

VIA HAND DELIVERY

April 19, 2016

Thaddeus Cohen, Director City of Key West Planning Department 3140 Flagler Avenue Key West, Florida 33040

RE: Review of Affordable Housing Denial Determination Pursuant to Section 122-1469(15):

Mr. Cohen,

This firm represents the interests of Lezlie L. Roark and James A. Roark with respect to the affordable housing qualification denial issued by J. Manuel Castillo, Sr. on March 4, 2016 ("Denial Letter"). A true and correct copy of the Denial Letter is attached hereto and incorporated herein as Exhibit A. Pursuant to City of Key West Code of Ordinances Section 122-1469 an applicant for eligibility for the real property located at 24 Seaside South Court, Key West, Florida 33040, must not exceed the Median Income Level of \$93,200.00. Pursuant to the Roarks' 2015 Tax Return, the Net Income of the Roarks is \$85,217.00 and therefore request review by the City of Key West Planning Board pursuant to Section 122-1469 (15).

While the Housing Authority could not point to any specific regulation or requirement, despite several requests, the Roarks were verbally informed that the Housing Authority based its denial on the fact that Mrs. Roark is self employed and therefore receives IRS form 1099 for gross real estate commission as a realtor which said gross income exceeds the allowable income limits. The Housing Authority failed to recognize the lawful and permitted business expenses which accompany any self employed individual, as set forth in Schedule C of the Roarks Tax Return. A true and correct copy of the tax return is attached hereto and incorporated herein as Exhibit B.

The Housing Authority by failing to differentiate between a W2 earning applicant and a self employed earning applicant has excluded a large cross sector of the City of Key West Work force by penalizing the self employed applicant by using Gross Proceeds, as opposed to Net Income for income qualification. To name a few of the industries this calculation method discriminates, yet prevalent and vital to the Key West workforce are realtors, self employed trades persons, commercial fishermen, charter fishermen, self employed repair persons and sole proprietor professionals all of whom have to invest in their business to generate income, which are allowable business expenses. For example, such expenses are capital equipment, advertising, marketing and costs of goods to name a few. This calculation method is contrary to the entrepreneurship foundation our country was founded on and the intent of the Work Force Housing Ordinance which provides that "the intent of this division is to create affordable housing categories to facilitate the development of housing designed and priced to meet the needs of people employed by the local economy in a manner that reflects the percentage of the workforce at each income level and mixes people of all incomes together and does not create high and low-income enclaves." Section 122-1465.

The above referenced section is devoid of any requirement to review sole proprietors based on gross income. In fact it is "designed and priced to meet the needs of people employed by the local economy in a manner that reflects the percentage of the workforce at each income level and mixes people of incomes together..." Section 122-1465. Logic would suggest that only taxable income, which the applicant receives the actual benefit of is the measure of what ones actual income is. Pursuant to the Internal Revenue Service, taxable income is "the gross income of an individual or corporation, less any allowable tax deductions." This very definition is the purpose and intent of Schedule C of the tax return.

Furthermore, the IRS defines a sole proprietor as someone that "owns an unincorporated business" as set forth in Exhibit C attached hereto and incorporated herein. Additionally, the United States Housing and Urban Development administration provides guidance in mortgage underwriting on evaluating income. As evidenced in Exhibit D attached hereto and incorporated herein, "Business Income and Loss" is defined as "Sole proprietorship income calculated on Schedule C is business income."

Effectively, the position of the Housing Authority has not only precluded a cross sector of the Key West society from seeking the housing the intent of the ordinance was designed for, but it has created a violation of federal fair housing laws, which prohibit setting different terms, conditions or privileges for sale or rental. See 42 U.S.C. 3604. The Housing Authority has conferred upon a W2 employee a privilege based on the way income is derived and calculated. Given the aforementioned reasons we would respectfully request the Planning Board overturn the Denial Letter and grant to the Roarks the ability to obtain affordable housing.

Sincerely,

Mu. our

Gregory S. Oropeza, Esq.

Enc.

CC: City of Key West Attorney's Office

Key West Housing Authority

Exhibit A



Housing Authority of the City of Key West, Florida

1400 Kennedy Drive, Key West, FL 33040 Phone: (305) 296-5621 Fax: (305) 296-0932

Board of Commissioners Frank Toppino Bob Dean Juanita Mingo John G. Parks, Jr. Roosevelt Sands, Jr.

Executive Director
J. Manuel Castillo, Sr.

March 4, 2016

Lezlie L. and James A. Roark 3 Casa Roma Lane, #2 Key West, Florida 33040

RE: 24 Seaside South Court, Key West, Florida

Dear Lezlie and James:

The Housing Authority of the City of Key West, Florida has reviewed your eligibility application for the above mentioned affordable housing unit. Pursuant to City of Key West Ordinance, Section 122-1469, you do not qualify for the above mentioned affordable housing unit. This unit is designated for Median household applicants. Your annual household income exceeds the Median Income limit of \$93,200.

Please be advised that pursuant to the City of Key West Ordinance No. 05-27, Section 122-1469 (15), the planning board may review a household's income and unique circumstances to determine eligibility and conformance with the intent of this ordinance to assure that people in need are not excluded and people without need are not included.

If you should have any questions, please feel free to contact this office.

Best wishes with your homeownership endeavors in the future.

