

*AIM: Asset and Income Modeler

This reference document is updated to coincide with changes to requirements to AIM for self-employed income. Recent changes include:

Revision History

April 2023 Update	
Adding service providers supporting tax extensions	Now accommodate tax extension filing Form 4868: <ul style="list-style-type: none"> • CoreLogic • LoanCraft (Note: LoanBeam continues to offer this capability)
February 1, 2023 Bulletin	
Updates to the age of tax return(s) requirements	<ul style="list-style-type: none"> ▪ Updated our age of tax return requirements to reflect dates specific to the 2022 tax year.
Guide Bulletin 2022-20 Issued October 5, 2022	
Updates to employment/income characteristics Effective for mortgages with Settlement Dates on and after 2/5/2023, but Sellers may implement immediately	<ul style="list-style-type: none"> ▪ Updates to employment/income characteristics regarding borrowers with business ownership interest(s) less than 25%.

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



This reference is intended to assist you with using our automated income assessment with Loan Product Advisor® (LPASM) using tax return data (referred to 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 to AIM for Self-Employed

AIM for self-employed is a capability within Loan Product Advisor that leverages access to optical character recognition (OCR) technology from third-party service providers to help enable the automation of certain income calculations for self-employed borrowers; this allows LPA to determine if you are eligible for relief from enforcement of certain representations and warranties (referred to as “rep and warranty”) related to the borrower’s income based on tax return data.

How does this happen? After uploading your borrower’s federal income tax returns to a designated service provider, a report (“Income Calculation Report) 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 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 last Feedback Certificate.

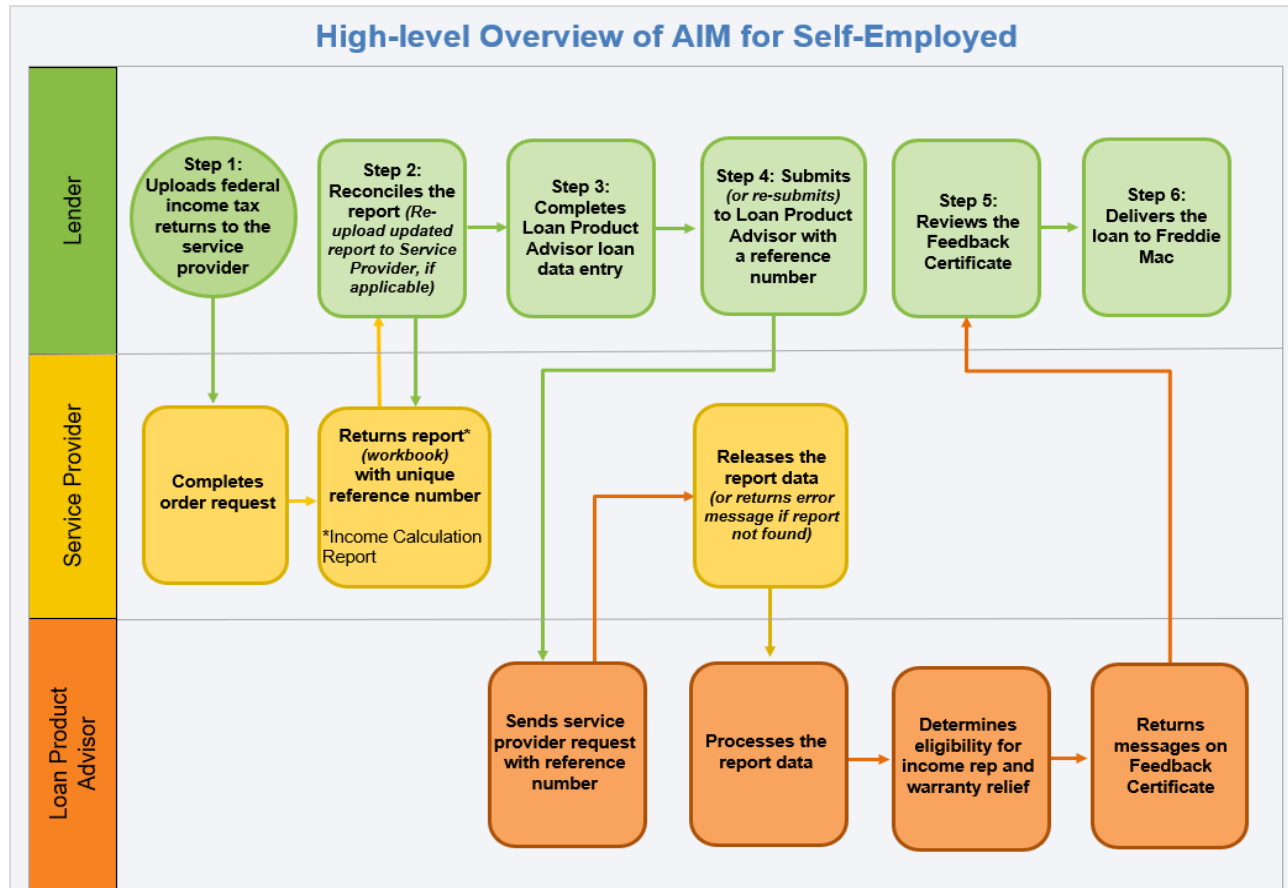
AIM for self-employed makes it easier to:

