Quick Look at Small Loans for Vehicles

THE SERVION GROUP

Guidelines/Steps

- Application
- Borrower is to fill out Servion's UW Request Form:
- Provide Lender/Servion with necessary documents:
  - 2 most recent years of tax returns
  - Personal Financial Statements
  - Credit score of 680+
  - Fill out excel formula for risk rating

Servion Underwriting Request Form

servion COMMERCIAL LOAN RESOURCES

Please upload this form to the SFTP server along with relevant documentation. Please email CLRproduction@myservion.com to notify the team of your new request.

Date:

Borrower Name:		**Collateral Description:** (Address, VIN, Serial #, etc.)	
Principals/Owners:		**Collateral Value:**	
Guarantors:		**Term:**	
Member/Customer Since:		**Amortization:**	
Loan Number: (if applicable)		**Interest Rate:**	
Loan Amount:		**Rate Adjustment(s):** (if applicable)	
Current Loan Balance(s): (if applicable)		**Rate Index + Margin:**	
Loan to Value:		**Origination Fee:**	

Purpose of Loan (Details of transaction request – Refinance, Purchase, Cash-Out, etc.):

Does either the Guarantor/Borrower have open or related loans with the Lender:

Yes ☐ **No** ☐

Please list all relationship loans:

Recommendations

The recommended LTV, Term and Amortization is dependent on the type of vehicle and what it is used for.

For example, if the vehicle is used for a plumbing business, costs about $80,000 and drives approximately 50,000 miles per year, then a desired LTV is limited to 70% with a 3-year term.

- Servion recommends advancing 100% LTV on new vehicles only.
- Recommended LTV on used vehicles is a maximum of 80%
- Maximum amortization period recommended on any vehicle loan is 7 years.

Calculating Personal Ending Cash Flow

W2 Wages	$32,692
+ Schedule C Income	+ $91,258
+ Schedule E Part I Income	+ 0
– (Taxes)	– ($16,092)
– (Deductions)	– ($6,000)
– (Cost of Living)	– ($31,627)
Ending Personal Cash Flow	$70,231

See page 7, 8, & 9 to see where numbers came from

Calculating Personal Ending Cash Flow (Cont…)

Deductions from Personal Ending Cash Flows

Living Wage Calculator: https://livingwage.mit.edu/

- Deductions include:
  - Food
  - Child Care
  - Medical
  - Housing
  - Transportation
  - Civic
  - Other

	1 ADULT				2 ADULTS (1 WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Food	$4,010	$5,919	$8,894	$11,789	$7,352	$9,159	$11,812	$14,374
Child Care	$0	$10,624	$21,249	$31,873	$0	$0	$0	$0
Medical	$2,972	$8,322	$8,332	$8,257	$6,522	$8,332	$8,257	$8,410
Housing	$11,481	$16,372	$16,372	$22,679	$13,280	$16,372	$16,372	$22,679
Transportation	$5,356	$9,634	$11,780	$14,164	$9,634	$11,780	$14,164	$15,187
Civic	$2,959	$5,878	$6,565	$8,951	$5,878	$6,565	$8,951	$7,118
Other	$4,811	$8,394	$9,905	$10,871	$8,394	$9,905	$10,871	$12,160
Required annual income after taxes	$51,722	$65,274	$83,228	$108,716	$51,192	$62,244	$70,560	$80,060
Annual taxes	$5,480	$12,960	$18,196	$27,187	$7,897	$10,420	$12,259	$14,394
Required annual income before taxes	$37,201	$78,234	$101,424	$135,903	$59,089	$72,664	$82,819	$94,454

Step 1: Determine Personal Cash Flow

Look at personal tax return to calculate personal cash flow using the following information:

- W2 Income
- Schedule C Income
- Schedule E Part 1 Income
- Taxes
- Deductions
- Cost of Living
- Debt Service

