



CREATIVE FINANCING FOR THE SELF EMPLOYED

NAVIGATING TRADITIONAL, NON QM & PORTFOLIO
LOAN PROGRAMS

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AGENDA

- The Back Bone
- Pathways
- The Talk
- Show Me The Money
- BBB
- Plan A - Traditional
- Plan B - Non QM
- Plan C - Portfolio
- Plan D - Hard Money





THE BACK BONE OF QUALIFYING

THE ATR/NON QM RULE

- This rule, in short, is what causes all the grief a self employed person may feel when trying to get a traditional mortgage.
- It was created by the Consumer Financial Protection Bureau (CFPB) after the financial collapse of 2008 that puts the burden on a lender to **demonstrate & document** that a borrower has the actual **ABILITY TO REPAY** the loan they are taking.
- Meeting this rule makes the loan a **QUALIFIED MORTGAGE** and gives the lender more protection in the event of a foreclosure.
- The intention, ultimately, is to avoid another crash like seen in 2008.





PATHWAYS TO QUALIFY

PLAN A:

TRADITIONAL- FNMA/FREDDIE/FHA/VA/USDA
0%+ DOWN

PLAN B:

NON QM-
BANK STATEMENT/P&L/DSCR
10%+ DOWN

PLAN C:

PORTFOLIO-
CASE BY CASE
20%+ DOWN

PLAN D:

HARD MONEY
CASE BY CASE W EXIT STRATEGY
20%+ DOWN





THE TALK

CONVERSATION BEFORE CREDIT

1. Do you own 25% or more of the business?
2. How long have you been filing income *from the business* you have?
3. Are you relocating your business when you move?
4. Do you know your NET income for the past two years (after write offs)?
5. How much cash can you put down?
6. Do you have any concerns about your credit, past or present? Know what your credit score is?
7. Are you current on your tax liabilities with the IRS? Payment plans? Past due, non filing?
8. What kind of business do you have? Sole proprietor, partnership, corporation etc?





SHOW ME
THE MONEY





BUT BUT BUT!

TOP CLIENT PUSHBACK

“I make way more than I show..”

Answer- If you told the IRS you had real expenses to run your business, don't expect the lender to ignore that.

“I pay myself a W2, why can't I use that income..?”

Answer- if you are an owner of the company thats paying you a W2, then at its core, the ability of that W2 income to continue, its still on you as the owner to generate that income. It can be counted, but will still be averaged.

“I'm doing WAY better this year than last year..”

Answer - Thats great, but it doesnt really help. Traditional lenders will lean on the income you have filed and paid taxes on. A year to date profit and loss may help ascertain that your earnings are in line or greater than the prior year, but you will not get credit for it for qualifying purposes until you pay taxes on it. If year end is near, might want to wait for the current year to be filed to use the income officially.





#1 REASON FOR FAILURE

**MISCALCULATED INCOME IS THE #1 REASON
DEALS FALL APART FOR SELF EMPLOYED
BORROWERS**





TIPS TO AVOID FAILURE

- 1) BE THOROUGH WHEN PROVIDING YOUR TAX DOCUMENTS.
- 2) ASK THE LOAN OFFICER TO SHARE THEIR INCOME CALCULATIONS.. IF THEY CAN'T OR WILL NOT, ITS BECAUSE THEY HAVEN'T DONE IT. THEY WILL WAIT ON THEIR UNDERWRITER.
- 3) NEVER TRUST AN ONLINE AUTOMATED PREAPPROVAL WHEN SELF EMPLOYED. EVER.
- 4) IF A CLIENT INSISTS ON THEIR BIG BANK, CREDIT UNION OR ONLINE, AS MUCH AS YOU CAN INSIST, URGE THEM TO GET AN INDEPENDENT MORTGAGE ORIGINATOR GIVE THEM A SECOND OPINION. NO CREDIT CHECK REQUIRED.





POP QUIZ!!

1) WHAT RULE CAUSES ALL THE GRIEF FOR SELF EMPLOYED BORROWERS?

2) WHY WAS THAT RULE PUT IN PLACE?

3) WHAT'S THE #1 REASON DEALS FALL APART?

4) WHAT IS ONE WAY TO AVOID FAILURE?





