

# Operating Income Statement

Morning Star Real Estate

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One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

CF 216 SAMPLE

Property Address

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Street

City

State

Zip Code

**General Instructions:** This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

	Currently Rented	Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
Unit No. 1	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Undisclosed	\$ 3,600	\$ 3,000	Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 2	Yes <input type="checkbox"/> No <input type="checkbox"/>		\$	\$	Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 3	Yes <input type="checkbox"/> No <input type="checkbox"/>		\$	\$	Fuel Oil	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/> No <input type="checkbox"/>		\$	\$	Fuel (Other)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>			<b>\$ 3,600</b>	<b>\$ 3,000</b>	Water/Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>
					Trash Removal	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years (for new properties the applicant's projected income and expenses must be provided). This Operating Income Statement and previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures (e.g., Applicant/Appraiser 288/300). If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. (Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item.) Income should be based on current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

## Annual Income and Expense Projection for Next 12 months

### Income (Do not include income for owner-occupied units)

	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Gross Annual Rental (from unit(s) to be rented)	\$ 36,000	\$
Other Income (include sources)	+	+
<b>Total</b>	<b>\$ 36,000</b>	<b>\$</b>
Less Vacancy/Rent Loss	- ( %)	- ( %)
<b>Effective Gross Income</b>	<b>\$ 36,000</b>	<b>\$</b>

### Expenses (Do not include expenses for owner-occupied units)

Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel (Type-_____)	_____	_____
Water/Sewer	_____	_____
Trash Removal	_____	_____
Pest Control	_____	_____
Other Taxes or Licenses	_____	_____
Casual Labor	_____	_____
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	_____	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living units.		
General Repairs/Maintenance	_____	_____
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses	_____	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	_____	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	1,339	_____
Miscellaneous	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ 1,339</b>	<b>\$</b>

**Replacement Reserve Schedule**

Adequate replacement reserves must be calculate regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year-such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc.-should be expensed on a replacement cost basis.

Equipment	Replacement Cost	Remaining Life		By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges	@ \$ 1,500.00 ea. ÷	15 Yrs. x	1	Units = \$ 100.00	\$
Refrigerators	@ \$ ea. ÷	Yrs. x		Units = \$	\$
Dishwashers	@ \$ 1,500.00 ea. ÷	10 Yrs. x	1	Units = \$ 150.00	\$
A/C Units	@ \$ ea. ÷	Yrs. x		Units = \$	\$
C. Washer/Dryers	@ \$ ea. ÷	Yrs. x		Units = \$	\$
HW Heaters	@ \$ 1,500.00 ea. ÷	10 Yrs. x	1	Units = \$ 150.00	\$
Furnace(s)	@ \$ 1,500.00 ea. ÷	20 Yrs. x	1	Units = \$ 75.00	\$
(Other)	@ \$ ea. ÷	Yrs. x		Units = \$	\$
Roof	@ \$ 10,000.00 ÷	20 Yrs. x One Bldg. =		\$ 500.00	\$
<b>Carpeting (Wall to Wall)</b>					
		Remaining Life			
(Units)	182 Total Sq. Yds. @ \$ 40.00 Per Sq. Yd. ÷	20 Yrs. =		\$ 364.00	\$
(Public Areas)	Total Sq. Yds. @ \$ Per Sq. Yd. ÷	Yrs. =		\$	\$
<b>Total Replacement Reserves. (Enter on Pg. 1)</b>				\$ 1,339.00	\$

**Operating Income Reconciliation**

\$ 36,000.00	- \$ 1,339.00	= \$ 34,661.00	÷ 12 =	\$ 2,888.42
Effective gross Income	Total Operating Expenses	Operating Income		Monthly Operating Income
\$ 2,888.42	- \$ Undisclosed	= \$ 2,888.42		
Monthly Operating Income	Monthly Housing Expenses	Net Cash Flow		

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

**Underwriter's instructions for 2-4 Family Owner-Occupied Properties**

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the **subject property** to the borrower's stable monthly income.

**Underwriter's instructions for 1-4 Family Investment Properties**

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's **primary residence** to the borrower's stable monthly income.