- Grow your business: Simpler underwriting helps you take on self-employed loans 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.



Process Flow – How it Works

The following process flow provides a high-level overview of how AIM for self-employed works.










Eligibility Requirements

Loans must be submitted to Loan Product Advisor 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
Defined term: 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.
Eligible Income	<p>Self-employed income is eligible for AIM for self-employed if it is derived from the following business structures:</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>Note: Tax returns must not be:</p> <ul style="list-style-type: none">▪ Filed on a fiscal year basis▪ Handwritten▪ An amended return▪ From a U.S. Territory



Topic	Requirements		
Federal Tax Returns- 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 for the most recent year.	Complete signed federal individual (form 1040) income tax return 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) provided are the tax return(s) most recently 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 2022, the most recently filed business tax return year must also be 2022). Refer to the Age of Tax Return 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 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 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: If applicable, 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) and other documentation or information received.</p>		



Topic	Requirements		
<p>Age of Tax Return and Other Documentation Requirements</p> <p>(Guide Section 5903.6)</p>	<p>The following date and documentation requirements for 2021 and 2022 federal income tax return(s) must be met:</p>		
	<p>Application Received Date</p>	<p>Note Date</p>	<p>Age of tax return(s) and other documentation requirements</p>
	<p>Before: April 18, 2023</p>	<p>Before: May 31, 2023</p>	<ul style="list-style-type: none"> ▪ Most recent federal income tax return(s) filed with the IRS. ▪ The most recent tax return(s) must be no older than 2021.
	<p>On or after: April 18, 2023</p>	<p>Before: May 31, 2023</p>	<p>If the borrower has not filed the 2022 tax return(s) with the IRS:</p> <ul style="list-style-type: none"> ▪ The most recent tax return(s) must be no older than 2021. ▪ 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 2022 tax year¹, and – Evidence of completed IRS tax filing extension(s) for 2022 tax year². <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>All</p>	<p>On or after May 31, 2023 Before November 1, 2023</p>	<p>If the borrower has not filed the 2022 tax return(s) with the IRS:</p> <ul style="list-style-type: none"> ▪ The most recent tax return(s) must be no older than 2021. ▪ 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 2022 tax year¹, and – Evidence of completed IRS tax filing extension(s) for 2022 tax year². <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>All</p>	<p>On or after: November 1, 2023</p>	<ul style="list-style-type: none"> ▪ The most recent tax return(s) must be no older than 2022. ▪ Use of a tax filing extension for the 2022 tax year is not permitted. 	
<p>¹If 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, 2023, 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, 2023, whichever occurs first.</p> <p>² 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
	<p>Tax extensions - How it works:</p> <p>AIM for self-employed 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 2021 tax year to prior year(s) tax liability for consistency. If consistency is confirmed, the automatic 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 951" style="border: 2px solid #00AEEF; border-radius: 15px; padding: 10px; text-align: center;"> <pre> graph LR 1((1 Upload 2021 or 2021 & 2020 tax returns to service provider)) --> 2((2 Upload IRS Form 4868 for 2022 tax year to service provider)) 2 --> 3((3 Submit to Loan Product Advisor)) 3 --> 4((4 Review the messages returned*)) </pre> </div> <p>*Including assessment for income representation and warranty relief eligibility.</p> <p>Note: If the loan does not meet the AIM for self-employed revised age of tax return requirements you may continue to sell these loans using the broad policy requirements.</p>
