

SMITH | OROPEZA | HAWKS
ATTORNEYS AT LAW

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,

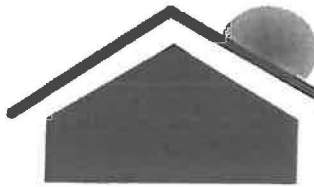


Gregory S. Oropeza, Esq.

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.

Sincerely,

J. Manuel Castillo Sr.
Executive Director

Exhibit B

For the year Jan. 1–Dec. 31, 2015, or other tax year beginning

, 2015, ending

, 20

See separate instructions.

LEZLIE L ROARK
JAMES A ROARK
3 CASA ROMA LANE APT 2
KEY WEST FL 33040

Your social security number

Spouse's social security no.

Make sure the SSN(s) above and on line 6c are correct.

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

Filing Status section with options 1-5 and checkboxes for marital status and dependent child.

Exemptions section with checkboxes for self, spouse, and dependents, and a table for dependent details.

Income section line 7: Wages, salaries, tips, etc. Attach Form(s) W-2. Amount: 25,197

Income section lines 8a-22 including taxable interest, dividends, refunds, alimony, business income, capital gain, other gains, IRA distributions, pensions, rental real estate, farm income, unemployment compensation, and social security benefits.

Adjusted Gross Income section lines 23-37 including educator expenses, business expenses, health savings account deduction, moving expenses, self-employment tax, SEP/IRA plans, health insurance deduction, penalty on early withdrawal, alimony paid, IRA deduction, student loan interest, tuition and fees, domestic production activities, and final adjusted gross income of 69,553.

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Tax and Credits

Table with 2 columns: Line number and Amount. Rows include: 38 Amount from line 37 (adjusted gross income) 69,553; 39a Check if you were born before January 2, 1951, if spouse was born before January 2, 1951; 40 Itemized deductions (from Schedule A) or your standard deduction 12,600; 41 Subtract line 40 from line 38 56,953; 42 Exemptions 8,000; 43 Taxable income 48,953; 44 Tax 6,424; 45 Alternative minimum tax; 46 Excess advance premium tax credit repayment 3,252; 47 Add lines 44, 45 and 46 9,676; 48-54 Other credits; 55 Add lines 48 through 54; 56 Subtract line 55 from line 47 9,676.

Other Taxes

Table with 2 columns: Line number and Amount. Rows include: 57 Self-employment tax 8,480; 58 Unreported social security and Medicare tax from Form 4137/8919; 59 Additional tax on IRAs; 60a Household employment taxes; 60b First-time homebuyer credit repayment; 61 Health care: individual responsibility 18,156; 62 Taxes from Form 8959/8960; 63 Add lines 56 through 62. This is your total tax 18,156.

Payments

Table with 2 columns: Line number and Amount. Rows include: 64 Federal income tax withheld from Forms W-2 and 1099 1,412; 65 2015 estimated tax payments & amt. applied from 2014 return 7,500; 66a Earned income credit (EIC); 66b Nontaxable combat pay election; 67 Additional child tax credit; 68 American opportunity credit; 69 Net premium tax credit; 70 Amount paid with request for extension to file; 71 Excess social security and tier 1 RRTA tax withheld; 72 Credit for federal tax on fuels; 73 Credits from Form 2439/Reserved/8885; 74 Add lines 64, 65, 66a, and 67 through 73. These are your total payments 8,912.

Refund

Table with 2 columns: Line number and Amount. Rows include: 75 If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid; 76a Amount of line 75 you want refunded to you; 76b Routing no.; 76d Account no.; 77 Amt. of line 75 you want applied to your 2016 estimated tax.

Amount You Owe

Table with 2 columns: Line number and Amount. Rows include: 78 Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions 9,335; 79 Estimated tax penalty (see instructions) 91.

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: H AND R BLOCK. Phone no: 305-294-0085. Personal identification number (PIN): 08768.

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: [Signature]. Date: [Date]. Your occupation: SELF EMPLOYED. Daytime phone number: [Number]. Spouse's signature: [Signature]. Date: [Date]. Spouse's occupation: CUSTOMER SVC. If the IRS sent you an Identity Protection PIN, enter it here (see inst.): [Number].

Paid Preparer Use Only

Print/Type preparer's name: JANET KUYKENDAL. Preparer's signature: [Signature]. Date: 03-02-2016. Check if self-employed: [X]. PTIN: P00763436. Firm's name: H AND R BLOCK. Firm's EIN: 463919765. Firm's address: 1213 TRUMAN AVE, KEY WEST FL 33040. Phone no: 305-294-0085.