**Appraiser's Comments (including sources for data and rationale for the projections)**

The above numbers were based on the opinion of rent of the appraiser to be collected per month, based on matched paired rental analysis. The annual income and expense projections were intentionally left blank due to both the instructions included at the top of the form that notes the "Applicant" is to complete this section as well as the lack of information disclosed to the appraiser to do so.

Chris Foglesong \_\_\_\_\_ 02/16/2022  
 Appraiser Name Appraiser Signature Date  
 Electronic Original Signature

**Underwriter's Comments and Rationale for Adjustments**

\_\_\_\_\_  
 Underwriter Name Underwriter Signature Date

PLAT MAP

Borrower: \*\*\*\*\*

File No.: CF 216 SAMPLE

Property Address: \*\*\*\*\*

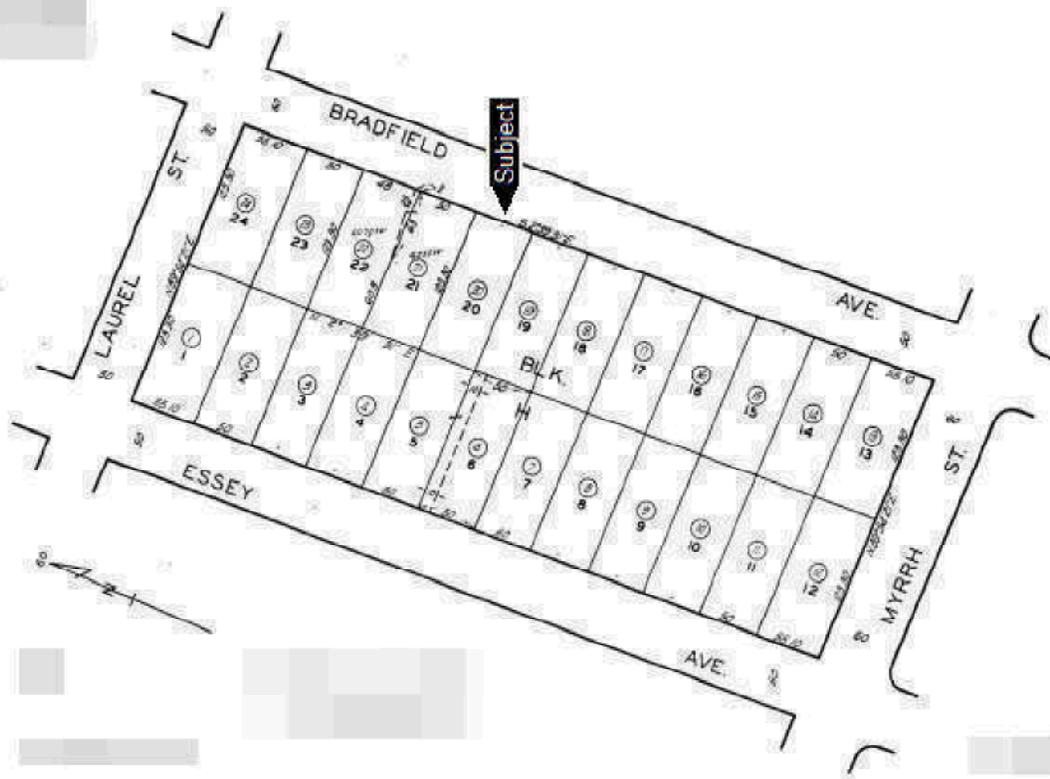
Case No.: \*\*\*\*\*

City: \*\*\*\*\*

State: \*\*

Zip: \*\*\*\*\*

Lender: \*\*\*\*\*



FLOOD MAP

Borrower: \*\*\*\*\*

File No.: CF 216 SAMPLE

Property Address: \*\*\*\*\*

Case No.: \*\*\*\*\*

City: \*\*\*\*\*

State: \*\*

Zip: \*\*\*\*\*

Lender: \*\*\*\*\*

Flood Zone Code	Flood Zone Panel	Panel Date
X500	060111 - 06037C1815F	09/26/2008
Special Flood Hazard Area (SFHA) Within 260 ft. of multiple flood zones?		Community Name
Out	No	COMPTON

Flood Zone Description:

Zone X (500-year)-An area inundated by 500-year flooding; an area inundated by 100-year flooding with average depths of less than 1 foot or with drainage areas less than 1 square mile; or an area protected by levees from 100-year flooding.