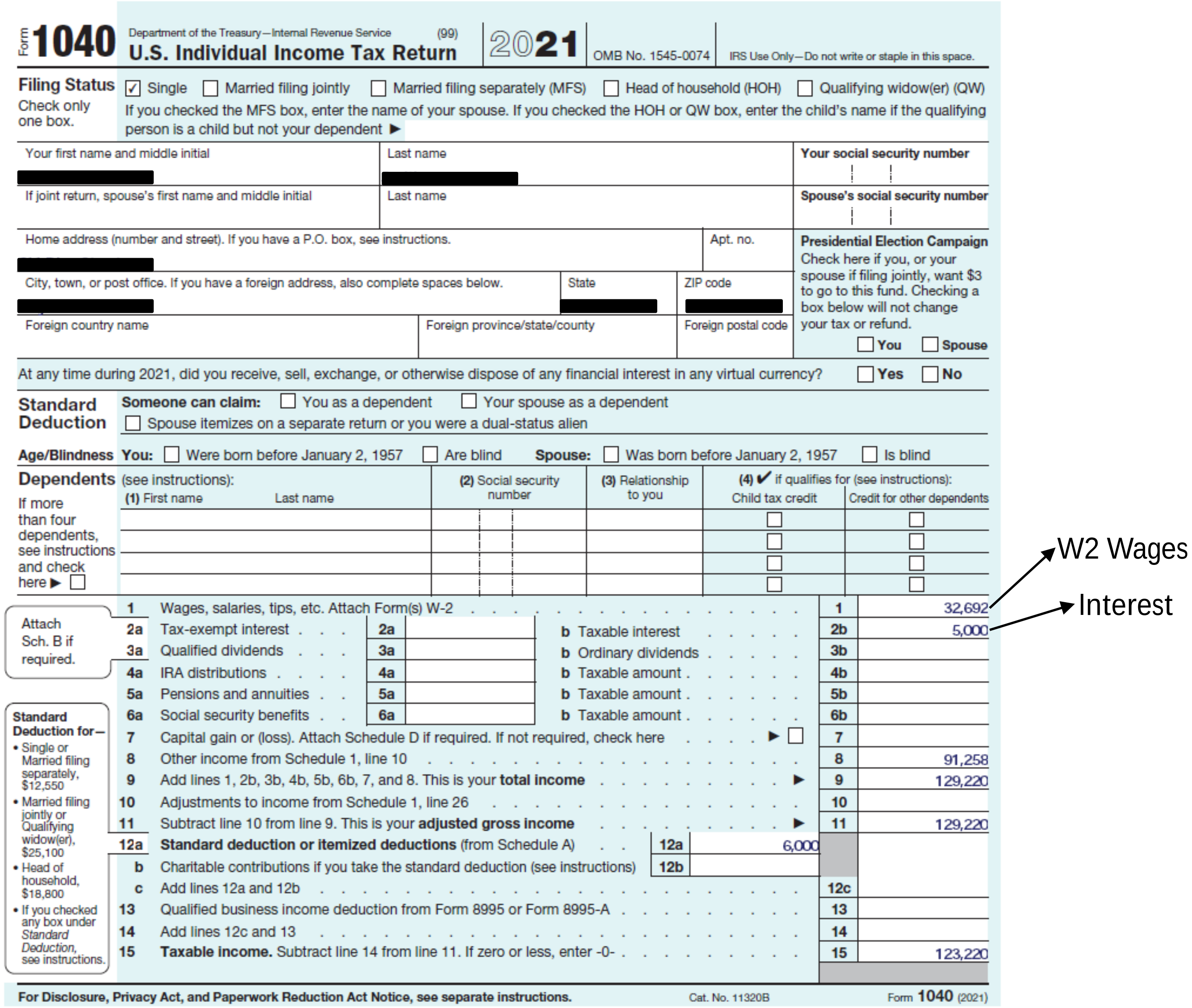
With the above information, use the following formula:

- $$\frac{\text{(W2 Income + Sched. C Income + Sched. E Part I Income – Taxes – Deductions – Cost of Living)}}{\text{Debt Service}}$$

Where To Find Information

Form 1040 Page 1

- Line 1 includes W2 Wages
- Line 2 includes Interest Payments made throughout the last year
- Line 8 Includes Other Income from Schedule 1 which consists of _____
- Line 12A includes deductions taken from Schedule A. In this example, the $6,000 comes from State & Local Income Taxes
- Line 15 represents the person's total taxable income



Form **1040** Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return **2021** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box. ☑ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial [redacted] | Last name [redacted] | **Your social security number**
If joint return, spouse's first name and middle initial | Last name | **Spouse's social security number**
Home address (number and street). If you have a P.O. box, see instructions. [redacted] | Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. [redacted] | State [redacted] | ZIP code [redacted]
Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ **You** ☐ **Spouse**

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ **Yes** ☐ **No**

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

Dependents (see instructions): If more than four dependents, see instructions and check here ▶ ☐

(1) First name Last name	(2) Social security number	(3) Relationship to you	(4) ✔ if qualifies for (see instructions): Child tax credit	Credit for other dependents
			☐	☐
			☐	☐
			☐	☐
			☐	☐

Attach Sch. B if required.