#1

SCHEDULE C (Form 1040)

Profit or Loss From Business (Sole Proprietorship)

OMB No. 1545-0074

2015

Attachment Sequence No. 09

Department of the Treasury Internal Revenue Service (99)

Information about Schedule C and its separate instructions is at www.irs.gov/schedulec. Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor: LEZLIE L ROARK
Social security number (SSN):
A Principal business or profession, including product or service (see instructions): REALTOR
B Enter code from instructions: 531210
C Business name. If no separate business name, leave blank.
D Employer ID no. (EIN), (see instr.):

E Business address (including suite or room no.): 3 CASA ROMA LANE APT 2
City, town or post office, state, and ZIP code: KEY WEST FL 33040

F Accounting method: (1) [X] Cash (2) [] Accrual (3) [] Other (specify) >

G Did you "materially participate" in the operation of this business during 2015? If "No," see instructions for limit on losses [X] Yes [] No

H If you started or acquired this business during 2015, check here [] Yes [X] No

I Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions) [] Yes [X] No

J If "Yes," did you or will you file required Forms 1099? [] Yes [X] No

Part I Income

Table with 7 rows for income items: 1 Gross receipts or sales (89,658), 2 Returns and allowances (0), 3 Subtract line 2 from line 1 (89,658), 4 Cost of goods sold (0), 5 Gross profit (89,658), 6 Other income (0), 7 Gross income (89,658).

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

Table with 27 rows for expenses: 8 Advertising (10,545), 9 Car and truck expenses (8,625), 10 Commissions and fees, 11 Contract labor, 12 Depletion, 13 Depreciation and section 179 expense deduction, 14 Employee benefit programs, 15 Insurance (other than health), 16 Interest (1,170), 17 Legal and professional services (1,914), 18 Office expense (3,666), 19 Pension & profit-sharing plans, 20 Rental expense, 21 Repairs and maintenance (109), 22 Supplies (692), 23 Taxes and licenses, 24 Travel, meals, and entertainment (2,300), 25 Utilities, 26 Wages (617), 27 a Other expenses (617), 27 b Reserved for future use.

28 Total expenses before expenses for business use of home. Add lines 8 through 27a: 29,638

29 Tentative profit or (loss). Subtract line 28 from line 7: 60,020

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: 0

31 Net profit or (loss). Subtract line 30 from line 29. 60,020

32 If you have a loss, check the box that describes your investment in this activity (see instructions). 32a [] All investment is at risk. 32b [] Some investment is not at risk.

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a Cost b Lower of cost or market c Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? 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
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

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 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 Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ 01-01-2009

44 Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your vehicle for:
 a Business 15,000 b Commuting (see instructions) c 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? Yes No

47a Do you have evidence to support your deduction? Yes No

b If "Yes," is the evidence written? Yes No

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Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

PARKING & TOLLS	557
DONATIONS	60
48 Total other expenses. Enter here and on line 27a	617

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR.

▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled.
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2015
Attachment
Sequence No. 12

Name(s) shown on return

LEZLIE L AND JAMES A ROARK

Your social security number

Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a	Totals for all short-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 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 or (loss) from Forms 4684, 6781, and 8824				4
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 (10,248)
7	Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on page 2				7 (10,248)

Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year

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See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a	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.				
8b	Totals for all transactions reported on Form(s) 8949 with Box D checked.				
9	Totals for all transactions reported on Form(s) 8949 with Box E checked.				
10	Totals for all transactions reported on Form(s) 8949 with Box F checked.				
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13	Capital gain distributions. See the instructions				13
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 (150,297)
15	Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on page 2				15 (150,297)

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

Schedule D (Form 1040) 2015

Part II Summary

16	Combine lines 7 and 15 and enter the result	16	(160,545)
<ul style="list-style-type: none"> • 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?		
<input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.			
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?		
<input type="checkbox"/> 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. <input type="checkbox"/> 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 Form 1040NR, line 14, the smaller of		
<ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing 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?		
<input type="checkbox"/> 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). <input checked="" type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.			

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**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074

2015
Attachment
Sequence No. 17

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.