<p>Loan Product Advisor Data Entry Guide Section 5903.4</p>	<p>To assess the loan for income representation and warranty relief, you must indicate to Loan Product Advisor that the borrow is self-employed.</p> <ul style="list-style-type: none"> ▪ Select “Yes” for the Self-employed indicator, otherwise, the feedback messages will be incomplete. ▪ Provide the unique report identifier issued in the report by the service provider. <p>Note: For borrowers with business ownership interest(s) < 25% refer to Guide Bulletin 2022-20.</p>
<p>Loan Product Advisor: Required Resubmission</p>	<p>If, for any reason, the Income Calculation Report is updated, or additional income documentation is provided, you must upload the updated report and/or income documentation to the service provider and resubmit the loan with the same reference number to Loan Product Advisor.</p>
<p>Business Assets</p>	<p><i>If applicable, Assess Business Assets:</i> If business assets are used for closing, you must meet the requirements (Section 5903.3(b)).</p>
<p>Delivery</p>	<p>Loan must be delivered through Loan Selling Advisor® as a Loan Product Advisor loan with an LP AUS Key Number.</p>



Income Representation and Warranty Relief Results

Loan Product Advisor 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 the tax returns and the Income Calculation Report you upload to the service provider.

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, Not Eligible, or Unavailable in the **Assessment Summary** section of the Loan Product Advisor Feedback Certificate (Figure 1). 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 (Figure 2). Review the messages and reconcile them against the information in the Income Calculation Report. 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 and receives income representation and warranty relief.
Partial representation and warranty relief	Multiple sources of income are used for qualification purposes. Eligible self-employed income on the Income Calculation Report is eligible for income representation and warranty relief.

Figure 1: Loan Product Advisor Feedback Certificate - Assessment Summary Section

Figure 2: Loan Product Advisor Feedback Certificate – Employment and Income Messages Section

Employment And Income Messages	
CODE	MESSAGES
FEI0030	The loan is eligible for loan-level income representation and warranty relief.
FEI0205	The loan application must reflect that the Borrower’s sole proprietorship(s) has been in existence for at least 5 years to retain income representation and warranty relief.
FEI0225	JOHN 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.



Loan Product Advisor Feedback Certificate Results Returned, including Documentation Requirements:

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"> Accuracy of the income calculation for the eligible self-employed income shown on the Income Calculation Report, and 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 that is on the Income Calculation Report:</p> <ol style="list-style-type: none"> The Income Calculation Report is acceptable documentation as an alternative to Form 91, Income Calculations. 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, the income source(s) not eligible for representation and warranty relief, you must either:</p> <ol style="list-style-type: none"> Verify and document the income as required by the Guide, or Remove the income and resubmit the mortgage to LPA.

