



For Arch MI and Arch MI for Credit Unions

Master the Mystery

Navigating and Evaluating Personal Tax Returns

an INCOME ANALYSIS course





Legal Disclaimer



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Objectives



Learn Tax Return Fundamentals.

- When and Why Tax Returns Are Needed.
- If Tax Returns Are Complete.

Understand Income Trending.

Introduction to the AMITRAC.

Analyze and Become Familiar With:

- 1040 Page 1.
- 1040 Page 2.
- 1040 Schedule 1.
- Schedule B.
- Schedule D.
- Schedule E.





New Schedules and How to Know If They are Needed



Schedule	Tax Yea	r 2018	Tax Yea	rs 2019	Tax Year 2020		
	What's it for?	Where to look on the 1040.	What's it for?	Where to look on the 1040.	What's it for?	Where to look on the 1040.	
Schedule 1	Additional Income and Adjustments to Income	Page 2, Line 6	Additional Income and Adjustments to Income	Page 1, Line 8a	Additional Income and Adjustments to Income	Page 1, Line 8 Important!	
Schedule A	Itemized Deductions	Page 2, Line 8	Itemized Deductions	Page 1, Line 9	Itemized Deductions	Page 1, Line 12	
deduction	Qualified Business Income Deduction	Page 2, Line 9	Qualified Business Income Deduction	Page 1, Line 10	Qualified Business Income Deduction	Page 1, Line 13	
Schedule 2	Tax	Page 2, Line 11b	Additional Taxes	Page 2, Line 12b Page 2, Line 15	Additional Taxes	Page 2, Line 17 Page 2, Line 23	
Schedule 3	Nonrefundable Credits	Page 2, Line 12b	Additional Credits & Payments	Page 2, Line 13b Page 2, Line 18d	Additional Credits & Payments	Page 2, Line 20 Page 2, Line 31	
Schedule 4	Other Taxes	Page 2, Line 14	n	/a	r	n/a	
Schedule 5	Other Payments and Refundable Credits	Page 2, Line 17	n	/a Retired	2019	n/a	





The Fundamentals Overview





General Guidelines – Why Tax Returns?



- Independent third party.
- Typically uninflated.
- IRS transcripts.





When To Obtain Tax Returns



- Family member or interested third party.
- Temporary or periodic employment (or unemployment).
- Capital gains, royalties, real estate or other.
- Dividend or interest.
- Foreign income.

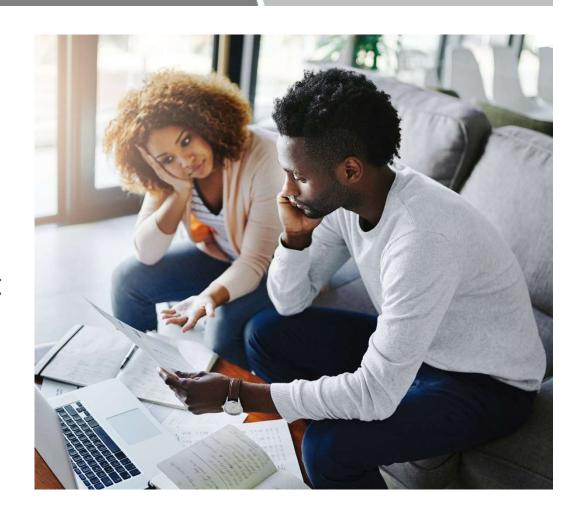
- Rental income from an investment property.
- Self-employed.
- Income that cannot otherwise be verified independently.
- Grossing up non-taxable income.