PLAN A **TRADITIONAL** **FINANCING**





THE TRADITIONAL LENDERS VIEW

- If you own 25% or more of the business paying you, you are considered self-employed.
- We consider your income what you paid taxes on to Uncle Sam.
- Declining income is bad.
- We like a stable, predictable, profitable businesses.
- Most businesses fail in the first 5 years. While two years is a minimum lenders require, it's a pretty risky proposal for a lender.
- Businesses that have been around for 5 years or more are considered a lesser risk, requiring in many cases to only need a 1 year lookback on taxes.
- Stories only go so far.
- Even if you had enough cash to buy the house cash, it will not matter. We have to meet ATR to the T.





FANNIE MAE, FREDDIE MAC, FHA, USDA, VA

Who Qualifies:

- Borrowers who have at least 2 yrs of filed self employment income. 1 year in very few and far between cases are acceptable.
- They have reported a NET income on their filed tax returns that would support all of their current monthly debt obligations plus the new house payment they are looking to take on. Debts should be no more than 45-50% of the qualifying income.
- Credit scores based on program, but down to 580 on Gov't & 620 on Conventional.

Who Doesn't Qualify:

- Borrowers who write off a substantial portion of their gross income, leaving a net too low to support allowable debt ratios.
- Borrowers behind on tax filing (unless on a payment plan) or who have not filed the income at all. (unless on an approved extension)
- Lower credit scores that do not meet program requirements.






REAL CASE



- Self employed for 30 years. He had \$500k in liquid savings & \$300k in investments deposited with his bank. He applied with them for a \$650k loan.
- Preapproved after providing tax returns and all other documents to the loan officer.
- Denied 2 weeks prior to closing on a 60 day contract.
- Why? The underwriter caught losses in their tax return two years ago that averaged the income too low to pass ATR laws. The LO hadn't accounted for the losses in the beginning.
- We were able to solve this and closing the deal because he only needed a one year lookback on income, since his business has been established for 30 years.

Don't be fooled. A loan ORIGINATOR is not an UNDERWRITER, however they can use an AUTOMATED underwriting system. Problem there,.. junk in.. junk out.





POP QUIZ!!

- 1) WHAT PERCENTAGE OF OWNERSHIP DOES SOMEONE HAVE TO HAVE IN A BUSINESS TO BE CONSIDERED SELF EMPLOYED?
 - 2) HOW MANY YEARS OF TAX RETURNS DO YOU NEED FOR A TRADITIONAL LOAN?
 - 3) HOW DO YOUR SAVINGS AFFECT QUALIFYING FOR THE LOAN?
 - 4) WHATS ONE WAY YOU CAN SNIFF OUT IF THE LO IS DOING THE INCOME CORRECTLY UPFRONT?
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PLAN B

NON-QM





THE “NON QUALIFIED MORTGAGE” VIEW

- The ability to not use tax returns for qualifying is OK.
- Alternatives like bank statements, profit & loss statements, “just missed” and DSCR options exist here to justify qualifying income.
- Generally a larger downpayment helps offset the risk of these loans for the lender, so expect at best 10% down, but prepare for up to 20-30% as credit scores will heavily impact what's required.
- Risk is largely offset by credit. Generally only EXCELLENT credit can borrow 90%.
- These are uninsured loans, so no PMI applies, however higher rates take their place.





BANK STATEMENT LOANS

HOW THEY WORK:

- Borrowers provide 12-24 months of bank statements.
- Business must be established at least 2 years.
- A questionnaire is completed by the borrower that helps describe their business to the lender in some cases.
- Depending on the type of business, an operating expense % from a CPA would be considered.
- Generally an expense ratio of 50% is taken against all deposits with exclusion of abnormal ones.
- Personal & Business Bank Accounts are acceptable but can call in varying qualifying criteria

WHAT TO EXPECT:

- Downpayments of 10%+. Heavily driven by credit score.
- No mortgage insurance.
- Higher rates and or less favorable terms (prepayment penalties on investments, adjustable rates, etc)



EX. BUSINESS NARRATIVE

THIS DOCUMENT INFLUENCES THE EXPENSE RATIO THE LENDER WILL USE. TO USE A LOWER EXPENSE RATIO, A LETTER FROM A CPA TO CONFIRM EXPENSE RATIO CAN BE CONSIDERED.