J. Manuel Castillo Sr.

Executive Director

Exhibit B

See separate instructions. See separate instructions. Your social security number	£ 1040		S. Individual Income Tax F		2015	OME	No. 1545-0074	IRS Use O	niv — De	not write or stan	ole in this snace
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Form 1040 ((2015)	ROARK		Page 2
Tax and	38	Amount from line 37 (adjusted gross income)	38	69,553
Credits	398	a la		
	_	if: Spouse was born before January 2, 1951, Blind. checked ▶ 39a		
Standard Deduction	_ b	If your spouse itemizes on a separate return or you were a dual-status alien, check here > 39b		
for	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	12,600
People wi	ho 41	Subtract line 40 from line 38	41	56,953
check any box on line	42	Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 6d. Otherwise, see instructions	42	8,000
39a or 39b o	or 43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0	43	48,953
claimed as a	44	Tax (see instructions). Check if any from: a Form(s) 8814 b Form 4972 c	44	6,424
dependent, see	45	Alternative minimum tax (see instructions). Attach Form 6251	45	0/121
Instructions.	46	Excess advance premium tax credit repayment. Attach Form 8962	46	3,252
All others:	47	Add lines 44, 45 and 46	47	9,676
Single or Married filing	48	Foreign tax credit. Attach Form 1116 if required	1	5,010
separately, 56,300	49	Credit for child & dependent care expenses. Attach Form 2441 49	-	
Married filing	50	Education credits from Form 8863, line 19 50		
jointly or	51	Retirement savings contributions credit. Attach Form 8880 51	-	
Qualifying widow(er),	52	Child tax credit. Attach Schedule 8812, if required 52		
\$12,600	53	Residential energy credit. Attach Form 5695	-	
Head of household.	54	Other credits from Form: 8 3800 b 8801 c 54	d = 1	
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	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	55	
	57	Self-employment tax. Attach Schedule SE	56	9,676
	58		57	8,480
Other	59	Unreported social security and Medicare tax from Form: a 4137 b 8919	58	
Taxes	60a	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	b	Household employment taxes from Schedule H	60a	
	61	First-time homebuyer credit repayment, Attach Form 5405 if required	60b	
		Health care: individual responsibility (see instructions) Full-year coverage	61	
	62	Taxes from: a Form 8959 b Form 8960 c Instructions; enter code(s)	62	
-	63	Add lines 56 through 62. This is your total tax	63	18,156
Payments	64	Federal income tax withheld from Forms W-2 and 1089		
If you have a	65	2015 estimated tax payments & amt. applied from 2014 return 65 7,500	54	
qualifying	66a	Earned Income credit (EIC) 66a	100	
child, attach Schedule EIC	ь	Nontaxable combat pay election 66b		
Correduce E.C.	_ ~,	Additional child tax credit. Attach Schedule 8812		
		American opportunity credit from Form 8863, line 8		
		Net premium tax credit. Attach Form 8962		
		Amount paid with request for extension to file	2	
		Excess social security and tier 1 RRTA tax withheld	JE -	
		Credit for federal tax on fuels. Attach Form 4136	-	
		Credits from Form: 2 2439 b Reserved c 8885 d 73		
	74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	8,912
Refund		If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	
Direct	76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here	76a	
deposit?	b	Routing no.		
See instructions.		Account no.		
		Amt. of line 75 you want applied to your 2016 estimated tax ▶ 77	8.0	
Amount	78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78	9,335
You Owe	79	Estimated tax penalty (see instructions)		
Third Party	Do you	want to allow another person to discuss this return with the IRS (see instructions)?	omplet	e below. No
Designee	Designe name	Phone 305-294-0085 Promoted and the indication of the indication o	n	00760
Sign	Under p they are	enalties of perjury. I declare that I have examined this return and accompanying schedules and statements, and to the true, correct, and complete. Declaration of preparer other than taxpayer) is based on all information of which preparer	best of	my knowledge and belief.
Here Joint return?	Yo	ur signature Date Your occupation	Daytir	ne phone number
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www.irs.gov/form1		FDA 15 10402 BWF 1040 Form Software Copyright 1998 - 2016 HRB Tax Group, Inc.	5000	Form 1040 (2015)

#1

SCHEDULE C (Form 1040)

Profit or Loss From Business (Sole Proprietorship)