**Disclaimer of Use**

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AERIAL VIEW

Borrower: \*\*\*\*\*

File No.: CF 216 SAMPLE

Property Address: \*\*\*\*\*

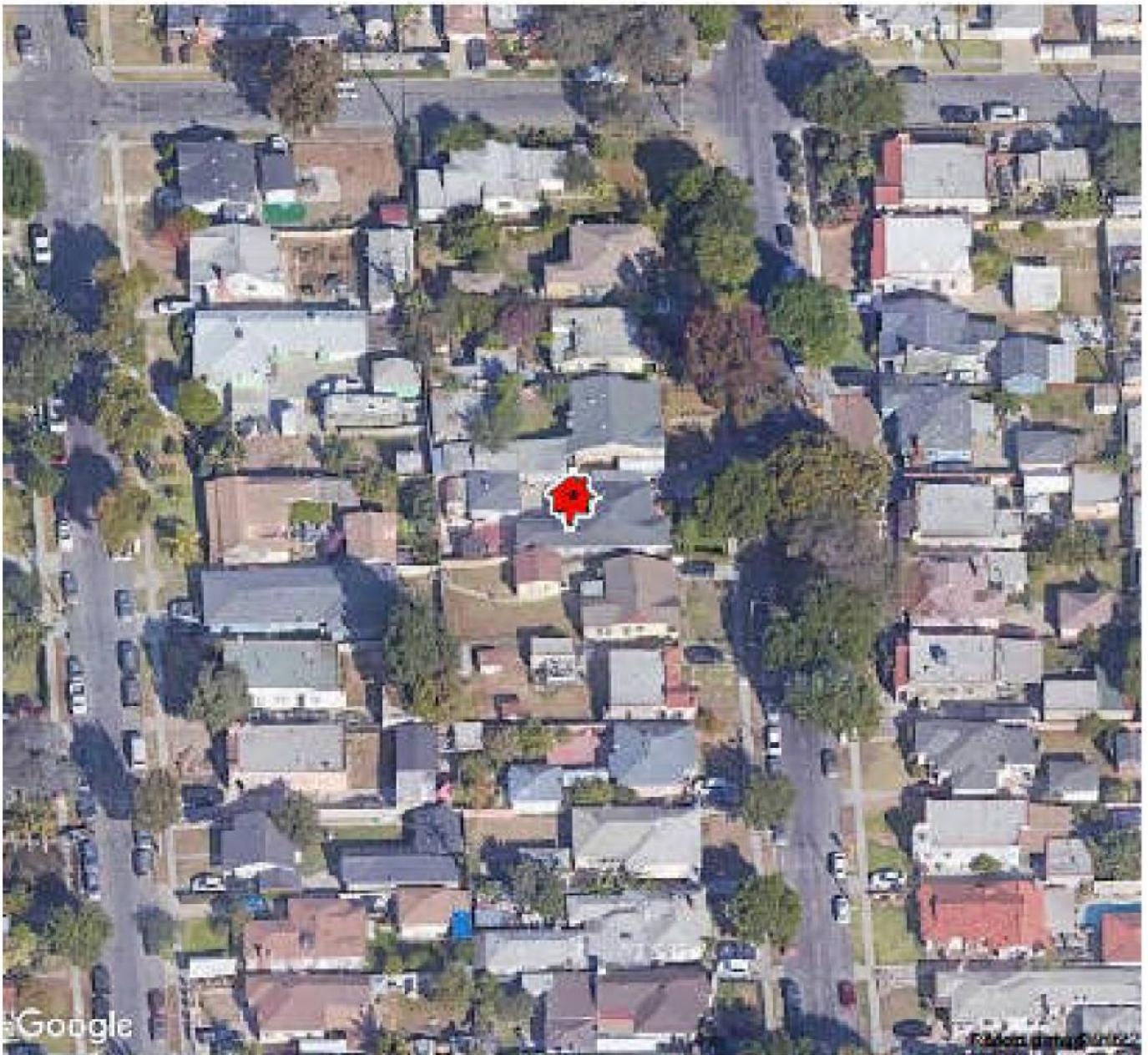
Case No.: \*\*\*\*\*

City: \*\*\*\*\*

State: \*\*

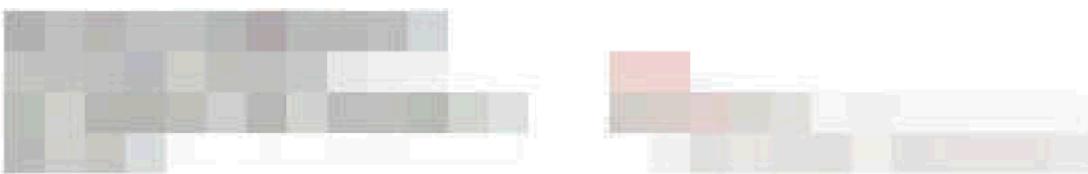
Zip: \*\*\*\*\*

Lender: \*\*\*\*\*



SUBJECT PUBLIC RECORD PROPERTY PROFILE

Borrower: *****	File No.: CF 216 SAMPLE
Property Address: *****	Case No.: *****
City: *****	State: ** Zip: *****
Lender: *****	



<b>Owner Information</b>			
Owner Name:	[REDACTED]		
Mailing Address:	[REDACTED]		
Vesting Codes:	[REDACTED]		
<b>Location Information</b>			
Legal Description:	[REDACTED]		
County:	[REDACTED]	[REDACTED]	[REDACTED]
Census Tract / Block:	[REDACTED]		
Township-Range-Sect:	[REDACTED]		
Legal Book/Page:	85-6	Subdivision:	6785
Legal Lot:	20	Map Reference:	65-B3 /
Legal Block:	H	Tract #:	6785
Market Area:	RO	School District:	COMPTON
Neighbor Code:		School District Name:	COMPTON
		Munic/Township:	COMPTON
<b>Owner Transfer Information</b>			
Recording/Sale Date:	/	Deed Type:	
Sale Price:		1st Mtg Document #:	
Document #:			
<b>Last Market Sale Information</b>			
Recording/Sale Date:	04/02/2018 / 02/22/2018	1st Mtg Amount/Type:	\$471,306 / FHA
Sale Price:	\$480,000	1st Mtg Int. Rate/Type:	/
Sale Type:	FULL	1st Mtg Document #:	312623
Document #:	312622	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	\$292.86
New Construction:		Multi/Split Sale:	