Example:

Assessment Summary

BORROWER NAME John FREDDIE		NUMBER OF SUBMISSIONS 1	
Assessment Summary		Representation & Warranty Relief	
PURCHASE ELIGIBILITY ELIGIBLE	RISK CLASS ACCEPT	COLLATERAL R&W* RELIEF NOT ELIGIBLE N/A	INCOME R&W* RELIEF ELIGIBLE
		ASSET R&W* RELIEF NOT ELIGIBLE	


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

Employment And Income Messages

CODE	MESSAGES
FEI0030	The loan is eligible for loan-level income representation and warranty relief.
FEI0205	The loan application must reflect that the Borrower's sole proprietorship(s) has been in existence for at least 5 years to retain income representation and warranty relief.
FEI0225	JOHN 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.






Borrower's income source is an eligible income type reported on the Income Calculation Report 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> NOT ELIGIBLE</p> <p>Partial income representation and warranty relief message is returned</p> <p>Eligible for Partial Income Representation and Warranty Relief</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, 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 types on the Income Calculation Report, the Income Calculation Report is acceptable documentation, as an alternative to Form 91, Income Calculations.</p> <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> <p>Note: You do not receive income representation and warranty relief for income sources documented as required by the Guide.</p>

Example

Assessment Summary

BORROWER NAME Andy FREDDIE		NUMBER OF SUBMISSIONS 9	
Assessment Summary		Representation & Warranty Relief	
PURCHASE ELIGIBILITY	RISK CLASS	COLLATERAL R&W* RELIEF	INCOME R&W* RELIEF
 ELIGIBLE	 ACCEPT	 NOT ELIGIBLE	N/A
			 NOT ELIGIBLE
			 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

BORROWER NAME
Andy FREDDIE

NUMBER OF
9

Assessment Summary
PURCHASE ELIGIBILITY RISK CLASS

Representation & Warranty Relief
COLLATERAL R&W* RELIEF

INCOME R&W* RELIEF


ASSET R&W* RELIEF

ELIGIBLE
ACCEPT
NOT ELIGIBLE
 N/A
 NOT ELIGIBLE
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
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>

Additional Documentation

- Ensure that the self-employment indicator is selected to “Yes”, otherwise, the feedback messages returned on the Loan Product Advisor Feedback Certificate will be incomplete in providing the specific documentation requirements.
- Reminder: If applicable, 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) and any other documentation or information received.

Income Calculation Report

You must maintain a copy of the Income Calculation Report in the loan file for loans with self-employed income that is eligible for representation and warranty relief.

Internal Revenue Service (IRS) Form 4506-C

- An IRS Form 4506-C (or alternative form acceptable to the IRS that authorizes the release of comparable tax information to a third-party signed by the borrower, or
- A Commonwealth of Puerto Rico Form 2907 or Form 4506-C (or an alternate form that authorizes the release of comparable tax information to a third party), as applicable, signed by the borrower for income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands and is exempt from federal income taxation under the Internal Revenue Code.

Verification of the Existence of the Business

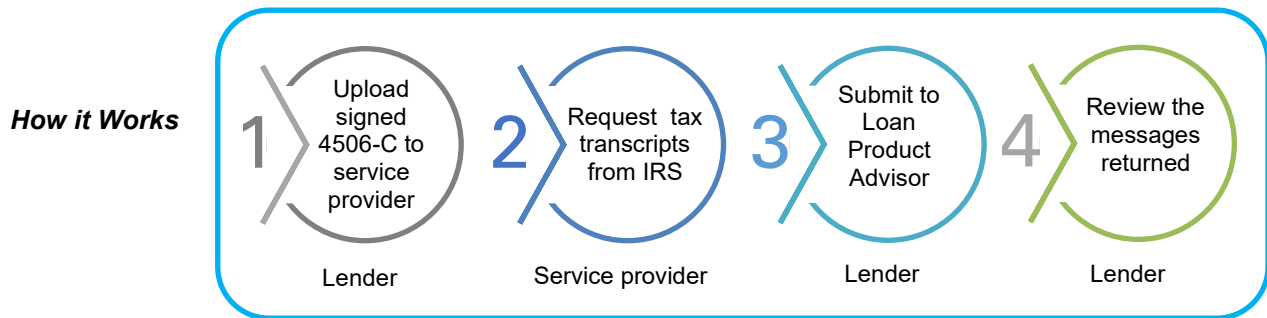
You must verify the current existence of the business in accordance with the requirements provided in Guide Section 5903.3(b).