OMB No. 1545-0074

2015

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G	Did you "materially participate" in					I .		99	1
Н	If you started or acquired this bus	inoee	during 2016, about how	19 201	isr ir No, see instructions for lin	iii on K	28888 -	···· X Yes L	No
1	Did you make any payments in 20	115 th:	at would require you to file Co	· · · · ·	15000 (see instructions)			* H.,	3
J	If "Yes," did you or will you file red	nuired	Forms 10992	ungej	ross (see instructions)			···· Yes X	No
F	Part I Income	1000	101110 10001	****	*******************			Yes	No
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5	Debt.							00 6	
6							_	89,6	128
7		8	the Seponitio of Itali filt Cledit	UI TER	and (see insudciions)			00.6	
Р	Expanses. Enter exp	Ansas	for business use of your hon	20 05	the on line 20	7		89,6	58
8	Advertising	a			Office expense (see instructions	3 40		2.6	
9	Car and truck expenses	_	10,545	19	Pension & profit-sharing plans		_	3,6	66
	(see instructions)	9	8,625	0.00	Pendit page (segment clent):	19			
10	Commissions and fees	10	0,002	-	Mahiqesmad inery, and eduloped	Y			
11	Contract labor (see instructions)	11		-	Other business property				
12	Depletion	12		21	Repairs and maintenance	- Contract		1	~~
13	Depreciation and section 179			22	Supplies (not included in Part III).	_			09
	expense deduction (not			23	Taxes and licenses			b:	92
	included in Part III) (see instr.)	13		24	Travel, meals, and entertainmen				
14	Employee benefit programs				Travel		. [
	(other than on line 19)	14			Deductible meals and	248	-		
15	Insurance (other than health)	15			entertainment (see instructions)	0.41	. 1	2 2	00
16	Interest:	-		25	Utilities	24h	+	2,30	<u> </u>
a	Mortgage (paid to banks, etc.)	16a		26	Wages (less employment credits).				
	Other	16b	1,170		Other expenses (from line 48)		-	C1	17
17	Legal and professional services	17	1,914		Reserved for future use	27a		0.1	<u> 17</u>
28	Total expenses before expenses					28		20 63	20
29	Tentative profit or (loss). Subtract					29	_	29,63	
30	Expenses for business use of your					28	+	60,02	20
	unless using the simplified method			82 618	ewnere. Ausch Form 8629		1		
	Simplified method filers only: en			le					
	and (b) the part of your home used								
	Method Worksheet in the Instruction			Ban S		30			0
31	Net profit or (loss). Subtract line 3			nue s	90	30			0
	• If a profit, enter on both Form			a 12 \	and on Schodula SE line o		1		
	(if you checked the box on line 1, s						İ	60 02	20
	 If a loss, you must go to line 32 		arcorolla). Latatos di io nosts	GLITTE	TON FORM 1941, time 3.	31		60,02	:0
32	if you have a loss, check the box the		scribes vour investment in this	0 0-4	thy (con instructions)				
	 If you checked 32a, enter the lost 					924	AH Sec.		
	on Schedule SE, line 2. (If you ch		(7) 0			32a 32b		estment is at risk, investment is not	•
	Estates and trusts, enter on Form			9 3 1 1	riou ucutri ioj.	321)	at risk		į.
	 If you checked 32b, you must a 			a firmit	ad.		wit Helft	•	

	Part III Cost of Goods Sold (see instructions)		-	
33	value closing inventory: a Cost b Lower of cost or market c Other (attach explana	ation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing invent if "Yes," attach explanation		Yes	☐ No
35	inventory at beginning of year. If different from last year's closing inventory, attach explanation	35		
36	Purchases less cost of items withdrawn for personal use	36		
37	Cost of labor. Do not include any amounts paid to yourself	37		_
38	Materials and supplies	38		_
39	Other costs	39		
40	Add lines 35 through 39 · · · · · · · · · · · · · · · · · ·	40		<u> </u>
41	inventory at end of year · · · · · · · · · · · · · · · · · · ·	41		
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42	<u>-</u>	
۲	Information on Your Vehicle. Complete this part only if you are claiming car or truck of	expenses on li	ne 9 and	
_	are not required to file Form 4562 for this business. See the instructions for line 13 to find out if	you must file F	orm 4562.	
43	When did you place your vehicle in service for business purposes? (month, day, year) \triangleright $01-01-20$	009		
44	Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your			
8	Business 15,000 b Commuting (see Managers) ENT CO	Other		
45	Was your vehicle available for personal use during off-duty hours?	🛚	Yes	No
46	Do you (or your spouse) have another vehicle available for personal use?	<u>X</u>	Yes	No
	Do you have evidence to support your deduction? · · · · · · · · · · · · · · · · · · ·	_		No
	If "Yes," is the evidence written?·····	<u>X</u>	Yes	No
Pά	Other Expenses. List below business expenses not included on lines 8-26 or line 30.			
PA.	RKING & TOLLS			557
DO	NATIONS			60
			-	
		_ _		-
		_		
		_		
		_		
-				
DA	Total other expenses. Enter here and on line 27a	48 Schedule	C (Form 104	617
			- 10 WINE TU	TWI EU IU

SCHEDULE D (Form 1040)

Capital Gains and Losses

Attach to Form 1040 or Form 1040NR.

Information about Schedule D and its separate instructions is at www.ira.gov/scheduled.

