplemental Income and Loss	Subject Property Address: _____	
	Year:	Year:
Rents received	(+)	(+)
Less total expenses	(-)	(-)
Insurance ²	(+)	(+)
Mortgage interest paid to banks, etc. ²	(+)	(+)
Taxes (real estate only) ^{2,3}	(+)	(+)
Depreciation and/or depletion	(+)	(+)
Homeowners association (HOA) dues (if specifically reported as an expense) ²	(+)	(+)
One time losses (e.g., casualty loss) if documented	(+)	(+)
Subtotal(s)	\$	\$
Result: Net Rental Income (calculated to a monthly amount) ⁴ (Sum of subtotal(s) divided by number of applicable months = Net Rental Income)	\$ _____ / _____ = \$ _____	

¹Refer to Section 5306.1(c)(iii) for net rental Income calculation requirements

²This expense, if added back, must be included in the monthly housing expense being used to establish the DTI ratio

³The taxes added back must represent only real estate taxes included in the monthly housing expense

⁴**Establishing DTI ratio (Section 5306.1(d)):** The monthly housing expense must be added as a liability; the net rental income may be added to the stable monthly income

II. Net Rental Income from Schedule E (Subject Investment Property)

SUBJECT INVESTMENT PROPERTY NET RENTAL INCOME CALCULATION – SCHEDULE E¹ Refinance Transaction owned in the prior year(s)		
IRS 1040 Schedule E – Supplemental Income and Loss	Subject Property Address: _____	
	Year:	Year:
Rents received	(+)	(+)
Less total expenses	(-)	(-)
Insurance ²	(+)	(+)
Mortgage interest paid to banks, etc. ²	(+)	(+)
Taxes (real estate only) ^{2,3}	(+)	(+)
Depreciation and/or depletion	(+)	(+)
HOA dues (if specifically reported as an expense) ²	(+)	(+)
One time losses (e.g., casualty loss) if documented	(+)	(+)
Subtotal(s)	\$	\$
Result: Net Rental Income (calculated to a monthly amount)⁴ <i>(Sum of subtotal(s) divided by number of applicable months = Net Rental Income)</i>	\$ _____ / _____ = \$ _____	

¹Refer to Section 5306.1(c)(iii) for net rental Income calculation requirements

²This expense, if added back, must be included in the monthly payment amount being used to establish the DTI ratio

³The taxes added back must represent only real estate taxes included in the monthly payment amount

⁴**Establishing DTI ratio (Section 5306.1(d)):** Subtract the monthly payment amount from the net rental income. If the result is positive, it may be added to income; if the result is negative, add it to the monthly liabilities

III. Net Rental Income from Schedule E (Non-subject investment property(s))

NON-SUBJECT INVESTMENT PROPERTY(S) NET RENTAL INCOME CALCULATION – SCHEDULE E ^{1,2} Refinance Transactions owned in the prior year(s)						
Property Address ³	Property Address #1: _____		Property Address #2: _____		Property Address #3: _____	
IRS 1040 Schedule E – Supplemental Income and Loss	Year:	Year:	Year:	Year:	Year:	Year:
<i>Rents received</i>	(+)	(+)	(+)	(+)	(+)	(+)
Less total expenses	(-)	(-)	(-)	(-)	(-)	(-)
Insurance ⁴	(+)	(+)	(+)	(+)	(+)	(+)
Mortgage interest paid to banks, etc. ⁴	(+)	(+)	(+)	(+)	(+)	(+)
Taxes (real estate only) ^{4,5}	(+)	(+)	(+)	(+)	(+)	(+)
Depreciation and/or depletion	(+)	(+)	(+)	(+)	(+)	(+)
HOA dues (if specifically reported as an expense) ⁴	(+)	(+)	(+)	(+)	(+)	(+)
One time losses (e.g., casualty loss) if documented	(+)	(+)	(+)	(+)	(+)	(+)
Subtotals	\$	\$	\$	\$	\$	\$
Result: Net Rental Income <i>(calculated to a monthly amount)⁶</i>	\$ _____ / _____ = \$ _____ ⁷		\$ _____ / _____ = \$ _____ ⁷		\$ _____ / _____ = \$ _____ ⁷	