Standard Deduction for— • Single or Married filing separately, $12,550 • Married filing jointly or Qualifying widow(er), $25,100 • Head of household, $18,800 • If you checked any box under *Standard Deduction*, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2			1	32,692
2a	Tax-exempt interest	2a	b Taxable interest	2b	5,000
3a	Qualified dividends	3a	b Ordinary dividends	3b	
4a	IRA distributions	4a	b Taxable amount	4b	
5a	Pensions and annuities	5a	b Taxable amount	5b	
6a	Social security benefits	6a	b Taxable amount	6b	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐			7	
8	Other income from Schedule 1, line 10			8	91,258
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** ▶			9	129,220
10	Adjustments to income from Schedule 1, line 26			10	
11	Subtract line 10 from line 9. This is your **adjusted gross income** ▶			11	129,220
12a	**Standard deduction or itemized deductions** (from Schedule A)	12a	6,000		
b	Charitable contributions if you take the standard deduction (see instructions)	12b			
c	Add lines 12a and 12b			12c	
13	Qualified business income deduction from Form 8995 or Form 8995-A			13	
14	Add lines 12c and 13			14	
15	**Taxable income.** Subtract line 14 from line 11. If zero or less, enter -0-			15	123,220

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2021)

Where To Find Information

Form 1040 (2021) Page **2**

16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
24	Add lines 22 and 23. This is your **total tax** ►	24	16,092
25	Federal income tax withheld from:		
a	Form(s) W-2	25a	
b	Form(s) 1099	25b	
c	Other forms (see instructions)	25c	
d	Add lines 25a through 25c	25d	
26	2021 estimated tax payments and amount applied from 2020 return	26	
27a	Earned income credit (EIC)	27a	
	Check here if you were born after January 1, 1998, and before January 2, 2004, and you satisfy all the other requirements for taxpayers who are at least age 18, to claim the EIC. See instructions ► ☐		
b	Nontaxable combat pay election	27b	
c	Prior year (2019) earned income	27c	
28	Refundable child tax credit or additional child tax credit from Schedule 8812	28	
29	American opportunity credit from Form 8863, line 8	29	
30	Recovery rebate credit. See instructions	30	
31	Amount from Schedule 3, line 15	31	
32	Add lines 27a and 28 through 31. These are your **total other payments and refundable credits** ►	32	
33	Add lines 25d, 26, and 32. These are your **total payments** ►	33	

If you have a qualifying child, attach Sch. EIC.

Refund

34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid**	34	
35a	Amount of line 34 you want **refunded to you.** If Form 8888 is attached, check here ► ☐	35a	
► b	Routing number ► c Type: ☐ Checking ☐ Savings		
► d	Account number		
36	Amount of line 34 you want **applied to your 2022 estimated tax** ►	36	

Direct deposit? See instructions.

Amount You Owe

37	**Amount you owe.** Subtract line 33 from line 24. For details on how to pay, see instructions ►	37	
38	Estimated tax penalty (see instructions) ►	38	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions ► ☐ **Yes.** Complete below. ☐ **No**

Designee's name ► Phone no. ► Personal identification number (PIN) ►

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.) ►

Spouse's signature. If a joint return, **both** must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) ►

Phone no. | Email address

Joint return? See instructions. Keep a copy for your records.

Paid Preparer Use Only

Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed

Firm's name ► | Phone no.

Firm's address ► | Firm's EIN ►

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2021)

SCHEDULE A (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Itemized Deductions

► Go to www.irs.gov/ScheduleA for instructions and the latest information.

► Attach to Form 1040 or 1040-SR.

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

OMB No. 1545-0074

2021

Attachment Sequence No. **07**

Name(s) shown on Form 1040 or 1040-SR | **Your social security number**

Medical and Dental Expenses

	Caution: Do not include expenses reimbursed or paid by others.				
1	Medical and dental expenses (see instructions)	1			
2	Enter amount from Form 1040 or 1040-SR, line 11 [2]				
3	Multiply line 2 by 7.5% (0.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	

Taxes You Paid

5	State and local taxes.				
a	State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box ► ☐	5a	6,000		
b	State and local real estate taxes (see instructions)	5b			
c	State and local personal property taxes	5c			
d	Add lines 5a through 5c	5d			
e	Enter the smaller of line 5d or $10,000 ($5,000 if married filing separately)	5e			
6	Other taxes. List type and amount ►	6			
7	Add lines 5e and 6			7	

Interest You Paid

Caution: Your mortgage interest deduction may be limited (see instructions).

8	Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box ► ☐				
a	Home mortgage interest and points reported to you on Form 1098. See instructions if limited	8a			
b	Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ►	8b			
c	Points not reported to you on Form 1098. See instructions for special rules	8c			
d	Mortgage insurance premiums (see instructions)	8d			
e	Add lines 8a through 8d	8e			
9	Investment interest. Attach Form 4952 if required. See instructions	9			
10	Add lines 8e and 9			10	

Gifts to Charity

Caution: If you made a gift and got a benefit for it, see instructions.