Use Form 3949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2015

Attachment Sequence No. 12

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

LEZLIE L AND JAMES A ROARK

Your social security number

	Part I Short-Term Capital Gains and	Losses — Asse	ts Held One Year	or Less		
OI TI	ee instructions for how to figure the amounts to enter n the lines below. his form may be easier to complete if you round off ints to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss fi Form(s) 8949, Pa line 2, column (rom ert I,	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
18	Totals for all short—term transactions reported on Form 1089—B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this fine blank and go to line 1b					
1b	Totals for all transactions reported on Form(s) 8949 with Box A checked					
2	Totals for all transactions reported on Form(s) 8949 with Box B checked					
3	Totals for all transactions reported on Form(s) 8949 with Box C checked					
4	Short-term gain from Form 6252 and short-term gain Net short-term gain or (loss) from partnerships, S co	rporations, estates, a	nd trusts from		4	
6	Schedule(s) K-1 Short-term capital loss carryover. Enter the amount,			VOVOT	5	
7	Worksheet in the instructions		*************		6	(10,248)
ě	long-term capital gains or losses, go to Part II below.	S la trirough oin coil Otherwise go to Per	ımn (n). II you nave any t iii on nace 2		7	(10.240)
Р	art II Long-Term Capital Gains and Lo	osses — Assets	Held More Than	V Grend		(10,248)
			B B 53 12 15 15 15 15 15 15 15 15 15 15 15 15 15			
on	instructions for how to figure the amounts to enter the lines below.	(d) Proceeds	(e)	(g) Adjustments		(h) Gain or (loss) Subtract column (e) from
On This	Instructions for how to figure the amounts to enter	(d)		(g)	m II,	Subtract column (e) from column (d) and combine
On This	instructions for how to figure the amounts to enter the lines below.	(d) Proceeds	(e) Cost	(g) Adjustments to gain or loss froi Form(s) 8949, Part line 2, column (g)	",	Subtract column (e) from
This cen	Instructions for how to figure the amounts to enter the lines below. If form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1089-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8948, leave this line blank and go to line 8b	(d) Proceeds	(e) Cost	(g) Adjustments to gain or loss froi Ferm(s) 8949, Part line 2, column (g)	",	Subtract column (e) from column (d) and combine
on This cen 8a	Instructions for how to figure the amounts to enter the lines below. If form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1089-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8948, leave this line blank and go to line 86	(d) Proceeds	(e) Cost	(g) Adjustments to gain or loss froi Ferm(s) 8949, Part line 2, column (g)	",	Subtract column (e) from column (d) and combine
This certification is a second	Instructions for how to figure the amounts to enter the lines below. If form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949	(d) Proceeds	(e) Cost	(g) Adjustments to gain or loss froi Ferm(s) 8949, Part line 2, column (g)	",	Subtract column (e) from column (d) and combine
on This cen 8a 8b	Instructions for how to figure the amounts to enter the lines below. It is form may be easier to complete if you round off its to whole dollars. Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box E checked.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss froi Ferm(s) 8949, Part line 2, column (g)	",	Subtract column (e) from column (d) and combine
on This cer 8a 8b	Instructions for how to figure the amounts to enter the lines below. It form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1089-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8948, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box F checked. Gain from Form 4797, Part I; long-term gain from Form	(d) Proceeds (sales price)	(e) Cost (or other basis) In the control of the co	(g) Adjustments to gain or loss froi Ferm(s) 8849, Part line 2, column (g)		Subtract column (e) from column (d) and combine
on This cen 8a 8b	Instructions for how to figure the amounts to enter the lines below. It is form may be easier to complete if you round off its to whole dollars. Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box E checked.	(d) Proceeds (sales price) ms 2439 and 6252; ar	(e) Cost (or other basis) Indianation of (los	(g) Adjustments to gain or loss froi Ferm(s) 8849, Part line 2, column (g)	",	Subtract column (e) from column (d) and combine
This centre is a second	Instructions for how to figure the amounts to enter the lines below. It form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1089-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8948, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box F checked. Gain from Form 4797, Part I; long-term gain from Form from Forms 4684, 6781, and 8824	(d) Proceeds (sales price) ms 2439 and 6252; ar	(e) Cost (or other basis) Indicate the control of	(g) Adjustments to gain or loss froi Form(s) 8949, Part line 2, column (g)	11	Subtract column (e) from column (d) and combine
8b 9 10 11	Instructions for how to figure the amounts to enter the lines below. If form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1089-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8948, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Gain from Form 4787, Part I; long-term gain from Form from Forms 4884, 6781, and 8824 Net long-term gain or (loss) from partnerships, S corp Capital gain distributions. See the instructions Long-term capital loss carryover. Enter the amount, if	(d) Proceeds (sales price) ms 2439 and 6252; ar orations, estates, and	(e) Cost (or other basis) Indicate the control of the cost of the	(g) Adjustments to gain or loss froi Ferm(s) 8949, Part line 2, column (g)	11 12	Subtract column (e) from column (d) and combine
8b 8b 10 11 12 13 14	Instructions for how to figure the amounts to enter the lines below. If form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Gain from Form 4797, Part I; long-term gain from Form from Forms 4684, 6781, and 8824 Net long-term gain or (loss) from partnerships, S corp Capital gain distributions. See the Instructions Long-term capital loss carryover. Enter the amount, if Worksheet in the instructions	(d) Proceeds (sales price) ms 2438 and 6252; ar orations, estates, and	(e) Cost (or other basis) Indicate the control of the cost of the	(g) Adjustments to gain or loss froi Form(s) 8949, Part line 2, column (g)	11 12	Subtract column (e) from column (d) and combine
8b 9 10 11 12 13 14 15	Instructions for how to figure the amounts to enter the lines below. If form may be easier to complete if you round off to to whole dollars. Totals for all long-term transactions reported on Form 1089-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8948, leave this line blank and go to line 8b Totals for all transactions reported on Form(s) 8949 with Box D checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Totals for all transactions reported on Form(s) 8949 with Box E checked. Gain from Form 4787, Part I; long-term gain from Form from Forms 4884, 6781, and 8824 Net long-term gain or (loss) from partnerships, S corp Capital gain distributions. See the instructions Long-term capital loss carryover. Enter the amount, if	ns 2438 and 6252; and orations, estates, and any, from line 13 of your states are through 14 in column and the column arms.	(e) Cost (or other basis) Indicate the cost of the co	(g) Adjustments to gain or loss froi Ferm(s) 8949, Part line 2, column (g) K-1	11 12 13	Subtract column (e) from column (d) and combine the result with column (g)