When Tax Returns Are Optional



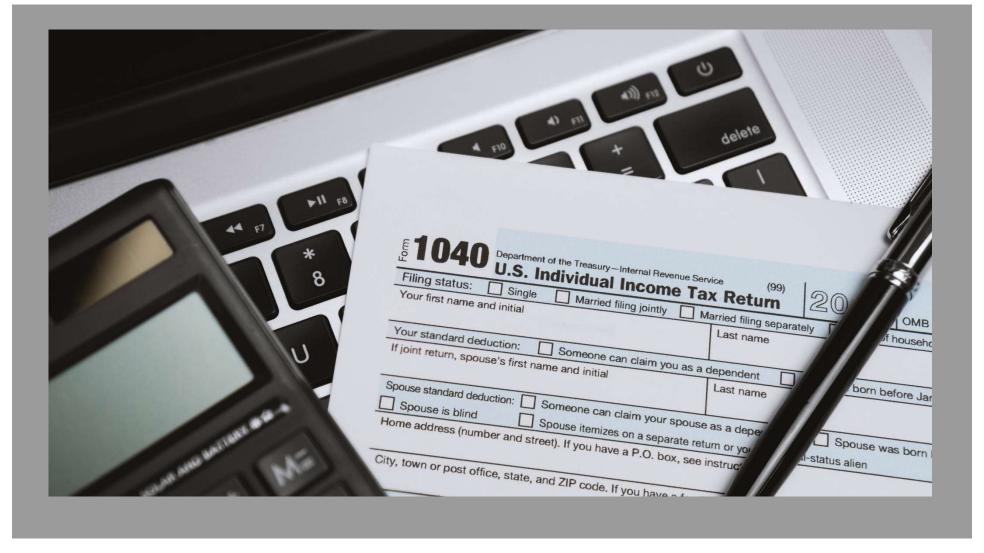
- Alimony.
- Social security income.
- Trust income.
- Pension/retirement.
- Seasonal unemployment benefits.