SELF-EMPLOYED BUSINESS NARRATIVE FORM

Borrower Name:

Date:

Business Name:

Industry Type:

Business Address:

Website:

Description of Business/Business Profile:

Percentage Owned:

If less than 100%, who owns the remaining portion and what percentage?

Is there anything you can tell us about your business that is important for us to know as we review your bank statements, including sources of deposits, wires, and withdrawals?

Borrower Certification:

I certify that the statements and information contained in this submittal are true, accurate, and complete.

Borrower 1 Signature:

Printed Name:

Borrower 2 Signature:

Printed Name:

Deephaven Internal Use:

Underwriter Signature:

Printed Name:

Review Date:



TRUE STORY

Realtor buying a home:

- Needed to file a net income for 2023 of \$130k to qualify for the traditional loan / better rate she wanted.
- Result at her tax bracket on that income would land her a tax bill of \$31,000
- Her bank statements produced enough qualifying income to qualify.

Comparison:

- Traditional, 7.5% rate, P&I of \$2097, 5% down (\$15k) + \$31k in taxes. \$46k before costs.
- Bank Statement, 8.5%, P&I \$2179, 10% down (\$31,500), before costs. And.. NO PMI.

Lesson:

- Rates are important, but they aren't everything.





POP QUIZ!!

1) WHAT IS A STANDARD EXPENSE RATIO ON A BANK STATEMENT LOAN?

2) CAN YOU USE PERSONAL BANK STATEMENTS FOR A BANK STATEMENT LOAN?

3) HOW LONG MUST THE BUSINESS HAVE EXISTED?





P&L LOANS

HOW THEY WORK:

- Borrowers provide the most recent FILED tax return they have, but to use a more aggressive income, a YTD AUDITED profit and loss statement is provided.

WHAT TO EXPECT:

- Downpayments of 10%+. Driven by credit score.
- No mortgage insurance.
- Steep costs typically to receive an audited P&L from an accountant & time.
- Higher rates and or less favorable terms (prepayment penalties on investments, adjustable rates, etc)






DSCR LOANS

HOW THEY WORK:

- Exclusively for investors. Primary residences are ineligible.
- An affidavit is signed at closing by the borrower that they will NOT occupy the home at ANY time that the DSCR loan is on the property.
- Income documents are not required. The qualification is entirely based on the fair market rent (as determined by an appraiser) being equal to or great than the full PITIHOA payment.
- Reserves are required, varies depending on credit score, downpayment and DSCR Ratio
- DSCR stands for “Debt Service Coverage Ratio”.

WHAT TO EXPECT:

- Downpayments of 20% or more.
 - No mortgage insurance.
 - Prepayment Penalties.
 - Higher rates and or less favorable terms (prepayment penalties, adjustable rates, etc)
 - Respectively, easy loans to qualify for.
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INVESTORS ONLY.

Borrower(s) / Borrowing Entity Members:



PLAN C PORTFOLIO LOANS





THE PORTFOLIO LENDER VIEW

- Creative combinations of income exist here with a common sense approach.
- Generally, a larger downpayment helps offset the risk of these loans for the lender, generally at a minimum 20% is required.
- Generally, very good to excellent credit is needed.
- These are uninsured loans, so no PMI applies, however higher rates typically absorb the savings.
- Variable terms are to be expected, potentially even balloon terms.
- These lenders retain servicing of the loan, avoiding the need to meet Fannie, Freddie, FHA, VA or secondary market investor guidelines.





TRUE STORY

One in a Million:

- Gym owner applied for a loan showing negative income on taxes year over year. (Covid hit hard).
- Bank statement deposits were too low to qualify and YTD was down too.
- Average credit, 690. Business had been around 3 years.
- He had a million dollars deposited into his bank account 2 weeks before applying for the loan.

Problem:

- He couldn't product ANY qualifying income for traditional on Non QM products.

Solution:

- One of our portfolio outfits consider assets as income. His \$1M in assets was divided by 62 months, which is more than the term of the loan (60 months), resulting in an income of \$16,129 a month. This more than supported him qualifying for the \$300k loan he was looking for.





TRUE STORY

The Polygrapher:

- Was a W2 employee for 15 years with a company that contracted through the State of Texas administering polygraph exams.
- MID loan process post contract, he quit the company and signed a contract directly with the State of Texas as a 1099 employee, aka, became self employed. A result of the lender telling him "he needed to make more money".
- He was denied even after paying off a \$35k car he was told would also help improve his profile to qualify.