Pa	art III Summary	
16	Combine lines 7 and 15 and enter the result	16 (160,545)
	 if line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. 	
	 If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 	
17	Are lines 15 and 16 both gains? Yes. Go to line 18. No. Skip lines 18 through 21, and go to line 22.	3 %
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions	18
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions	19
20	Are lines 18 and 19 both zero or blank? Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below.	
	No. Complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.	** *
21	If line 16 is a loss, enter here and on Form 1040, line 13, or complete the smaller of P	
	The loss on line 16 or (\$3,000), or if married filling separately, (\$1,500)	21 (3,000)
	Note. When figuring which amount is smaller, treat both amounts as positive numbers.	
22	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?	
	Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42).	
	No. Complete the rest of Form 1040 or Form 1040NR.	
Name Control		

SCHEDULE SE (Form 1040)

Self-Employment Tax

OMB No. 1545-0074

2015

Department of the Treasury Internal Revenue Service (99)

Information about Schedule SE & its separate instructions is at www.irs.gov/schedulese.

Attach to Form 1040 or Form 1040NR.

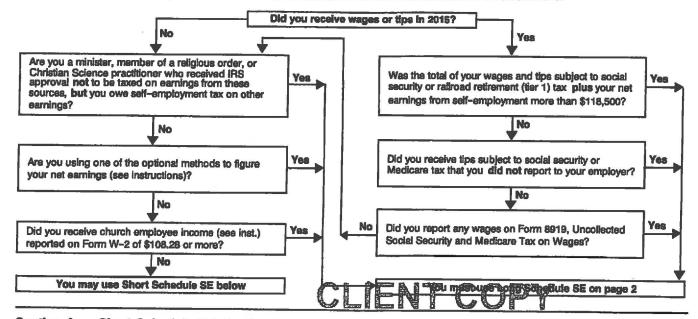
Attachment Sequence No. 17

Name of person with self-employment income (as shown on Form 1040 or Form 1040NR) Social security number of person LEZLIE L ROARK with self-employment income

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart only if you must file Schedule SE. If unsure, see Who Must File Schedule SE in the instructions.



Section A — Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065),	1	
	box 14, code A	1a	
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Z	1b	()
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other		
	income to report	2	60,020
3	Combine lines 1a, 1b, and 2	3	60,020
4	Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this		00/020
	schedule unless you have an amount on line 1b	4	55,428
	Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see Instructions.		
5	Self-employment tax. If the amount on line 4 is:		
	● \$118,500 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 57, or Form 1040NR, line 55		
	● More than \$118,500, multiply line 4 by 2.9% (.029). Then, add \$14,694 to the result. Enter		
	the total here and on Form 1040, line 57, or Form 1040NR, line 55	5	8,480
6	Deduction for one-half of self-employment tax.		0,100
	Multiply line 5 by 50% (.50). Enter the result here and on Form		1 2
	Form 1040, line 27, or Form 1040NR, line 27 6 4, 240		

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule SE (Form 1048) 2015

Form 8962

Premium Tax Credit (PTC)

▶ Attach to Form 1040, 1040A, or 1040NR.

Information about Form 8962 and its separate instructions is at www.irs.gov/form6962

OMB No. 1545-0074
2015
Attachment

Sequence No. 73

Department of the Treasury Internal Revenue Service

Name shown on your return

Your social security number

LEZLIE L AND JAMES A ROARK

You cannot claim the PTC if your filing status is married filing separately unless you are eligible for an exception (see instructions). If you qualify, check the box. Part I **Annual and Monthly Contribution Amount** Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, In. 6d, or Form 1040NR, in. 7d 2a Modified AGI. Enter your modified b Enter the total of your dependents' modified 69,553 AGI (see instructions)...... 2b Household income. Add the amounts on lines 2a and 2b 3 69,553 Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3 (see instructions). Check the appropriate box for the federal poverty table used. a Alaska b Hawaii c X Other 48 states and DC 15,730 4 Household income as a percentage of federal poverty line (see instructions) 5 401 % Did you enter 401% on line 5? (See instructions if you entered less than 100%.) No. Continue to line 7. Yes. You are not eligible to receive PTC. If advance payment of the PTC was made, see the instructions for how to report your excess advance PTC repayment amount. Applicable Figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions 7 8a Annual contribution amount. Multiply b Monthly contribution amount. Divide line 8a line 3 by line 7..... 88 by 12. Round to whole dollar amount Ah Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit Are you allocating policy amounts with another texpayer or do you want to use the alternative calculation for year of marriage (see instr.)? Yes. Skip to Part IV, Shared Policy Allocation, or Part V, Alternative Calculation for Year of Marriage. X No. Continue to line 10. See the instructions to determine if you can use line 11 or must complete lines 12 through 23. X Yes. Continue to line 11. Compute your annual PTC. Then skip lines 12-23 No. Continue to lines 12-23. Compute and continue to line 24. your monthly PTC and continue to line 24. (b) Annual applicable (d) Annual madmum (e) Annual premium (a) Annual enrollment (C) Annual (f) Annual advance Annual SLCSP premium (Form(s) 1095-A, premiums (Form(s) HOTOLOGIA I ditallowed payment of PTC Calculation (Form(s) 1095-A, line 33C) 1095-A, line 33A) (a) or (d)) line 33B) 11 Annual Totals 3,252 (b) Monthly applicable &LCSP premium (Ferm (s) 1095-A, lines 21-32, column B) (a) Monthly enrollment premiums (Form(s) (C) Monthly (d) Monthly maximum (e) Monthly premium (f) Monthly advance Monthly payment of PTC (Form(s) 1095-A, lines (amount from line 8b or alternative marriage monthly contribution) mium analatanca tax credit allowed: 1095-A. lines 21-32. Calculation (subtract (c) from (b), H (smaller of (a) or (d)) 21-82, column C) column A) 12 January 13 February 14 March 15 April 16 May 17 June 18 July 19 August 20 September 21 October 22 November 23 24 Total premium tax credit. Enter the amount from In. 11(e) or add Ins. 12(e) through 23(e) and enter the total here 24 Advance payment of PTC. Enter the amount from In. 11(f) or add Ins. 12(f) through 23(f) and enter the total here 25 25 3,252 Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 26 is greater than line 24, leave this line blank and continue to line 27 26 Repayment of Excess Advance Payment of the Premium Tax Credit Part III