Tax Return Data Representation and Warranty Relief

In addition to income representation and warranty relief, Loan Product Advisor also determines eligibility for tax return data representation and warranty relief. AIM for self-employed includes the ability to request a tax transcript from the Internal Revenue Service (IRS) through a third-party 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 on 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.



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	You are relieved from enforcement of representations and warranties related to: <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 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.</p>
Not Eligible*	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.
Unavailable	LPA was unable to assess the accuracy and integrity of the data. This could be due to a system being down. 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.

*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 cover details including the initial setup process and steps for originating loans with AIM for self-employed.

Initial Setup

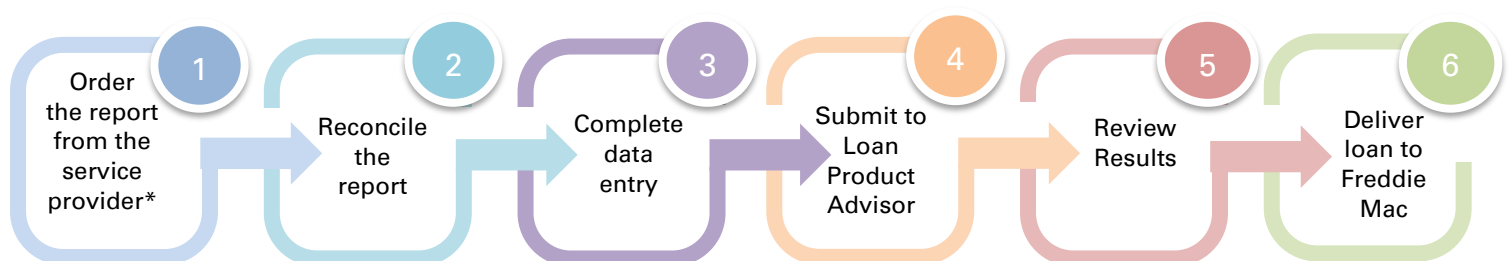
To participate, you must first have an agreement with a designated service provider. In your agreement, the service provider must agree to:

- Utilize its proprietary technology to extract data from borrower tax returns you submit to enable calculation of certain self-employment income/loss, including eligible business structures.
- 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.

Note: By requesting an income report from the service provider and entering the applicable reference number in Loan Product Advisor, you are requesting the capability to be initiated in Loan Product Advisor. 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.



*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: Reconcile the 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 (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 Income Calculation Report. The following are items to keep in mind with regards 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 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 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 non-continuing income, or income that should be excluded, such as when a 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.

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 reference number 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: 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 reference number 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 AIM for self-employed capability (for example, employed income).

Step 4: 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 (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, (for example, an invalid reference number or invalid report) messages are returned indicating LPA was unable to process the report for an individual borrower.