Problem:

- No traditional or Non QM lender would touch someone being self employed for 1 month.

Solution:

- Common sense. Had a contract with the State for a guaranteed income for the next year and a longstanding history in the field. 20% down, excellent credit, deal was a fit for one of our portfolio outfits.





PLAN D **HARD MONEY**





THE HARD MONEY LENDER VIEW

- They are in it to make a quick profit OR invest in a future profit.
- Money is meant to typically be shorter term, with balloon payments of 6-12 months usually.
- Generally, at least 20% down is required.
- Credit doesn't need to be excellent, but should be good or average at best.
- These are uninsured loans, so no PMI applies, however higher rates typically absorb the savings.
- Rates will be high.. usually 4-6% over traditional rates.
- Qualifying can be very flexible but the exit strategy needs to be solid.
- Typically for investors but can be for primary home purchases.





TRUE STORY

The Big Loss:

- Client with a business of two years had a big loss in their first year, 2022.
- 2023 was a lot better but not enough on average to qualify. Bank statement loans fell short and an audited P&L was near impossible to get in time.
- We reviewed their YTD P&L, considered credit and considered the income they stand to claim in 2024. They will have 6 months to refi out, which allows them to file 2024 in time to qualify for a traditional loan.

Problem:

- No traditional or Non QM lender would consider using only one year for income. Portfolio lenders didnt like their credit.

Solution:

- Common sense with an exit strategy. For the lender, they stand to capitalize on the refinance within 6 months and have a good equity position in the home should anything go left.

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POP QUIZ!!

1) WHAT IS A STANDARD EXPENSE RATIO ON A BANK STATEMENT LOAN?

2) CAN YOU USE PERSONAL BANK STATEMENTS FOR A BANK STATEMENT LOAN?

3) HOW LONG MUST A BUSINESS GENERALLY EXIST?

4) HOW MUCH CASH SHOULD SOMEONE PREPARE TO HAVE FOR THESE OUT OF THE BOX PROGRAMS?





THE FORMS FOR THE SELF EMPLOYED



A 3x10 grid of dots, consisting of 3 rows and 10 columns of small black dots.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2022)

FORM 1040

SCHEDULE C

PAGE 1

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business (Sole Proprietorship)

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

OMB No. 1545-0074

2022

Attachment
Sequence No. 09

Name of proprietor		Social security number (SSN)	
A Principal business or profession, including product or service (see instructions)		B Enter code from instructions	
C Business name, if no separate business name, leave blank.		D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) City, town or post office, state, and ZIP code			
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____			
G Did you "materially participate" in the operation of this business during 2022? If "No," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No			
H If you started or acquired this business during 2022, check here <input type="checkbox"/>			
I Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No			
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No			

Part I Income

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

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

8	Advertising	8	Office expense (see instructions)	18
9	Car and truck expenses (see instructions)	9	19 Pension and profit-sharing plans	19
10	Commissions and fees	10	20 Rent or lease (see instructions):	
11	Contract labor (see instructions)	11	a Vehicles, machinery, and equipment	20a
12	Depletion	12	b Other business property	20b
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21 Repairs and maintenance	21
14	Employee benefit programs (other than on line 19)	14	22 Supplies (not included in Part III)	22
15	Insurance (other than health)	15	23 Taxes and licenses	23
16	Interest (see instructions):		24 Travel and meals:	
a	Mortgage (paid to banks, etc.)	16a	a Travel	24a
b	Other	16b	b Deductible meals (see instructions)	24b
17	Legal and professional services	17	25 Utilities	25
18			26 Wages (less employment credits)	26
19			27a Other expenses (from line 48)	27a
20			b Reserved for future use	27b
21				
22				
23				
24				
25				
26				
27				
28	Total expenses before expenses for business use of home. Add lines 8 through 27a	28		
29	Tentative profit or (loss). Subtract line 28 from line 7	29		
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30		
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	31		
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited.			