For Paperwork Reduction Act Notice, see your tax return instructions.

Form 8962 (2015)

3.252

3,252

27

28

28

Repayment limitation (see instructions)

Excess advance payment of PTC. If lins 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here

Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040,

Form **8879**

Department of the Treasury Internal Revenue Service

IRS e-file Signature Authorization Do not send to the IRS. This is not a tax return.

Keep this form for your records.

Information about Form 8879 and its instructions is at www.irs.gov/form8879.

CLIENT COPY

2015

Submission Identification Number (SID)			
Taxpayer's name LEZLIE L ROARK	Social secur	ity number	
Spouse's name	Spouse's so	cial security	number
JAMES A ROARK	opcuse a so	cial security	number
Part I Tax Return Information — Tax Year Ending December 31, 201	5 (Whole Dollars	Only)	
1 Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)			69,55
2 Total tax (Form 1040, line 63; Form 1040A, line 39; Form 1040EZ, line 12)			18,15
3 Federal income tax withheld (Form 1040, line 64; Form 1040A, line 40; Form 1040EZ, line 7)			1,41
4 Refund (Form 1040, line 76a; Form 1040A, line 48a; Form 1040EZ, line 13a; Form 1040-SS, Pal			
5 Amount you owe (Form 1040, line 78; Form 1040A, line 50; Form 1040EZ, line 14)		5	9,33
Part II Taxpayer Declaration and Signature Authorization (Be sure you ge			
Under penalties of perjury, I declare that I have examined a copy of my electronic individual income to statements for the tax year ending December 31, 2015, and to the best of my knowledge and belief, it declare that the amounts in Part I above are the amounts from my electronic income tax return. I constrainsmitter, or electronic return originator (ERO) to send my return to the IRS and to receive from the I reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electron financial institution account indicated in the tax preparation software for payment of my federal taxes of estimated tax, and the financial institution to debit the entry to this account. This authorization is to rem U.S. Treasury Financial Agent to terminate the authorization. To revoke (cancel) a payment, I must corn 1–888–353–4537. Payment cancellation requests must be received no later than 2 business days prior authorize the financial institutions involved in the processing of the electronic payment of taxes to receive to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Constitutions in the processing of the electronic Funds Withdrawal Constitutions in the processing of the electronic payment of taxes to receive to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Constitutions in the processing of the electronic Funds Withdrawal Constitutions in the processing of the electronic Funds Withdrawal Constitutions in the process of the electronic Funds Withdrawal Constitutions in the process of the electronic Funds Withdrawal Constitutions in the process of the electronic Funds Withdrawal Constitutions in the	is true, correct, ent to allow my in RS (a) an ackrd, and (c) the dic funds withdrawed on this retunain in full force attact the U.S. Tract to the payment ive confidential in identification nuent.	and complet intermediate nowledgment late of any reliand of any reliand effect uneasury Financi (settlement) information in imber (PIN) to a language of enter five dignot enter all interment late.	e. I further service provider, t of receipt or fund. If ebit) entry to the payment of titl I notify the cial Agent at date. I also ecessary pelow is my
Spouse's PIN: check one box only I authorize H AND R BLOCK ERO firm name as my signature on my tax year 2015 electronically filed income tax return. I will enter my PIN as my signature on my tax year 2015 electronically filed income tax return. Che own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part Spouse's signature Signature and Date on file Date I	eck this box on	14194 nter five dig ot enter all a sity if you are	
Practitioner PIN Method Returns Only cor		ow	
Part III Certification and Authentication — Practitioner PIN Method Only	/		
DO'S ECINDIN Cotos on the day COM Allegan I and the control of the	650000		
RO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN.	6588346		
certify that the above numeric entry is my PIN, which is my signature for the tax year 2015 electronically indicated above. I confirm that I am submitting this return in accordance with the requirements of the Professional Authorized IRS e-file Providers of Individual Income Tax Returns. ERO's signature	v filed income ta	ethod and	he taynayor/ol
	00 02 21	010	
ERO Must Retain This Form — See Instruction Do Not Submit This Form to the IPS Unless Requests			

Exhibit C



Small Business/Self-Employed

- Industries/Professions
- International Taxpayers
- Self-Employed
- Small Business/Self-Employed Home

Small Business/Self-Employed Topics

- A-Z Index for Business
- Forms & Pubs
- Starting a Business
- Deducting Expenses
- Businesses with Employees
- Filing/Paying Taxes
- Post-Filing Issues
- Closing Your Business

Sole Proprietorships

中文 | 한국어 | TiếngViệt | Русский

A sole proprietor is someone who owns an unincorporated business by himself or herself. However, if you are the sole member of a domestic limited liability company (LLC), you are not a sole proprietor if you elect to treat the LLC as a corporation.