Step 5: 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



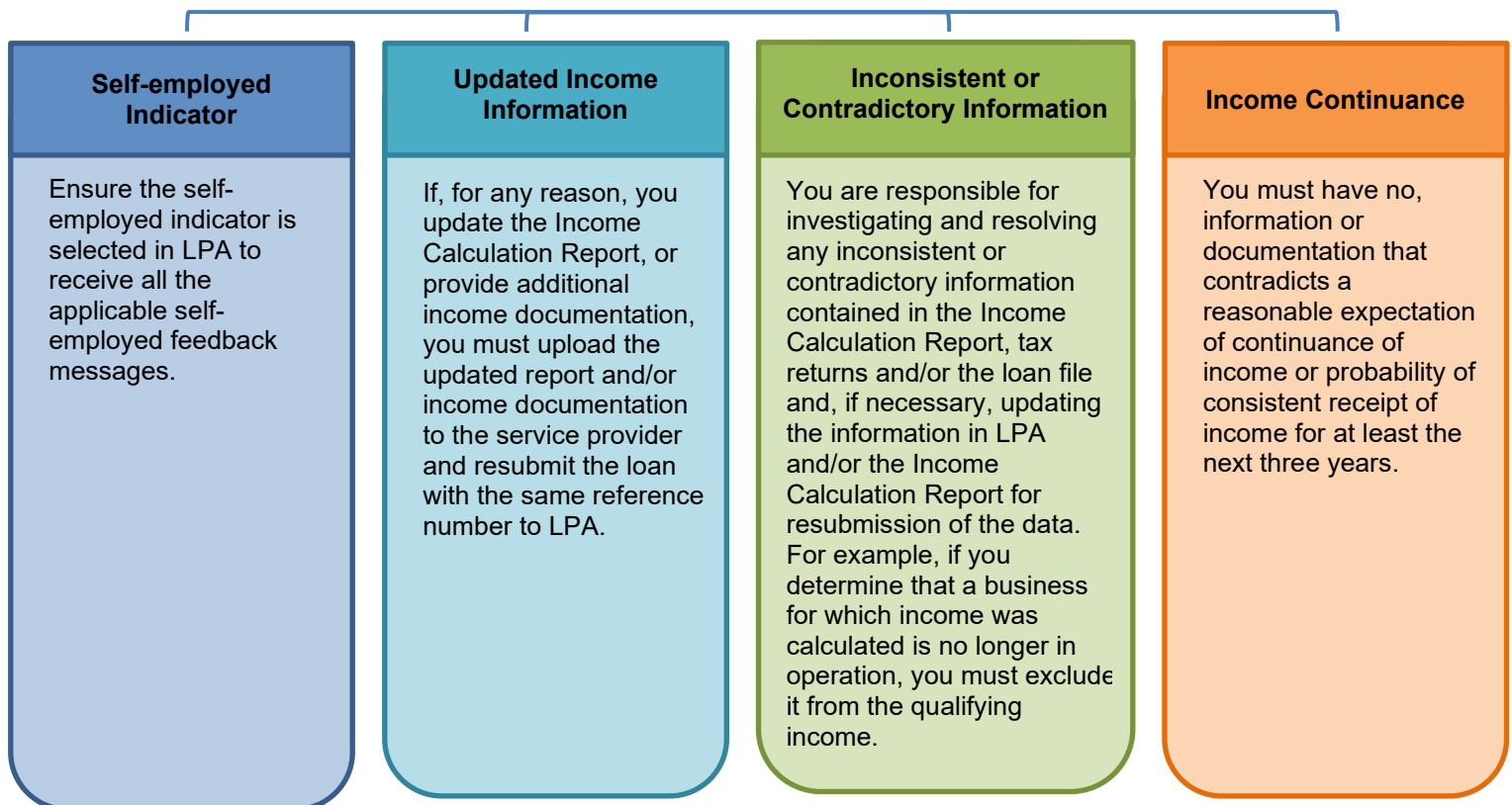
and time in the LPA message(s). Keep in mind, after you review the messages and determine what, if any action is needed, you may choose to resubmit the loan.

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

Step 6: 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.

Important Reminders





Ineligible Income Types

All income must meet the requirements of the Guide. Income not included under this capability 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 this capability; however, these income types may still be used to qualify:

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

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 income reflected on the Income Calculation Report, you are not required to do the following for eligible self-employed income that is on the Income Calculation Report:

- Recalculate income for eligible self-employed income described in Section 5903.2(b) that is on the Income Calculation Report, 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.

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 return data for eligible income described in Section 5903.2(b) that is on the Income Calculation Report.