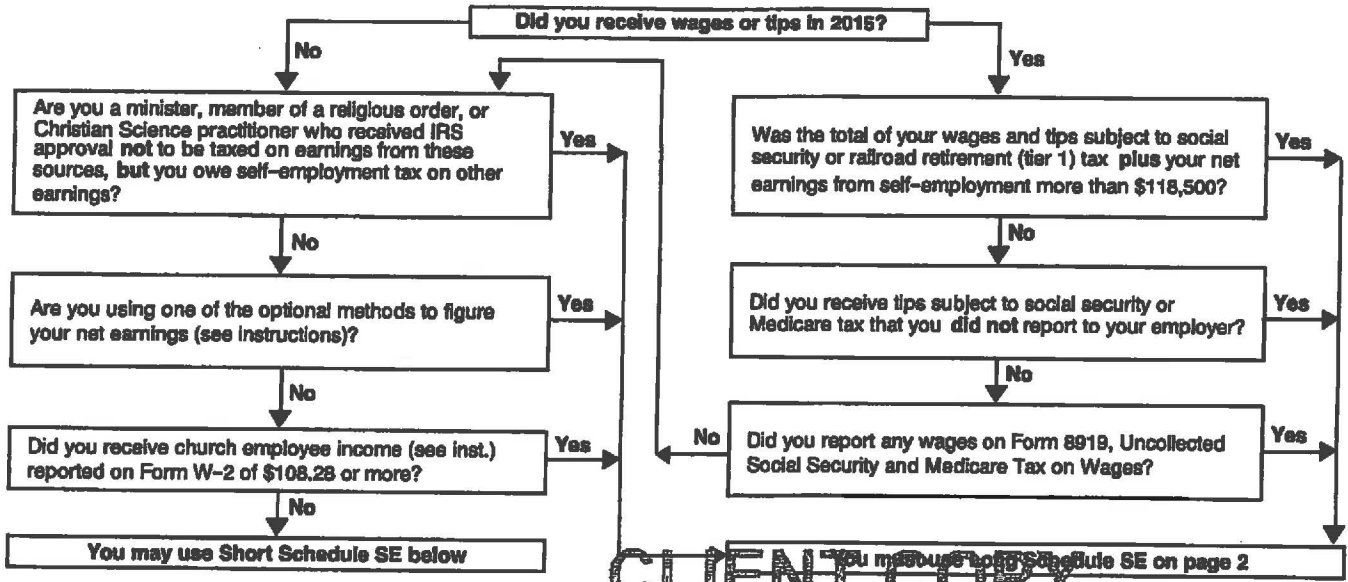
Name of person with self-employment income (as shown on Form 1040 or Form 1040NR)
LEZLIE L ROARK

Social security number of person
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.



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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), 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 schedule unless you have an amount on line 1b Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4	55,428
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. Multiply line 5 by 50% (.50). Enter the result here and on 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 1040) 2015

Premium Tax Credit (PTC)

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040, 1040A, or 1040NR.
▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962.

2015
Attachment
Sequence No. **73**

Name shown on your return

LEZLIE L AND JAMES A ROARK

Your social security number

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

1	Tax family size. Enter the number of exemptions from Form 1040 or Form 1040A, In. 6d, or Form 1040NR, In. 7d	1	2
2a	Modified AGI. Enter your modified AGI (see instructions)	2a	69,553
b	Enter the total of your dependents' modified AGI (see instructions)	2b	
3	Household income. Add the amounts on lines 2a and 2b	3	69,553
4	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 <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input checked="" type="checkbox"/> Other 48 states and DC	4	15,730
5	Household income as a percentage of federal poverty line (see instructions)	5	401 %
6	Did you enter 401% on line 5? (See instructions if you entered less than 100%) <input type="checkbox"/> No. Continue to line 7. <input checked="" type="checkbox"/> 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.		
7	Applicable Figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions	7	
8a	Annual contribution amount. Multiply line 3 by line 7	8a	
b	Monthly contribution amount. Divide line 8a by 12. Round to whole dollar amount	8b	

Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit

- 9 Are you allocating policy amounts with another taxpayer 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. No. Continue to line 10.
- 10 See the instructions to determine if you can use line 11 or must complete lines 12 through 23.
 Yes. Continue to line 11. Compute your annual PTC. Then skip lines 12-23 and continue to line 24.
 No. Continue to lines 12-23. Compute your monthly PTC and continue to line 24.