Complete Tax Returns







1040 Page One



Filing Status				a mer	0.450	ET account			rite or staple in this space.
Check only	100000	Single Married filing jointly	The second second					THE PERSONS AND THE	lifying widow(er) (QW)
one box.	100000000000000000000000000000000000000	u checked the MFS box, enter the on is a child but not your depende		your spouse. If yo	ou checke	d the HOH or	2W box, enter th	e child's	name if the qualifying
Your first name	1 125 15		Last na	me				Your so	cial security number
			100000						
If joint return, sp	oouse's	first name and middle initial	Last na	me				Spouse'	s social security number
Home address	numbe	r and street). If you have a P.O. box, se	e instructi	ons.			Apt. no.	Preside	ntial Election Campaigr
									nere if you, or your
City, town, or p	ost offic	ce. If you have a foreign address, also	complete s	paces below.	State	2	IP code		if filing jointly, want \$3 this fund. Checking a
						18		box belo	ow will not change
Foreign country	name			Foreign province/st	ate/county	F	oreign postal code	your tax	or refund.
									You Spouse
At any time du	ring 20	20, did you receive, sell, send, ex	change,	or otherwise acqu	ire any fir	nancial interest	in any virtual cu	rrency?	Yes No
Standard	Som	eone can claim: You as a c	sependen	t Your spo	ouse as a	dependent		- (/)	
Deduction		Spouse itemizes on a separate ret							
								1110000000	
Age/Blindness	You:	Were born before January 2,	1956	Are blind	Spouse:	Was born	before January 2	, 1956	Is blind
Dependents	Isee	inata intional:			4.00	2222			desire frankrisiski medicinalis
A Long Mary London Company				(2) Social sec	urity	(3) Relationship	10,755,755,100,100,765	A	r (see instructions):
If more		irst name Last name		(2) Social sec number	urity	(3) Relationship to you	(4) V if qu Child tax or	A	
If more than four					urity		10,755,755,100,100,765	A	
If more than four dependents,	(1) F				urity		10,755,755,100,100,765	A	
If more than four dependents, see instructions and check	(1) F				urity		10,755,755,100,100,765	A	Credit for other dependents
If more than four dependents, see instructions and check here ▶ □	(1) F	irst name Last name		number	urity		10,755,755,100,100,765	edit	
If more than four dependents, see instructions and check here	(1) Fi	irst name Last name Wages, salaries, tips, etc. Attach	1000031 Maria	number	urity		10,755,755,100,100,765	edit . 1	
If more than four dependents, see instructions and check here	(1) Fi	wages, salaries, tips, etc. Attach	2a	number		to you	Child tax or	. 1 . 2b	
If more than four dependents, see instructions and check here	(1) Fi	Wages, salaries, tips, etc. Attach Tax-exempt interest	2a 3a	number	b Tax	to you xable interest	Child tax or	. 1 . 2b . 3b	
If more than four dependents, see instructions and check here	1 2a 3a 4a	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions	2a 3a 4a	number	b Tax	to you xable interest dinary dividence amount	Child tax or	1 2b 3b 4b	
If more than four dependents, see instructions and check here ▶ ☐ Attach Sch. B if	1 2a 3a 4a 5a	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities	2a 3a 4a 5a	number	b Tax b Ord b Tax b Tax	to you xable interest dinary dividence xable amount xable amount	Child tax or	1 2b 3b 4b 5b	
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If more than four dependents, see instructions and check here	1 2a 3a 4a 5a 6a 7	Wages, salaries, tips, etc. Attach Tax-exempt interest . Qualified dividends . IRA distributions . Pensions and annuities . Social security benefits . Capital gain or (loss). Attach Sch	2a 3a 4a 5a 6a	number NW-2	b Tax b Ord b Tax b Tax b Tax equired, o	xable interest dinary dividenc xable amount xable amount xable amount check here	Child tax or	1 2b 3b 4b 5b 6b 7	
If more than four dependents, see instructions and check here I Attach Sch. B if required.	1 2a 3a 4a 5a 6a 7 8	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions . Pensions and annuities . Social security benefits . Capital gain or (loss). Attach Sch Other income from Schedule 1, I	2a 3a 4a 5a 6a sedule D i	number NW-2	b Tax b Ord b Tax b Tax b Tax equired, o	xable interest dinary dividenc xable amount xable amount xable amount	Child tax or	1 2b 3b 4b 5b 6b 7 8	
If more than four dependents, see instructions and check here Attach Sch. B if required. Attandard heduction for— Single or Married filing separately, \$12,400	1 2a 3a 4a 5a 6a 7 8	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities Social security benefits Capital gain or (loss). Attach Sch Other income from Schedule 1, I Add lines 1, 2b, 3b, 4b, 5b, 6b, 7	2a 3a 4a 5a 6a sedule D i	number NW-2	b Tax b Ord b Tax b Tax b Tax equired, o	xable interest dinary dividenc xable amount xable amount xable amount	Child tax or	1 2b 3b 4b 5b 6b 7	
If more than four dependents, see instructions and check here ▶ ☐ Attach Sch. B if required. Standard deduction for—Single or Married filing separately, \$12,400	1 2a 3a 4a 5a 6a 7 8	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities . Social security benefits Capital gain or (loss). Attach Sch Other income from Schedule 1, . Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income:	2a 3a 4a 5a 6a sedule D i	number NW-2	b Tax b Ord b Tax b Tax b Tax equired, o	xable interest dinary dividenc xable amount xable amount xable amount	Child tax or	1 2b 3b 4b 5b 6b 7 8	