Where to Get Help



For questions related to AIM for self-employed, please contact your Freddie Mac representative or Freddie Mac's Customer Support Center at 800-FREDDIE. Also, visit the AIM for Self-Employed [webpage](#), and [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 found in the *Freddie Mac Single-Family Seller/Service Guide* and your Purchase Documents.

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[Freddie Mac Learning](#)

Initial Set-up Information

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

For more information on FactCheck 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: Eric Proseri, eproseri@corelogic.com, 303-503-9068
- Sales: 855-466-2456 (Press 1, then 3, then 2)
- Existing Customer Support:
 - Email: factcheckcustomercare.crd@corelogic.com
 - Phone: 855-466-2456 (Press 1, then 3)

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

- "CRLC": CoreLogic

FactCheck illustrations:

The screenshot shows the CoreLogic FactCheck interface. At the top, it displays the CoreLogic logo and the FactCheck title. Below this, there are four fields: Guideline: DEFAULT, Loan Number: EPTestUIv455, Reissue Reference: 93-434096-9, and Published: 10/14/20. A callout box with a green background and black border points to the Reissue Reference field, containing the text: "Cover Page displays the Reference number that must be provided to Loan Product Advisor." Below the header information is an "Income Report" section. It features a table with three columns: "Income Summary", "Sharon Osbourne", and "Ozzy Osbourne". The table lists various income categories and their corresponding amounts for both individuals. At the bottom of the report, it states "Borrower 1: Sharon Osbourne".

Income Summary	Sharon Osbourne	Ozzy Osbourne
Base	\$9,238.41	\$3,055
Overtime	\$0	\$0
Bonus	\$0	\$0
Commission	\$993.38	\$0
Wage Other	\$0	\$0
2nd job	\$0	\$0
Schedule C	\$250	\$0
K1/Corporation	\$6,333	\$0
Schedule F	\$0	\$0
Other	\$0	\$0
Rental	\$4,700.01	\$0
Total	\$21,514.8	\$3,055

Borrower 1: Sharon Osbourne



CoreLogic		FactCheck			
Income Report					
Guideline: DEFAULT	Loan Number: EPTestUlv455	Reissue Reference: 93-434096-9	Published: 10/14/20		
Income Summary	Sharon Osbourne	Ozzy Osbourne			
Base	\$9,238.41	\$3,055			
Overtime	\$0	\$0			
Bonus	\$0	\$0			
Commission	\$993.38	\$0			
Wage Other	\$0	\$0			
2nd job	\$0	\$0			
Schedule C	\$250	\$0			
KU/Corporation	\$6,333	\$0			
Schedule F	\$0	\$0			
Other	\$0	\$0			
Rental	\$4,700.01	\$0			
Total	\$21,514.8	\$3,055			
Borrower 1: Sharon Osbourne					
Source # 1					
Acme					
Monthly					
Historical	None				
Current	Document	Selected Calculation			
Base	VOE	RdP>> \$9,238.41 * 1mo = \$9,238.41	\$9,238.41		
Commission	VOE	YTD >> \$8,940.42 / 9.00mo = \$993.38	\$993.38		
Total			\$10,231.79		
		Source # 1 Qualifying Income	\$10,231.79		
Comments: revert Supported Raise					
Source # 2					
Test 1 Co EIN/NAICS: 100000000					
Form 1065					
	2018	Adj-2018	2017	Adj-2017	Avg/Mnth
Ordinary Income (Loss)	\$80,996.00	\$80,996.00	\$70,996.00	\$70,996.00	\$6,333.00
Net Rent Est / Other Income (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Guaranteed Payments To Partner	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(Income) Loss Other Partnerships	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nonrecurring Other (Income) Loss	\$-15,996.00	\$0.00	\$-15,996.00	\$0.00	\$0.00
Depreciation (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Depletion (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Amortization/Casualty Loss (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mortgage/Notes Payable (-)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Non-Deductible Meals & Ent Expense (-)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$-15,996.00	\$0.00	\$-15,996.00	\$0.00	\$0.00
Ownership Percentage	100.00%	100.00%	100.00%	100.00%	
Adjmts * Ownership %	\$-15,996.00	\$0.00	\$-15,996.00	\$0.00	\$0.00
K-1 = (1065 Adjustments * Ownership %)	\$65,000.00	\$80,996.00	\$55,000.00	\$70,996.00	\$6,333.00
Cash Distributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Final Income	\$80,996.00	\$80,996.00	\$70,996.00	\$70,996.00	\$6,333.00
Optional Profit and Loss Override P&L * Ownership %: (\$5,000 * 100%) = \$5,000 Wages for P&L period: \$0 Months: 2.1 Total Profit and Loss (P&L + Wage): \$5,000 / 2.10 Trend: Upward, 24 Month calculation utilized. Source: K-1 + (1065 Adjustments * Ownership %) Quick Ratio: 8 Current Ratio: 8					
					Source # 2 Qualifying Income
					\$6,333
Comments: revert Other Income documented as recurring, revert					