Title Company:	OLD REPUBLIC TITLE		
Lender:	ROYAL PACIFIC FNDG CORP		
Seller Name:	IGIT LA INVESTMENT LLC		
<b>Prior Sale Information</b>			
Prior Rec/Sale Date:	09/19/2017 / 09/11/2017	Prior Lender:	
Prior Sale Price:	\$345,000	Prior 1st Mtg Amt/Type:	/
Prior Doc Number:	1069306	Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	GRANT DEED		
<b>Property Characteristics</b>			
Gross Area:		Parking Type:	DETACHED GARAGE
Living Area:	1,639	Garage Area:	
Tot Adj Area:		Garage Capacity:	
Above Grade:		Parking Spaces:	2
Total Rooms:	7	Basement Area:	
Bedrooms:	4	Finish Bsmt Area:	
Bath(F/H):	2 /	Basement Type:	
Year Built / Eff:	1941 / 1942	Roof Type:	
Fireplace:	Y / 1	Foundation:	RAISED
# of Stories:	1	Roof Material:	COMPOSITION SHINGLE
		Construction:	FRAME
		Heat Type:	HEATED
		Exterior wall:	STUCCO
		Porch Type:	
		Patio Type:	
		Pool:	
		Air Cond:	
		Style:	CONVENTIONAL
		Quality:	
		Condition:	GOOD
<b>Other Improvements: FENCE,ADDITION Building Permit</b>			
<b>Site Information</b>			
Zoning:	>CORL*	Acres:	>0.14
Lot Area:	>6,140	County Use:	>SINGLE FAMILY RESID (0100)
Land Use:	>SFR	State Use:	>
Site Influence:	>	Resi/Comm Units:	>1 /
		Water Type:	>PUBLIC
		Sewer Type:	>TYPE UNKNOWN
<b>Tax Information</b>			
Total Value:	\$504,564	Assessed Year:	2021
Land Value:	\$279,823	Improved %:	45%
Improvement Value:	\$224,741	Tax Year:	2020
Total Taxable Value:	\$504,564	Property Tax:	\$8,645.47
		Tax Area:	2800
		Tax Exemption:	