¹ Refer to Section 5306.1(c)(iii) for net rental Income calculation requirements

² Refer to Chapter 5304 and Form 91 for the treatment of all rental real estate income or loss reported on IRS Form 8825, regardless of Borrower's percentage of ownership interest in the business or whether the Borrower is personally obligated on the note

³ Review rental properties on Schedule E against Uniform Residential Loan Application("URLA"). If properties are on the tax return(s) but not on the URLA, provide evidence the Borrower no longer owns the property

⁴ This expense, if added back, must be included in the monthly payment amount used to establish the DTI ratio

⁵ The taxes added back must represent only real estate taxes that are included in the monthly payment amount used to establish the DTI ratio

⁶ **Establishing DTI ratio (Section 5306.1(d)):** Subtract the monthly payment amount from the net rental income. For one property, if the result is positive, add it to the income; if the result is negative, add it to the monthly liabilities. For multiple properties, subtract the monthly payment amount from the net rental income for each property. Combine the results and if the combined result is positive, add it to the income; if the combined result is negative, add it to the monthly liabilities.

⁷ **Net Rental Income** = the sum of the subtotal(s) divided by the number of applicable months

Borrower Name: _____

NON-SUBJECT INVESTMENT PROPERTY(S) NET RENTAL INCOME CALCULATION – SCHEDULE E ^{1,2} Refinance Transactions owned in the prior year(s)						
Property Address ³	Property Address #4: _____		Property Address #5: _____		Property Address #6: _____	
IRS 1040 Schedule E – Supplemental Income and Loss	Year:	Year:	Year:	Year:	Year:	Year:
Rents received	(+)	(+)	(+)	(+)	(+)	(+)
Less total expenses	(-)	(-)	(-)	(-)	(-)	(-)
Insurance ⁴	(+)	(+)	(+)	(+)	(+)	(+)
Mortgage interest paid to banks, etc. ⁴	(+)	(+)	(+)	(+)	(+)	(+)
Taxes (real estate only) ^{4,5}	(+)	(+)	(+)	(+)	(+)	(+)
Depreciation and/or depletion	(+)	(+)	(+)	(+)	(+)	(+)
HOA dues (if specifically reported as an expense) ⁴	(+)	(+)	(+)	(+)	(+)	(+)
One time losses (e.g., casualty loss) if documented	(+)	(+)	(+)	(+)	(+)	(+)
Subtotals	\$	\$	\$	\$	\$	\$
Result: Net Rental Income (calculated to a monthly amount) ⁶	\$ _____ / _____ = \$ _____ ⁷		\$ _____ / _____ = \$ _____ ⁷		\$ _____ / _____ = \$ _____ ⁷	

¹ Refer to Section 5306.1(c)(iii) for net rental income calculation requirements

² Refer to Chapter 5304 and Form 91 for the treatment of all rental real estate income or loss reported on IRS Form 8825, regardless of Borrower's percentage of ownership interest in the business or whether the Borrower is personally obligated on the Note

³ Review rental properties on Schedule E against URLA. If properties are on the tax return(s) but not on the URLA, provide evidence the Borrower no longer owns the property

⁴ This expense, if added back, must be included in the monthly payment amount used to establish the DTI ratio

⁵ The taxes added back must represent only real estate taxes that are included in the monthly payment amount used to establish the DTI ratio

⁶ **Establishing DTI ratio (Section 5306.1(d)):** For multiple properties, subtract the monthly payment amount from the net rental income for each property. Combine the results and if the combined result is positive, add it to the income; if the combined result is negative, add it to the monthly liabilities

⁷ Net Rental Income = the sum of the subtotal(s) divided by the number of applicable months

DTI Ratio Calculation for Multiple Non-Subject Investment Properties (Section 5306.1(d))			
Property	Monthly Net Rental Income	Less Monthly Payment Amount (Section 5401.2(a)(7))	Result (+) Positive / (-) Negative
Property #1	\$	\$	(+/-) \$
Property #2	\$	\$	(+/-) \$
Property #3	\$	\$	(+/-) \$
Property #4	\$	\$	(+/-) \$
Property #5	\$	\$	(+/-) \$
Property #6	\$	\$	(+/-) \$
Combined Result (positive, add to income; negative, add to liabilities)			(+/-) \$