Source # 3					
EP Consulting/ EIN/NAICS: /123123					
Schedule C Sole Proprietorship					
	2018	Adj-2018	2017	Adj-2017	Avg/Mnth
Net Profit (or Loss)	\$2,800.00	\$2,800.00	\$0.00	\$0.00	\$233.33
Other (Income) Loss/Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Depreciation	\$200.00	\$200.00	\$0.00	\$0.00	\$16.67
Depletion	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Non Deductible Meals & Ent	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Business Use Home	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mileage x Rate	0.00	\$0.00	0.00	\$0.00	\$0.00
Vehicle Expense	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Amortization/Casualty Loss (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$3,000.00	\$3,000.00	\$0.00	\$0.00	\$250.00
Trend: Downward, 12 month analysis selected. Source: Schedule C Total					
					Source # 3 Qualifying Income
					\$250
Comments: updated due to Cashflow change					
Source # 4					
Rental Group # 1					
Property Address	321 E Oceanfront Ln				
Property Type	Single Family				
Schedule E Rents	\$86,400.12	Unable to Determine			
- Schedule E Expenses	\$-30,000.00	\$0.00			
+ Schedule E Total ITIA	\$56,400.12	\$0.00			
+ Depreciation/Depletion	\$0.00	\$0.00			
+ City/Arrmt/Other Exp	\$0.00	\$0.00			
+ Manual Adjustment	\$0.00	\$0.00			
Total Schedule E Net	\$56,400.12	\$0.00			
Months in Service	12.00	0.00			
Monthly Schedule E Net	\$4,700.01	\$0.00			
Monthly Lease Rent	\$0.00	\$0.00			
Lease Payment * 25%	\$0.00	\$0.00			
Calc Selection	12 Mo				
Calculated Net Rental Income	\$4,700.01	\$0.00			
- Monthly ITIA/PITIA	\$0.00				
Qualifying Net Income	\$4,700.01				
					Source # 4 Qualifying Income
					\$4,700.01
Borrower 2: Ozzy Osbourne					
Source # 1					
DPS					
Monthly					
Historical	None				
Current	Document	Selected Calculation			
Base	PS	CUR>> \$1,527.50 * 2chs = \$3,055.00	\$3,055		
Total			\$3,055		
					Source # 1 Qualifying Income
					\$3,055

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 reference number 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 (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://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

LoanBeam	
I LoanBeam Announcements	
II Application Details	
Application ID	W-3-CAR-2-31 (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

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.

Initial Set-up Information

Before you can participate in the Automated Income Assessment with Loan Product Advisor using tax return data (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 - \$100.50		Portfolio Statement

Total Deductions: \$0.00		
Borrower	Description	Monthly Total

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 reference number so Loan Product Advisor can access the updated Income Calculation Report.