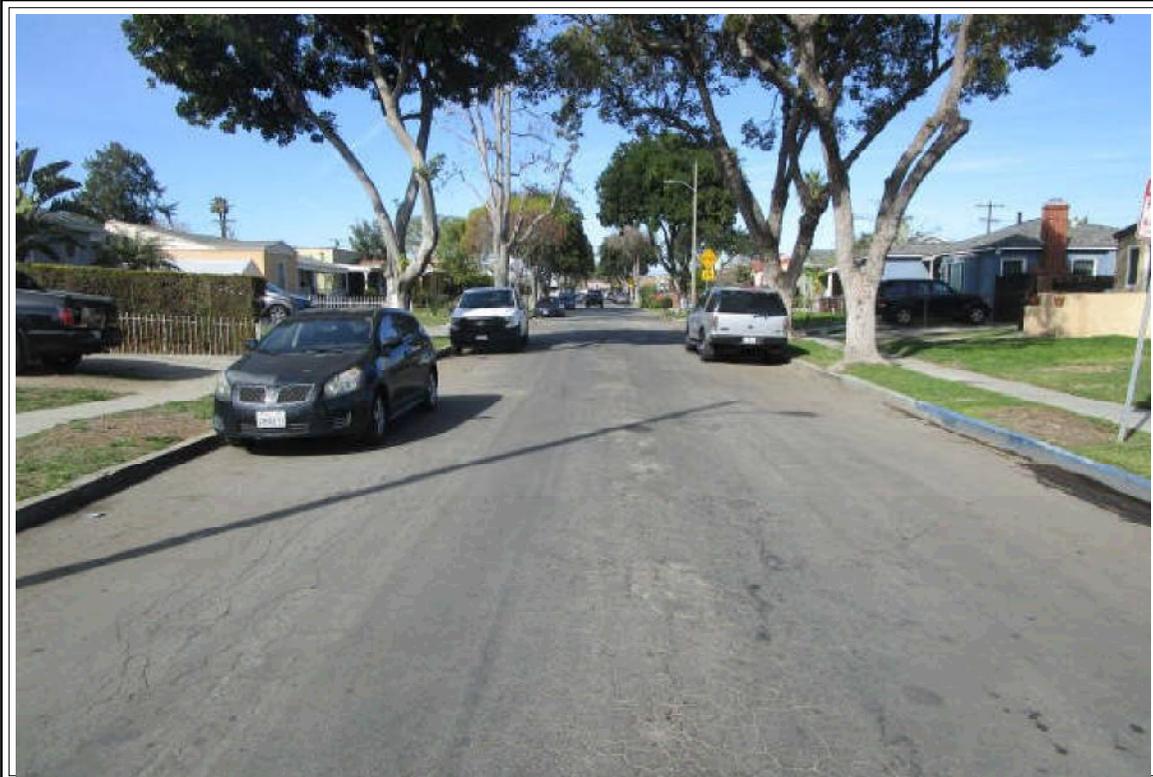


SUBJECT PROPERTY PHOTO ADDENDUM

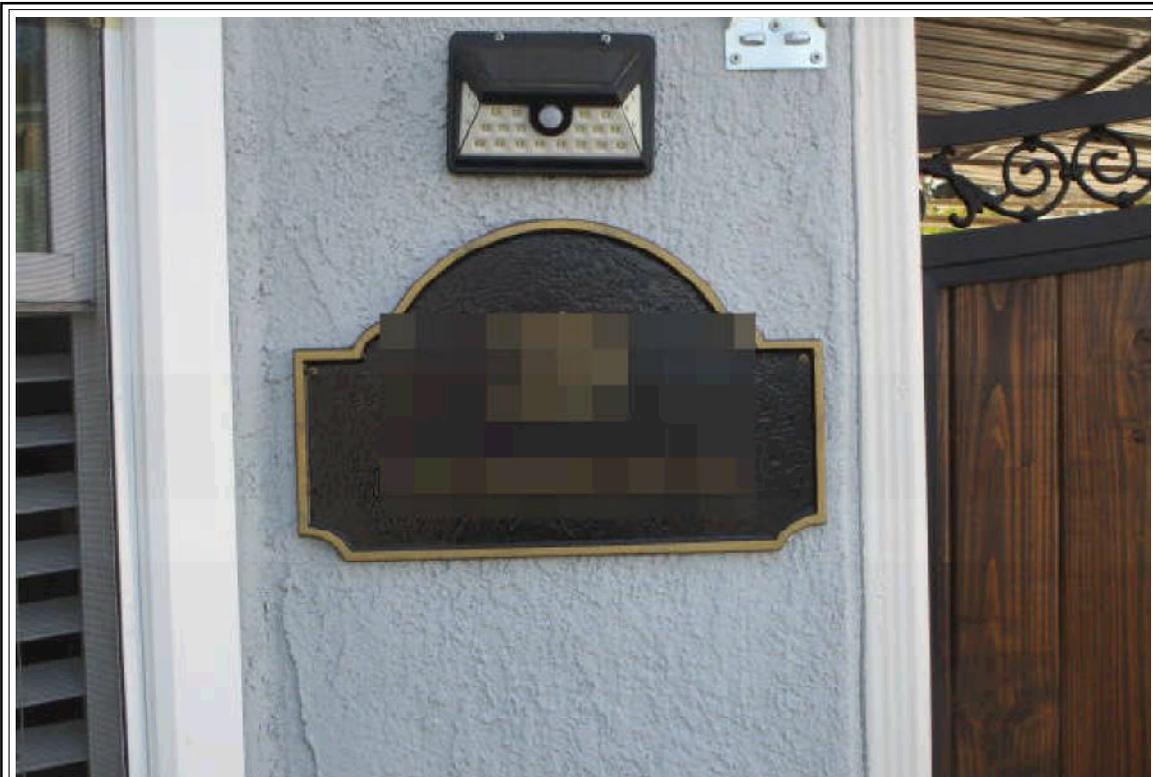
Borrower: *****	File No.: CF 216 SAMPLE
Address: *****	Case No.: *****
City: ***** St: ** Zip: *****	Lender: *****



FRONT VIEW OF  
SUBJECT PROPERTY



STREET SCENE



ADDRESS VERIFICATION



Borrower: *****	File No.: CF 216 SAMPLE	
Property Address: *****	Case No.: *****	
City: *****	State: **	Zip: *****
Lender: *****		



Borrower: *****	File No.: CF 216 SAMPLE
Property Address: *****	Case No.: *****
City: *****	State: **
Lender: *****	Zip: *****



Real Estate Appraisers  
Errors and Omissions Policy

**Declarations**

Agency	Branch	Prefix	Policy Number
078990	969	RIA65258413121	

Insurance is provided by  
Continental Casualty Company,  
151 North Franklin Street, Chicago, IL 60606  
A Stock Insurance Company.

**1. NAMED INSURED AND MAILING ADDRESS:**

Christopher Foglesong  
  
15095 Henley Dr.  
Orange, CA 92683

**NOTICE TO POLICYHOLDERS:**

The Errors and Omissions Liability coverage afforded by this policy is on a Claims Made and Reported basis. Claim Expenses will reduce the Limits of Liability. Please review the policy carefully and discuss this coverage with your insurance agent or broker.

**2. POLICY PERIOD:**

Inception: 08/25/2021      Expiration: 08/25/2022  
at 12:01 A.M. Standard time at your address shown above.

**3. ERRORS AND OMISSIONS LIABILITY:**

A. Limits of Liability:	Each Claim:	\$1,000,000	Aggregate:	\$2,000,000
B. Discrimination Limits of Liability:				\$100,000
C. Deductible:	Each Claim:	\$1,000		
D. First Coverage Date:		08/25/2019		
E. Prior Acts Date:		08/25/2005		

**4. PREMIUM**

Total Premium: \$617.00

**5. FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:**

CNA88632XX	Individual Real Estate Appraisers
CNA90097XX	Vicarious Liability Endorsement
GSL7541CA	Cancellation/Non-Renewal Endorsement - California

CNA90182XX ED 09-2017

I - 1307262    B - 50947

*Matthew W. Curry*  
\_\_\_\_\_  
Countersigned by Authorized Representative