If more than four dependents, see instructions and check here ▶ ☐ Attach Sch. B if required. Attandard deduction for—Single or Married filing separately, \$12,400 Married filing jointly or Qualifying	1 2a 3a 4a 5a 6a 7 8	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities . Social security benefits . Capital gain or (loss). Attach Sch Other income from Schedule 1, Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income: From Schedule 1, line 22	2a 3a 4a 5a 6a edule D iine 9	number W-2 f required. If not r This is your total i	b Tau b Orro b Tau b Tau b Tau equired, o	to you xable interest dinary dividenc xable amount xable amount check here	Child tax or	1 2b 3b 4b 5b 6b 7 8	
If more than four dependents, see instructions and check here Attach Sch. B if required. Attandard heduction for— Single or Married filing separately, \$12,400 Married filing jointly or Qualifying widow(er),	1 2a 3a 4a 5a 6a 7 8 9	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities Social security benefits Capital gain or (loss). Attach Sch Other income from Schedule 1, I Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income: From Schedule 1, line 22 Charitable contributions if you take	2a 3a 4a 5a 6a edule D ine 9. 7, and 8.1	required. If not r	b Tau b Ord b Tau b Tau b Tau equired, o	to you xable interest dinary dividency xable amount xable amount xable amount check here 10a	Child tax or	1 2b 3b 4b 6b 78 9	Credit for other dependent
If more than four dependents, see instructions and check here ▶ ☐ Attach Sch. B if required. Attach Sch. B if required. Attach Sch. B if required fling jointly or Qualifying widow(er), \$24,800	1 2a 3a 4a 5a 6a 7 8 9	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities Social security benefits Capital gain or (loss). Attach Sch Other income from Schedule 1, I Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income: From Schedule 1, line 22 Charitable contributions if you tal Add lines 10a and 10b. These ar	2a 3a 4a 5a 6a edule D i ine 9	required. If not remainded deduction. Ital adjustments	b Tax b Orr b Tax b Tax cequired, concerning	to you xable interest dinary dividency xable amount xable amount xable amount check here 10a	Child tax or	1 2b 3b 4b 5b 6b 7 8 9	Credit for other dependent
If more than four dependents, see instructions and check here >	1 2a 3a 4a 5a 6a 7 8 9	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities Social security benefits Capital gain or (loss). Attach Sch Other income from Schedule 1, I Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income: From Schedule 1, line 22 Charitable contributions if you take	2a 3a 4a 5a 6a edule D i ine 9	required. If not remainded deduction. Ital adjustments	b Tax b Orr b Tax b Tax cequired, concerning	to you xable interest dinary dividency xable amount xable amount xable amount check here 10a	Child tax or	1 2b 3b 5b 6b 7 8 9	Credit for other dependent
If more than four dependents, see instructions and check here ▶ □ Attach Sch. B if required. Standard Deduction for—Single or Married filing separately, \$12,400 Married filing jointly or Qualifying widow(er), \$24,800 Heausehold, \$18,650 If you checked	1 2a 3a 4a 5a 6a 7 8 9 10 a b c 11 12	Wages, salaries, tips, etc. Attach Tax-exempt interest Qualified dividends IRA distributions Pensions and annuities Social security benefits Capital gain or (loss). Attach Sch Other income from Schedule 1, I Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income: From Schedule 1, line 22 Charitable contributions if you tak Add lines 10a and 10b. These ar Subtract line 10c from line 9. Thi Standard deduction or itemize	2a 3a 4a 5a 6a 6a edule D i ine 9 7, and 8.1	required. If not recommended in the second of the second o	b Tax b Ord b Tax b Tax equired, of	xable interest dinary dividenc xable amount xable amount check here	Child tax or	1 2b 3b 4b 5b 6b 7 8 9	Credit for other dependent
If more than four dependents, see instructions and check here ▶ □ Attach Sch. B if required. Standard Deduction for—Single or Married filing separately, \$12,400 Married filing jointly or Qualifying widow(er), \$24,800 Head of household, \$18,650 Hyou checked any box under Standard	1 2a 3a 4a 5a 6a 7 8 9 10 a b c 11	Wages, salaries, tips, etc. Attach Tax-exempt interest . Qualified dividends . IRA distributions . Pensions and annuities . Social security benefits . Capital gain or (loss). Attach Sch Other income from Schedule 1, I Add lines 1, 2b, 3b, 4b, 5b, 6b, 7 Adjustments to income: From Schedule 1, line 22 . Charitable contributions if you take Add lines 10a and 10b. These ar Subtract line 10c from line 9. Thi	2a 3a 4a 5a 6a 6a edule D i ine 9 7, and 8.1	required. If not recommended in the second of the second o	b Tax b Ord b Tax b Tax equired, of	xable interest dinary dividenc xable amount xable amount check here	Child tax or	1 2b 3b 5b 6b 7 8 9	Credit for other dependent
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1040 Page 2