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

FORM 1040

SCHEDULE C

PAGE 2

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation	<input type="checkbox"/> Yes <input type="checkbox"/> 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) _____ / _____ / _____	
44	Of the total number of miles you drove your vehicle during 2022, enter the number of miles you used your vehicle for: a Business _____ b Commuting (see instructions) _____ c Other _____	
45	Was your vehicle available for personal use during off-duty hours?	<input type="checkbox"/> Yes <input type="checkbox"/> No
46	Do you (or your spouse) have another vehicle available for personal use?	<input type="checkbox"/> Yes <input type="checkbox"/> No
47a	Do you have evidence to support your deduction?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	b If "Yes," is the evidence written?	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

48	Total other expenses. Enter here and on line 27a	48
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FORM 1099

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115		Miscellaneous Information
		\$	Form 1099-MISC		
		2 Royalties	(Rev. January 2024)		
		\$	For calendar year		
		3 Other income	4 Federal income tax withheld		Copy B For Recipient
		\$	\$		
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds	6 Medical and health care payments		
		\$	\$		
RECIPIENT'S name		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest		
Street address (including apt. no.)		9 Crop insurance proceeds	10 Gross proceeds paid to an attorney		
		\$	\$		
City or town, state or province, country, and ZIP or foreign postal code		11 Fish purchased for resale	12 Section 409A deferrals		
		\$	\$		
		13 FATCA filing requirement <input type="checkbox"/>	15 Nonqualified deferred compensation		
		\$	\$		
Account number (see instructions)		16 State tax withheld	17 State/Payer's state no.	18 State income	
		\$		\$	
		\$		\$	

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

FORM 1040

SCHEDULE E

SCHEDULE E (Form 1040)		Supplemental Income and Loss (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)		OMB No. 1545-0047	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-NR, or 1041. Go to www.irs.gov/ScheduleE for instructions and the latest information.		2023 Attachment Sequence No. 13	
Name(s) shown on return				Your social security number	
Part I Income or Loss From Rental Real Estate and Royalties					
Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.					
A Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions				<input type="checkbox"/> Yes <input type="checkbox"/> No	
B If "Yes," did you or will you file required Form(s) 1099?				<input type="checkbox"/> Yes <input type="checkbox"/> No	
1a Physical address of each property (street, city, state, ZIP code)					
A					
B					
C					
1b Type of Property (from list below)		2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.		Fair Rental Days	Personal Use Days
A		A			<input type="checkbox"/>
B		B			<input type="checkbox"/>
C		C			<input type="checkbox"/>
Type of Property:					
1 Single Family Residence		3 Vacation/Short-Term Rental		5 Land	
2 Multi-Family Residence		4 Commercial		6 Royalties	
				7 Self-Rental	
				8 Other (describe) _____	
Income:		Properties:			
		A B C			
3 Rents received		3			
4 Royalties received		4			
Expenses:					
5 Advertising		5			
6 Auto and travel (see instructions)		6			
7 Cleaning and maintenance		7			
8 Commissions		8			
9 Insurance		9			
10 Legal and other professional fees		10			
11 Management fees		11			
12 Mortgage interest paid to banks, etc. (see instructions)		12			
13 Other interest		13			
14 Repairs		14			
15 Supplies		15			
16 Taxes		16			
17 Utilities		17			
18 Depreciation expense or depletion		18			
19 Other (list)		19			
20 Total expenses. Add lines 5 through 19		20			
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21			
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)		22 () () ()			
23a Total of all amounts reported on line 3 for all rental properties		23a			
b Total of all amounts reported on line 4 for all royalty properties		23b			
c Total of all amounts reported on line 12 for all properties		23c			
d Total of all amounts reported on line 18 for all properties		23d			
e Total of all amounts reported on line 20 for all properties		23e			
24 Income. Add positive amounts shown on line 21. Do not include any losses		24			
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here		25 ()			
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2		26			