Annual Calculation	(a) Annual enrollment premiums (Form(s) 1095-A, line 33A)	(b) Annual applicable SLCSP premium (Form(s) 1095-A, line 33B)	(c) Annual contribution amount (line 8a)	(d) Annual maximum premium assistance (subtract (c) from (b); if zero or less, enter -0-)	(e) Annual premium tax credit allowed (smaller of (a) or (d))	(f) Annual advance payment of PTC (Form(s) 1095-A, line 33C)	
11 Annual Totals						3,252	
Monthly Calculation	(a) Monthly enrollment premiums (Form(s) 1095-A, lines 21-32, column A)	(b) Monthly applicable SLCSP premium (Form(s) 1095-A, lines 21-32, column B)	(c) Monthly contribution amount (amount from line 8b or alternative marriage monthly contribution)	(d) Monthly maximum premium assistance (subtract (c) from (b); if zero or less, enter -0-)	(e) Monthly premium tax credit allowed (smaller of (a) or (d))	(f) Monthly advance payment of PTC (Form(s) 1095-A, lines 21-32, column C)	
12 January							
13 February							
14 March							
15 April							
16 May							
17 June							
18 July							
19 August							
20 September							
21 October							
22 November							
23 December							
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	
25	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	3,252
26	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 25 is greater than line 24, leave this line blank and continue to line 27					26	

Part III Repayment of Excess Advance Payment of the Premium Tax Credit

27	Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here	27	3,252
28	Repayment limitation (see instructions)	28	
29	Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44	29	3,252

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

IRS e-file Signature Authorization

Department of the Treasury Internal Revenue Service

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.

2015

Submission Identification Number (SID)

Taxpayer's name: LEZLIE L ROARK; Spouse's name: JAMES A ROARK; Social security number; Spouse's social security number

Part I Tax Return Information — Tax Year Ending December 31, 2015 (Whole Dollars Only)

Table with 5 rows: Adjusted gross income (69,553), Total tax (18,156), Federal income tax withheld (1,412), Refund, Amount you owe (9,335)

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2015, and to the best of my knowledge and belief, it is true, correct, and complete.

Taxpayer's PIN: check one box only

I authorize H AND R BLOCK to enter or generate my PIN 19200

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. Check this box only if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature Signature and Date on file Date

Spouse's PIN: check one box only

I authorize H AND R BLOCK to enter or generate my PIN 14194

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. Check this box only if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature Signature and Date on file Date

Practitioner PIN Method Returns Only -- continue below

Part III Certification and Authentication — Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. 65883461871

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature for the tax year 2015 electronically filed income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns.

ERO's signature Date 03-02-2016

ERO Must Retain This Form — See Instructions

Do Not Submit This Form to the IRS Unless Requested To Do So

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

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](#)
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- [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 Schedule C-EZ (Form 1040), Net Profit from Business
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 [Analyzing IRS Forms](#).

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.

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 IRS Form 4506, Request for Copy of Tax Return, IRS Form 4506-T, Request for Transcript of Tax Return, or IRS Form 8821, 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

APPENDIX 2.0 – ANALYZING IRS FORMS

IRS Form 1040 Heading	Description
Wages, Salaries and Tips	<p>An amount shown under this heading may indicate that the individual:</p> <ul style="list-style-type: none"> • is a salaried employee of a corporation; or • has other sources of income. <p>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.</p>
Employee Business Expenses (from Schedule A)	<p>Unreimbursed employee business expenses, as shown on IRS Form 2106, are actual cash expenses that must be deducted from the gross income.</p> <p>Depreciation due to business use of a vehicle may be added to the gross income.</p>
Business Income and Loss (from Schedule C)	<p>Sole proprietorship income calculated on Schedule C is business income.</p> <p>Depreciation, depletion, amortization, and casualty losses may be added back to the gross income.</p>
Business Use of Home	<p>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 income.</p>
Rents, Royalties, Partnerships (from Schedule E)	<p>Any income received from rental properties or royalties may be used as income, after adding back any depreciation shown on Schedule E.</p>
Capital Gain and Losses (from Schedule D)	<p>Capital gains or losses generally occur only one time, and should not be considered when determining Effective Income.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 (from Schedule B)	<p>This taxable/tax-exempt income may be added back to the adjusted gross income only if it:</p> <ul style="list-style-type: none"> • has been received for the past two years; and • is expected to continue. <p>If the interest-bearing asset will be liquidated as a source of the cash investment, the Mortgagee must appropriately adjust the amount.</p>
Farm Income or Loss (from Schedule F)	Any depreciation shown on Schedule F may be added back to the gross income.
IRA Distributions, Pensions, Annuities, and Social Security Benefits	The non-taxable portion of these items may be added back to the adjusted gross income, if the income is expected to continue for the first three years of the Mortgage.
Adjustments to Income	<p>Adjustments to income may be added back to the adjusted gross income if they are:</p> <ul style="list-style-type: none"> • 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.

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.