11	Gifts by cash or check. If you made any gift of $250 or more, see instructions	11			
12	Other than by cash or check. If you made any gift of $250 or more, see instructions. You **must** attach Form 8283 if over $500	12			
13	Carryover from prior year	13			
14	Add lines 11 through 13			14	

Casualty and Theft Losses

15	Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions			15	

Where To Find Information

Make sure you check Line 27a on this Form for any amortization expenses (they will be listed in "Part V")

SCHEDULE C (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

▶ Go to *www.irs.gov/ScheduleC* for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.

OMB No. 1545-0074
2021
Attachment Sequence No. 09

Name of proprietor	Social security number (SSN)
Joe's Delivery Services	
A Principal business or profession, including product or service (see instructions)	**B** Enter code from instructions ▶
Delivery	
C Business name. If no separate business name, leave blank.	**D** Employer ID number (EIN) (see instr.)

E Business address (including suite or room no.) ▶
City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses ☐ Yes ☐ No

H If you started or acquired this business during 2021, check here ▶ ☐

I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions ☐ Yes ☐ No

J If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☐ No

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ▶ ☐	1	120,000
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42)	4	20,000
5	**Gross profit.** Subtract line 4 from line 3	5	100,000
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	**Gross income.** Add lines 5 and 6 ▶	7	

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9	8,742	19	Pension and profit-sharing plans	19	
				20	Rent or lease (see instructions):		
10	Commissions and fees	10		a	Vehicles, machinery, and equipment	20a	
11	Contract labor (see instructions)	11		b	Other business property	20b	
12	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		22	Supplies (not included in Part III)	22	
				23	Taxes and licenses	23	
				24	Travel and meals:		
14	Employee benefit programs (other than on line 19)	14		a	Travel	24a	
				b	Deductible meals (see instructions)	24b	
15	Insurance (other than health)	15					
16	Interest (see instructions):			25	Utilities	25	
a	Mortgage (paid to banks, etc.)	16a		26	Wages (less employment credits)	26	
b	Other	16b		27a	Other expenses (from line 48)	27a	
17	Legal and professional services	17		b	**Reserved for future use**	27b	

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27a ▶	28	
29	Tentative profit or (loss). Subtract line 28 from line 7	29	91,258
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. **Simplified method filers only:** Enter the total square footage of (a) your home: ______ and (b) the part of your home used for business: ______. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on both **Schedule 1 (Form 1040), line 3,** and on **Schedule SE, line 2.** (If you checked the box on line 1, see instructions). Estates and trusts, enter on **Form 1041, line 3.** • If a loss, you **must** go to line 32.	31	
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both **Schedule 1 (Form 1040), line 3,** and on **Schedule SE, line 2.** (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on **Form 1041, line 3.** • If you checked 32b, you **must** attach **Form 6198.** Your loss may be limited.	32a ☐ All investment is at risk. 32b ☐ Some investment is not at risk.	

Total Schedule C income

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P **Schedule C (Form 1040) 2021**

Including Living Wage Estimates

Living wage estimates includes Food, Child Care, Medical, Housing, Transportation, Civic, & Other

You can find how many adults and children on page 1 (Form 1040) of the personal tax returns

For this example, the guarantor is a single adult with no children to we use the sum of the highlighted numbers on the right

Note: If guarantor reports medical expenses on Schedule A, use that in place of estimated medical expenses from the cost of living

	1 ADULT				2 ADULTS (1 WORKING)				2 ADULTS (B	
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child
Food	$3,926	$5,795	$8,707	$11,540	$7,198	$8,966	$11,564	$14,071	$7,198	$8,966
Child Care	$0	$10,624	$21,249	$31,873	$0	$0	$0	$0	$0	$10,624
Medical	$3,157	$9,183	$9,193	$9,118	$7,200	$9,193	$9,118	$9,271	$7,200	$9,193
Housing	$11,740	$17,185	$17,185	$22,285	$13,847	$17,185	$17,185	$22,285	$13,847	$17,185
Transportation	$5,477	$9,851	$12,045	$14,484	$9,851	$12,045	$14,484	$15,530	$9,851	$12,045
Civic	$3,074	$6,107	$6,821	$9,300	$6,107	$6,821	$9,300	$7,395	$6,107	$6,821
Other	$4,253	$7,420	$8,755	$9,610	$7,420	$8,755	$9,610	$10,749	$7,420	$8,755
Required annual income after taxes	$31,759	$66,295	$84,086	$108,341	$51,754	$63,097	$71,391	$79,432	$51,754	$73,721
Annual taxes	$5,664	$12,810	$17,726	$25,913	$8,511	$11,122	$12,989	$14,795	$8,452	$13,509
Required annual income before taxes	$37,422	$79,106	$101,812	$134,255	$60,265	$74,219	$84,381	$94,227	$60,206	$87,230