FORM 1040

SCHEDULE E

PG 2

Schedule E (Form 1040) 2023		Attachment Sequence No. 13		Page 2		
Name(s) shown on return. Do not enter name and social security number if shown on other side.			Your social security number			
Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.						
Part II Income or Loss From Partnerships and S Corporations						
Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you must check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (f) on line 28 and attach Form 6198. See instructions.						
27	Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section					<input type="checkbox"/> Yes <input type="checkbox"/> No
28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Passive Income and Loss			Nonpassive Income and Loss			
(g) Passive loss allowed (attach Form 8582 if required)		(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1	
A						
B						
C						
D						
29a	Totals					
b	Totals					
30	Add columns (h) and (k) of line 29a					30
31	Add columns (g), (i), and (j) of line 29b					31
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31					32
Part III Income or Loss From Estates and Trusts						
33	(a) Name				(b) Employer identification number	
A						
B						
Passive Income and Loss			Nonpassive Income and Loss			
(c) Passive deduction or loss allowed (attach Form 8582 if required)		(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1		
A						
B						
34a	Totals					
b	Totals					
35	Add columns (d) and (f) of line 34a					35
36	Add columns (c) and (e) of line 34b					36
37	Total estate and trust income or (loss). Combine lines 35 and 36					37
Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) — Residual Holder						
38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b	
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below					39
Part V Summary						
40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below					40
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Schedule 1 (Form 1040), line 5					41
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1085), box 14, code B; Schedule K-1 (Form 1120-S), box 17, code AN; and Schedule K-1 (Form 1041), box 14, code F. See instructions					42
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040, Form 1040-SR, or Form 1040-NR from all rental real estate activities in which you materially participated under the passive activity loss rules					43

K1'S

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2023

For calendar year 2023, or tax year

beginning / / 2023 ending / /

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

Part I Information About the Partnership																	
A	Partnership's employer identification number																
B	Partnership's name, address, city, state, and ZIP code																
C	IRS center where partnership filed return:																
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)																
Part II Information About the Partner																	
E	Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)																
F	Name, address, city, state, and ZIP code for partner entered in E. See instructions.																
G	<input type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member																
H1	<input type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner																
H2	<input type="checkbox"/> If the partner is a disregarded entity (DE), enter the partner's: TIN _____ Name _____																
I1	What type of entity is this partner? _____																
I2	If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here <input type="checkbox"/>																
J	Partner's share of profit, loss, and capital (see instructions):																
	<table><thead><tr><th colspan="2">Beginning</th><th colspan="2">Ending</th></tr></thead><tbody><tr><td>Profit</td><td>%</td><td></td><td>%</td></tr><tr><td>Loss</td><td>%</td><td></td><td>%</td></tr><tr><td>Capital</td><td>%</td><td></td><td>%</td></tr></tbody></table>	Beginning		Ending		Profit	%		%	Loss	%		%	Capital	%		%
Beginning		Ending															
Profit	%		%														
Loss	%		%														
Capital	%		%														
	Check if decrease is due to: <input type="checkbox"/> Sale or <input type="checkbox"/> Exchange of partnership interest. See instructions.																
K1	Partner's share of liabilities:																
	<table><thead><tr><th colspan="2">Beginning</th><th colspan="2">Ending</th></tr></thead><tbody><tr><td>Nonrecourse</td><td>\$</td><td></td><td>\$</td></tr><tr><td>Qualified nonrecourse financing</td><td>\$</td><td></td><td>\$</td></tr><tr><td>Recourse</td><td>\$</td><td></td><td>\$</td></tr></tbody></table>	Beginning		Ending		Nonrecourse	\$		\$	Qualified nonrecourse financing	\$		\$	Recourse	\$		\$
Beginning		Ending															
Nonrecourse	\$		\$														
Qualified nonrecourse financing	\$		\$														
Recourse	\$		\$														
K2	Check this box if item K1 includes liability amounts from lower-tier partnerships <input type="checkbox"/>																
K3	Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions <input type="checkbox"/>																
L Partner's Capital Account Analysis																	
	Beginning capital account - - - \$																
	Capital contributed during the year - - - \$																
	Current year net income (loss) - - - \$																
	Other increase (decrease) (attach explanation) \$																
	Withdrawals and distributions - - - \$ ()																
	Ending capital account - - - - \$																
M	Did the partner contribute property with a built-in gain (loss)? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach statement. See instructions.																
N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)																	
	Beginning - - - - - \$																
	Ending - - - - - \$																

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	19	Distributions
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		
*See attached statement for additional information.			
For IRS Use Only			