If you are a sole proprietor use the information in the chart below to help you determine some of the forms that you may be required to file.

IF you are liable for:	THEN use Form:
Income Tax	1040, U.S. Individual Income Tax Return
	and Schedule C (Form 1040), Profit or Loss from Business
	or <u>Schedule C-EZ (Form 1040)</u> , Net Profit from <u>Business</u>
Self-employment tax	Schedule SE (Form 1040), Self-Employment Tax
Estimated tax	1040-ES, Estimated Tax for Individuals
Social security and Medicare taxes and income tax withholding	941, Employer's Quarterly Federal Tax Return 943, Employer's Annual Federal Tax Return for Agricultural Employees
	944, Employer's Annual Federal Tax Return
Providing information on social security and Medicare taxes and income tax withholding	W-2, Wage and Tax Statement (to employee) and W-3, Transmittal of Wage and Tax Statements (to the Social Security Administration)
Federal unemployment (FUTA) tax	940, Employer's Annual Federal Unemployment (FUTA) Tax Return
Filing information returns for payments to nonemployees and transactions with other persons	See Information Returns
Excise Taxes	Refer to the Excise Tax Web page

Rate the Small Business and Self-Employed Website

Page Last Reviewed or Updated: 28-Mar-2016

Exhibit D

II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT

- A. Title II Insured Housing Programs Forward Mortgages
- 5. Manual Underwriting of the Borrower

length of time Commission Income has been earned if less than two years; or (b) the average net Commission Income earned over the previous one year. The Mortgagee must calculate net Commission Income by subtracting the unreimbursed business expenses from the gross Commission Income.

The Mortgagee must reduce the Effective Income by the amount of any unreimbursed employee business expenses, as shown on the Borrower's Schedule A. For information on analyzing the Borrower's 1040, review <u>Analyzing IRS Forms</u>.

x. Self-Employment Income (Manual)

(A) Definition

Self-Employment Income refers to income generated by a business in which the Borrower has a 25 percent or greater ownership interest.

There are four basic types of business structures. They include:

- sole proprietorship;
- corporations;
- · limited liability or "S" corporations; and
- partnerships.

(B) Standard

(1) Minimum Length of Self-Employment

The Mortgagee may consider Self-Employment Income if the Borrower has been self-employed for at least two years.

If the Borrower has been self-employed between one and two years, the Mortgagee may only consider the income as Effective Income if the Borrower was previously employed in the same line of work in which the Borrower is self-employed or in a related occupation for at least two years.

(2) Stability of Self-Employment Income

Income obtained from businesses with annual earnings that are stable or increasing is acceptable. If the income from businesses shows a greater than 20 percent decline in Effective Income over the analysis period, the Mortgagee must document that the business income is now stable.

A Mortgagee may consider income as stable after a 20 percent reduction if the Mortgagee can document the reduction in income was the result of an extenuating circumstance, the Borrower can demonstrate the income has been stable or increasing for a minimum of 12 months, and the Borrower qualifies utilizing the reduced income.

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II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT

A. Title II Insured Housing Programs Forward Mortgages

5. Manual Underwriting of the Borrower

(C) Required Documentation

(1) Individual and Business Tax Returns

The Mortgagee must obtain signed, completed individual and business federal income tax returns for the most recent two years, including all schedules.

In lieu of signed individual or business tax returns from the Borrower, the Mortgagee may obtain a signed <u>IRS Form 4506</u>, Request for Copy of Tax Return, <u>IRS Form 4506-T</u>, Request for Transcript of Tax Return, or <u>IRS Form 8821</u>, Tax Information Authorization, and tax transcripts directly from the IRS.

(2) Profit & Loss Statements and Balance Sheets

The Mortgagee must obtain a year-to-date Profit and Loss (P&L) statement and balance sheet if more than a calendar quarter has elapsed since date of most recent calendar or fiscal year-end tax return was filed by the Borrower. A balance sheet is not required for self-employed Borrowers filing Schedule C income.

If income used to qualify the Borrower exceeds the two year average of tax returns, an audited P&L or signed quarterly tax return obtained from the IRS is required.

(3) Business Credit Reports

The Mortgagee must obtain a business credit report for all corporations and "S" corporations.

(D) Calculation of Effective Income

The Mortgagee must analyze the Borrower's tax returns to determine gross Self-Employment Income. Requirements for analyzing self-employment documentation are found in Analyzing IRS Forms.