)						1	Page
	16	Tax (see instructions). Check if any from Form(s	s): 1 📗 881	4 2 4972	3 🗌	-0.00	. 16	*
	17	Amount from Schedule 2, line 3					. 17	
	18	Add lines 16 and 17					. 18	
	19	Child tax credit or credit for other dependents			10 10 10		. 19	
	20	Amount from Schedule 3, line 7					. 20	
	21	Add lines 19 and 20					. 21	
	22	Subtract line 21 from line 18. If zero or less, er	nter -0				. 22	
	23	Other taxes, including self-employment tax, from	om Scheduk	e 2, line 10			. 23	
	24	Add lines 22 and 23. This is your total tax .					▶ 24	
	25	Federal income tax withheld from:					(A) 2 - ()	
	а	Form(s) W-2			25a			
	ь	Form(s) 1099	12 12 12 1		25b			
	c	Other forms (see instructions)			25c			
	d	Add lines 25a through 25c		is the tile tile tile.			. 25d	
	26	2020 estimated tax payments and amount app	nlied from 20	110 return	1. 1. 1.		26	-
If you have a L qualifying child,	27	: (2018년 - 1918년 - 191			27	10 10	. 20	
attach Sch. ElC.	-	Earned income credit (EIC)			-			
If you have nontaxable	28	Additional child tax credit. Attach Schedule 88			28		_	
combat pay,	29	American opportunity credit from Form 8863,			29		_	
see instructions.	30	Recovery rebate credit. See instructions			30		_	
	31	Amount from Schedule 3, line 13						
	32	Add lines 27 through 31. These are your total	32					
	33	Add lines 25d, 26, and 32. These are your total	al payments		2 2 2		-	-
Refund	34	If line 33 is more than line 24, subtract line 24	from line 33.	This is the amoun	t you overp	aid .	. 34	
	35a	Amount of line 34 you want refunded to you.	If Form 8888	3 is attached, chec	k here .	>	35a	1
Direct deposit?	▶ b	Routing number		▶ c Type:	Checking	Savi	ngs	
See instructions.	► d	Account number						
	36	Amount of line 34 you want applied to your 20	021 estimate	ed tax ►	36			
Amount	37	Subtract line 33 from line 24. This is the amou	unt you owe	now	n# n# n# :		▶ 37	
You Owe		Note: Schedule H and Schedule SE filers, li	ne 37 may r	not represent all o	f the taxes	vou owe	for	
For details on now to pay, see		2020. See Schedule 3, line 12e, and its instruc-			n market			
nstructions.	38	Estimated tax penalty (see instructions)		🕨	38			
			ice this rotu	diamente de la constitución de l	0			the Aires
Third Party	Do	you want to allow another person to discu		m with the IRS?	266		lete below	. No
		tructions				s. Comp		
	ins Des	tructions	Phone			Personal	dentification	_
Designee	Ins Des	tructions	Phone		► □Ye	Personal number (dentification	n
Designee	Des nan	tructions	Phone no. >	d accompanying sche	Ye Ye	Personal number (i	dentification	est of my knowledge ar
Designee Sign	Des nan Und beli	tructions ignee's ne from the state of perjury, I declare that I have examined ef, they are true, correct, and complete. Declaration of	Phone no P	d accompanying sche	Ye Ye	Personal number (i	identification IN) and to the be which prepare	est of my knowledge ar arer has any knowledge
Designee '	Des nan Und beli	tructions ignee's for penalties of perjury, I declare that I have examined ef, they are true, correct, and complete. Declaration of	Phone no. >	d accompanying sche	Ye Ye	Personal number (i	identification IN and to the be which preparation If the IRS a	est of my knowledge ar arer has any knowledge ent you an Identity
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Sign Here Joint return? See instructions. Geep a copy for	Ins Des nan Und beli You	tructions ignee's • Property of the period	Phone no. > Ithis return and preparer (other	d accompanying sche	► Y e	Personal number (i	ind to the big which prepared from the IRS seprotection (see inst.) If the IRS seldentity Pro-	est of my knowledge ar arer has any knowledge ent you an Identity PIN, enter it here
Sign Here loint return? see instructions. Keep a copy for	Ins Des nan Und beli You	tructions ignee's • Property of the period	Phone no. > Ithis return and preparer (other	d accompanying sche r than taxpayer) is bad Your occupation	► Y e	Personal number (i	end to the be which prepared in the IRS and to the IRS and to the IRS and the	est of my knowledge ar arer has any knowledge ent you an Identity PIN, enter it here
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Sign Here Joint return? See instructions. (see a copy for our records.	Ins Des nan Unc beli You Spo	tructions	Phone no bithis return and preparer (other Date	d accompanying sche r than taxpayer) is bad Your occupation	► Y e	Personal number (i	dentification Ind to the bowhich prepare If the IRS some protection (see inst.) If the IRS some lidentity Protection (see inst.)	est of my knowledge ar arer has any knowledge. ent you an identity PIN, enter it here
Sign Here Joint return? See instructions. Geep a copy for your records.	Ins Des nan Unc beli You Spo	tructions ignee's a b der penalties of perjury, I declare that I have examined ef, they are true, correct, and complete. Declaration of or signature I	Phone no bithis return and preparer (other Date	d accompanying sche r than taxpayer) is bar Your occupation	Yesdules and stated on all info	Personal number (f atements, a rmation of	dentification Ind to the bowhich prepare If the IRS some protection (see inst.) If the IRS some lidentity Protection (see inst.)	est of my knowledge ar arer has any knowledge. ent you an Identity PIN, enter it here
Sign Here loint return? see instructions. (see a copy for our records.	Spot	tructions ignee's a b der penalties of perjury, I declare that I have examined ef, they are true, correct, and complete. Declaration of or signature I	Phone no bithis return and preparer (other Date	d accompanying sche r than taxpayer) is bar Your occupation	Yesdules and stated on all info	Personal number (f atements, a rmation of	dentification Ind to the bowhich prepare If the IRS some protection (see inst.) If the IRS some lidentity Protection (see inst.)	est of my knowledge ar arer has any knowledge. ent you an Identity PIN, enter it here ent your spouse an otection PIN, enter it here Check if:



1040 Schedule 1



Form	EDULE 1 1040) ent of the Treasury Revenue Service	2020 Attachment Sequence No. 01	
Vame	our social security number		
Par	t Additiona	al Income	40 00
1	Taxable refund	ls, credits, or offsets of state and local income taxes	. 1
2a	Alimony receiv	ed	. 2a
b	Date of original	divorce or separation agreement (see instructions) ▶	
3		ne or (loss). Attach Schedule C	11/2/2009
4	Other gains or	(losses). Attach Form 4797	. 4
5	Rental real esta	te, royalties, partnerships, S corporations, trusts, etc. Attach Schedul	le E 5
6	Farm income of	or (loss). Attach Schedule F	. 6
7	Unemploymen	t compensation	. 7
8	Other income.	List type and amount ▶	Name of the last o
			8
9		1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-I	V21
Par		ents to Income	. 9
10	Educator expe	nses	. 10
11	Certain busines	ss expenses of reservists, performing artists, and fee-basis governm	ent
	officials. Attach	Form 2106	. 11
12	Health savings	account deduction. Attach Form 8889	. 12
13	Moving expens	ses for members of the Armed Forces. Attach Form 3903	. 13
14	Deductible par	t of self-employment tax. Attach Schedule SE	. 14
15	Self-employed	SEP, SIMPLE, and qualified plans	. 15
16	Self-employed	health insurance deduction	. 16
17	Penalty on earl	ly withdrawal of savings	. 17
18a	Alimony paid .		. 18a
b	Recipient's SS	N	and the second
C	Date of original	divorce or separation agreement (see instructions)	
19	IRA deduction		. 19
20	Student loan in	nterest deduction	. 20
21	Tuition and fee	s deduction. Attach Form 8917	. 21
22		hrough 21. These are your adjustments to income. Enter here a 1040-SR, or 1040-NR, line 10a	



How Do You Know If Schedule B Is Needed?



	Single Married filing jointly you checked the MFS box, enter the rson is a child but not your dependent.	e name of your sp	separately (MFS ouse. If you che			The second secon	widow(er) (QW) if the qualifying
Your first name and r	middle initial	Last name				Your social se	curity number
If joint return, spouse	s's first name and middle initial	Last name				Spouse's socia	l security number
Home address (numb	ber and street). If you have a P.O. box,	see instructions.			Apt. no.	Presidential E	ection Campaign
City, town, or post of	ffice. If you have a foreign address, als	complete spaces b	elow. S	itate ZII	P code	spouse if filing	jointly, want \$3 ind. Checking a
Foreign country nam	e	Foreign	province/state/cou	intu Eo		your tax or ref	Contract the second
Schedu	ıle B is requir				Taxab	Y	ou Spouse
Dependents (see	- OR - Ordina	ed if th ry Divid	e amo	ount of	Taxab s \$1,5	le Inte	erest
Dependents (see	- OR - Ordina	ed if th ry Divid	e amo dends	ount of exceed	Taxab s \$1,5	le Inte	erest
Dependents (see	- OR - Ordina	ed if th ry Divid	e amo dends	ount of exceed	Taxab s \$1,5	le Inte	erest
Dependents (see (1) han four lependents, ee instructions and check	- OR - Ordina	ed if th ry Divid	e amo dends	ount of exceed	Taxab s \$1,5	le Inte	erest
Dependents (see f more han four dependents, see instructions and check here >	- OR - Ordina	ed if th	e amo dends	ount of exceed	Taxab s \$1,5	le Inte	erest
Dependents (see i more han four dependents, see instructions and check here > Attach 1 Attach	e instructions): First name Wages, salaries, tips, etc. Attact Tax-exempt interest	ed if th	e amodends Social security number	ount of exceed	Taxab s \$1,5	e Inte	erest
Dependents (see f more (1) than four dependents, see instructions and check here > 1	- OR - Ordina e instructions): First name Last name Wages, salaries, tips, etc. Attached Tax-exempt interest Qualified dividends	ed if th	e amodends Social security number	ount of exceed (3) Relationship to you	Taxab s \$1,5	e Inte	erest



How Do You Know If Schedule D Is Required?