1120

CORPORATION

Form 1120 Department of the Treasury Internal Revenue Service		U.S. Corporation Income Tax Return For calendar year 2023 or tax year beginning _____, 2023, ending _____, 20____ Go to www.irs.gov/Form1120 for instructions and the latest information.		OMB No. 1545-0123 2023	
A Check it: 1a Consolidated return (attach Form 991) b Life/nonlife consolidated return 2 Personal holding co. (attach Sch. PH) 3 Personal service corp. (see instructions) 4 Schedule M-3 attached		TYPE OR PRINT	Name Number, street, and room or suite no. If a P.O. box, see instructions. City or town, state or province, country, and ZIP or foreign postal code	B Employer identification number C Date incorporated D Total assets (see instructions) \$	
E Check it: (1) Initial return (2) Final return (3) Name change (4) Address change					
Income	1a Gross receipts or sales	1a			
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a.	1c			
	2 Cost of goods sold (attach Form 1125-A)	2			
	3 Gross profit. Subtract line 2 from line 1c.	3			
	4 Dividends and inclusions (Schedule C, line 23)	4			
	5 Interest	5			
	6 Gross rents	6			
	7 Gross royalties	7			
	8 Capital gain net income (attach Schedule D (Form 1120))	8			
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9			
10 Other income (see instructions—attach statement)	10				
11 Total income. Add lines 3 through 10.	11				
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions—attach Form 1125-E)	12			
	13 Salaries and wages (less employment credits)	13			
	14 Repairs and maintenance	14			
	15 Bad debts	15			
	16 Rents	16			
	17 Taxes and licenses	17			
	18 Interest (see instructions)	18			
	19 Charitable contributions	19			
	20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20			
	21 Depletion	21			
	22 Advertising	22			
	23 Pension, profit-sharing, etc., plans	23			
	24 Employee benefit programs	24			
	25 Energy efficient commercial buildings deduction (attach Form 7205)	25			
	26 Other deductions (attach statement)	26			
	27 Total deductions. Add lines 12 through 26.	27			
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11.	28			
29a Net operating loss deduction (see instructions)	29a				
b Special deductions (Schedule C, line 24)	29b				
c Add lines 29a and 29b.	29c				
Tax, Refundable Credits, and Payments	30 Taxable income. Subtract line 29c from line 28. See instructions.	30			
	31 Total tax (Schedule J, Part I, line 11)	31			
	32 Reserved for future use	32			
	33 Total payments and credits (Schedule J, Part II, line 23)	33			
	34 Estimated tax penalty. See instructions. Check if Form 2220 is attached.	34			
	35 Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed.	35			
	36 Overpayment. If line 33 is larger than the total of lines 31 and 34, enter amount overpaid.	36			
	37 Enter amount from line 36 you want: Credited to 2024 estimated tax Refunded	37			
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
	Signature of officer	Date	Title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name	Firm's EIN			
	Firm's address	Phone no.			
For Paperwork Reduction Act Notice, see separate instructions.					
Cat. No. 11450Q Form 1120 (2023)					

1120S

S CORPORATION

Form 1120-S	U.S. Income Tax Return for an S Corporation	OMB No. 1545-0123		
Department of the Treasury Internal Revenue Service	Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Go to www.irs.gov/Form1120S for instructions and the latest information.	2023		
For calendar year 2023 or tax year beginning , 2023, ending , 20				
A S election effective date	NAME	D Employer identification number		
B Business activity code number (see instructions)	TYPE OR PRINT	E Date incorporated		
C Check if Sch. M-3 attached <input type="checkbox"/>	Number, street, and room or suite no. If a P.O. box, see instructions.	F Total assets (see instructions)		
	City or town, state or province, country, and ZIP or foreign postal code	\$		
G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No				
H Check if: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return (5) <input type="checkbox"/> S election termination				
I Enter the number of shareholders who were shareholders during any part of the tax year				
J Check if corporation: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				
Caution: Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.				
Income	1a Gross receipts or sales	b Less returns and allowances	c Balance	1c
	2 Cost of goods sold (attach Form 1125-A)			2
	3 Gross profit. Subtract line 2 from line 1c			3
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4
	5 Other income (loss) (see instructions—attach statement)			5
	6 Total income (loss). Add lines 3 through 5			6
Deductions (see instructions for limitations)	7 Compensation of officers (see instructions—attach Form 1125-E)			7
	8 Salaries and wages (less employment credits)			8
	9 Repairs and maintenance			9
	10 Bad debts			10
	11 Rents			11
	12 Taxes and licenses			12
	13 Interest (see instructions)			13
	14 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14
	15 Depletion (Do not deduct oil and gas depletion.)			15
	16 Advertising			16
	17 Pension, profit-sharing, etc., plans			17
	18 Employee benefit programs			18
	19 Energy efficient commercial buildings deduction (attach Form 7205)			19
	20 Other deductions (attach statement)			20
21 Total deductions. Add lines 7 through 20			21	
22 Ordinary business income (loss). Subtract line 21 from line 6			22	
Tax and Payments	23a Excess net passive income or LIFO recapture tax (see instructions)	23a		
	b Tax from Schedule D (Form 1120-S)	23b		
	c Add lines 23a and 23b (see instructions for additional taxes)			23c
	24a Current year's estimated tax payments and preceding year's overpayment credited to the current year	24a		
	b Tax deposited with Form 7004	24b		
	c Credit for federal tax paid on fuels (attach Form 4136)	24c		
	d Elective payment election amount from Form 3800	24d		
	z Add lines 24a through 24d			24z
	25 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			25
	26 Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed			26
27 Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid			27	
28 Enter amount from line 27: Credited to 2024 estimated tax Refunded			28	
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of officer	Date	Title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	
	Firm's name		Check <input type="checkbox"/> if self-employed PTIN	
	Firm's address		Firm's EIN	
			Phone no.	
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form 1120-S (2023)				