The Mortgagee must calculate gross Self-Employment Income by using the lesser of:

- the average gross Self-Employment Income earned over the previous two years; or
- the average gross Self-Employment Income earned over the previous one year.

xi. Additional Required Analysis of Stability of Employment Income

(A) Frequent Changes in Employment

If the Borrower has changed employers more than three times in the previous 12-month period, or has changed lines of work, the Mortgagee must take additional steps to verify and document the stability of the Borrower's Employment Income.

Additional analysis is not required for fields of employment that regularly require a

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APPENDIX 2.0 - ANALYZING IRS FORMS

IRS Form 1040 Heading	Description
Wages, Salaries and Tips	An amount shown under this heading may indicate that
	the individual:
1	 is a salaried employee of a corporation; or has other sources of income.
	lias other sources of income.
	This section may also indicate that the spouse is
	employed, in which case the spouse's income must be
	subtracted from the Borrower's gross income.
Employee Business Expenses	Unreimbursed employee business expenses, as shown on
(from Schedule A)	IRS Form 2106, are actual cash expenses that must be
	deducted from the gross income.
	Depreciation due to business use of a vehicle may be
	added to the gross income.
Business Income and Loss	Sole proprietorship income calculated on Schedule C is
(from Schedule C)	business income.
	Depreciation, depletion, amortization, and casualty losses
	may be added back to the gross income.
Business Use of Home	Mortgage interest, Mortgage Insurance Premiums (MIP),
	real estate taxes, and property insurance deducted for
	business use of a house may be added back to the gross
Parte Paraltin Parte Line	income.
Rents, Royalties, Partnerships (from Schedule E)	Any income received from rental properties or royalties may be used as income, after adding back any
(nom schedule E)	depreciation shown on Schedule E.
Capital Gain and Losses (from	Capital gains or losses generally occur only one time,
Schedule D)	and should not be considered when determining Effective
	Income.
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	However, if the individual has a constant turnover of
	assets resulting in gains or losses, the capital gain or loss must be considered when determining the income. Three
	years' tax returns are required to evaluate an earnings
	trend. If the trend:
	 results in a gain, it may be added as Effective
	Income; or
	• consistently shows a loss, it must be deducted
	from the total income.

IRS Form 1040 Heading	Description
Interest and Dividend Income	This taxable/tax-exempt income may be added back to
(from Schedule B)	the adjusted gross income only if it:
ļ	 has been received for the past two years; and
	is expected to continue.
	If the interest-bearing asset will be liquidated as a source
1	of the cash investment, the Mortgagee must appropriately
	adjust the amount.
Farm Income or Loss (from	Any depreciation shown on Schedule F may be added
Schedule F)	back to the gross income.
IRA Distributions, Pensions,	The non-taxable portion of these items may be added
Annuities, and Social Security	back to the adjusted gross income, if the income is
Benefits	expected to continue for the first three years of the
	Mortgage.
Adjustments to Income	Adjustments to income may be added back to the
	adjusted gross income if they are:
	 IRA and Keogh retirement deductions; or
	 penalties on early withdrawal of savings health
	insurance deductions, and Alimony payments.

Analyzing IRS Form 1120, U.S. Corporation Income Tax Return

A Corporation refers to a state-chartered business owned by its stockholders.

To determine the Borrower's income, the adjusted business income must be multiplied by the Borrower's percentage of ownership in the business.

Corporate compensation to the officers, in proportion to the percentage of ownership, is shown on the corporate tax return (IRS Form 1120), and individual tax returns. If the Borrower's percentage of ownership does not appear on the tax returns, the Mortgagee must obtain the information from the corporations' accountant, along with evidence that the Borrower has the right to any compensation.

The table below describes the items found on IRS Form 1120 for which an adjustment must be made in order to determine adjusted business income.

Adjustment Item	Description of Adjustment
Depreciation and Depletion	Add the corporation's depreciation and depletion back to the
	after-tax income.
Fiscal Year vs. Calendar Year	If the corporation operates on a fiscal year that is different
	from the calendar year, an adjustment must be made to relate
	corporate income to the individual tax return.
Cash Withdrawals	The Borrower's withdrawal of cash from the corporation may
	have a severe negative impact on the corporation's ability to
	continue operating.

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Effective Date: 09/14/2015 | Last Revised: 03/14/2016 *Refer to the online version of SF Handbook 4000.1 for specific sections' effective dates

Analyzing IRS Form 1120S, U.S. Income Tax Return for an S Corporation

An "S" Corporation refers to a small start-up business, with gains and losses passed to stockholders in proportion to each stockholder's percentage of business ownership.

Income for owners of "S" corporations comes from W-2 wages, and is taxed at the individual rate. The IRS Form 1120S, Compensation of Officers line item is transferred to the Borrower's individual IRS Form 1040.

Depreciation and depletion may be added back to income in proportion to the Borrower's percentage of ownership in the corporation.

The Borrower's income must be reduced proportionately by the total obligations payable by the corporation in less than one year.

Analyzing IRS Form 1065, U.S. Return of Partnership Income

A Partnership refers to when two or more individuals form a business, and share in profits, losses, and responsibility for running the company. Each partner pays taxes on their proportionate share of the partnership's net income.

Both general and limited partnerships report income on IRS Form 1065, and the partners' share of income is carried over to Schedule E of IRS Form 1040.

Both depreciation and depletion may be added back to the income in proportion to the Borrower's share of the income.

The Borrower's income must be reduced proportionately by the total obligation payable by the partnership in less than one year.