W2 FORMS

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	
		11 Nonqualified plans		12a	
		13 Statutory employee Retirement plan Third-party sick pay		12b	
		14 Other		12c	
f Employee's address and ZIP code				12d	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	
18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2023

Department of the Treasury—Internal Revenue Service

1065

PARTNERSHIP

Form 1065	U.S. Return of Partnership Income		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service	For calendar year 2022, or tax year beginning _____, 2022, ending _____, 20_____		2022	
Go to www.irs.gov/Form1065 for instructions and the latest information.				
A Principal business activity	Type or Print	Name of partnership	D Employer identification number	
B Principal product or service		Number, street, and room or suite no. If a P.O. box, see instructions.	E Date business started	
C Business code number		City or town, state or province, country, and ZIP or foreign postal code	F Total assets (see instructions) \$ _____	
G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return				
H Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify): _____				
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year: _____				
J Check if Schedules C and M-3 are attached <input type="checkbox"/>				
K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				
Caution: Include only trade or business income and expenses on lines 1a through 22 below. See instructions for more information.				
Income	1a Gross receipts or sales	1a		
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a		1c	
	2 Cost of goods sold (attach Form 1125-A)		2	
	3 Gross profit. Subtract line 2 from line 1c		3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))		5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		6	
7 Other income (loss) (attach statement)		7		
8 Total income (loss). Combine lines 3 through 7		8		
Deductions <small>(see instructions for limitations)</small>	9 Salaries and wages (other than to partners) (less employment credits)		9	
	10 Guaranteed payments to partners		10	
	11 Repairs and maintenance		11	
	12 Bad debts		12	
	13 Rent		13	
	14 Taxes and licenses		14	
	15 Interest (see instructions)		15	
	16a Depreciation (if required, attach Form 4562)	16a		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b	16c	
	17 Depletion (Do not deduct oil and gas depletion.)		17	
	18 Retirement plans, etc.		18	
	19 Employee benefit programs		19	
20 Other deductions (attach statement)		20		
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20		21		
22 Ordinary business income (loss). Subtract line 21 from line 8		22		
Tax and Payment	23 Interest due under the look-back method—completed long-term contracts (attach Form 8697)		23	
	24 Interest due under the look-back method—income forecast method (attach Form 8866)		24	
	25 BBA AAR imputed underpayment (see instructions)		25	
	26 Other taxes (see instructions)		26	
	27 Total balance due. Add lines 23 through 26		27	
	28 Payment (see instructions)		28	
	29 Amount owed. If line 28 is smaller than line 27, enter amount owed		29	
	30 Overpayment. If line 28 is larger than line 27, enter overpayment		30	
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information of which preparer has any knowledge.			
	Signature of partner or limited liability company member _____		Date _____	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name			Firm's EIN
	Firm's address			Phone no.
For Paperwork Reduction Act Notice, see separate instructions.				
Cat. No. 11390Z Form 1065 (2022)				



THANK YOU!



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