Standard Deduction		Someone can claim: You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien										
Age/Blindness	You:	Were born before January 2, 1956	Are blind Spouse	: Was born be	fore January 2, 1956	Is blind						
Dependents If more	0.1531.536	instructions): rst name Last name	(2) Social security number	(3) Relationship to you	(4) V if qualifies Child tax credit	for (see instructions): Credit for other dependents						
dependents.	_											
	υ,	chedule D is requi Line 7 and the				311						
required. r	3a	Qualified dividends 3a	07/07/5	rdinary dividends	. (39), (39), (39), (39), (19)	Ю						
	4a	IRA distributions 4a	20.00	axable amount .		ь						
	5a	Pensions and annuities 5a	7.3	axable amount .		ib						
tandard eduction for—	6a	Social security benefits 6a		axable amount .		Sib						
Single or	7	Capital gain or (loss). Attach Schedule D it	properties and property and the con-	check here .		7						
Married filing separately,	8	Other income from Schedule 1, line 9 .	Total Comments			9						
\$12,400 Married filing	10	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. T Adjustments to income:	nis is your total income		i na na na ng 🎏 💂	9						
jointly or	a	From Schedule 1, line 22		10a								
Qualifying widow(er),	ь	Charitable contributions if you take the star	dard deduction. See instr	JELJEL BOOK								
\$24,800 Head of	c	Add lines 10a and 10b. These are your tot		3337 7 7 7 7	10	0c						
household	11	Subtract line 10c from line 9. This is your				1						
If you checked	12	Standard deduction or itemized deduct				2						
any box under Standard	13	Qualified business income deduction. Atta	ach Form 8995 or Form 8	995-A		3						
				978								
Deduction, see instructions.	14	Add lines 12 and 13		28 28 28 28 28 2		4						



1040 – Schedule E, Page 2



		SCHEDULE E (Form 1040) Department of the Treasury Internal Revenus Service (99 Name(s) shown on return	The state of the s	tate, royalties, partners Attach to Form 104	al Income and Los ships, S corporations, es 0, 1040-SR, 1040-NR, or for instructions and the	tates, trusts, REMICs, etc.) 1041. latest information.	OMB No. 1545-007- 2020 Attachment Sequence No. 13 at security number	4	
chedu	le E (Form 1040) 20	20		1.00		Attachment Sequ	ence No. 13		Page 2
me(s	shown on return. I	Do not enter name and	i social security n	umber if shown on	other side.		Your so	cial security	number
auti	on: The IRS co	mpares amounts	reported on y	our tax return	with amounts s	hown on Schedule	e(s) K-1.		-
art 7	stock, or computat line 28 an Are you rep	receive a loan repa tion. If you report a id attach Form 619 orting any loss no	yment from an toos from an at- 8. See instruction at allowed in a	S corporation, ye risk activity for v xns. prior year due	ou must check the which any amour to the at-risk of	Note: If you report a e box in column (e) o at is not at risk, you r or basis limitations, oursed partnership	n line 28 and nust check th a prior yea	attach the r ne box in col r unallowed	equired basis lumn (f) on d loss from a
	see instructi	ons before comp	leting this sec	tion				☐ Yes	□ No
8	74100 F3884-340	(a) Name		(b) Enter P for partnership; \$ for S corporation	(c) Check if foreign partnership	(d) Employer identification number	basis co	Check if imputation is quired	(f) Check if any amount is not at risk
						1000000			
						4			
					10				
	Page 1					Managaraha Inc			
	-	sive Income and			ra anno ang mangang ang ang	Nonpassive Inc	-		con manda con v
	(g) Passive lo (attach Form 85)		(h) Passive in from Schedul		lonpassive loss allo (see Schedule K-1)				ssive income redule K-1
					WI				
									3
9a	Totals								
b	Totals						1.5		
0		(h) and (k) of line		SE #33 E	508 ¥53 B +		. 30	,	
11		(g), (i), and (j) of li ship and S corp			ambias lines as		31	Λ	
art		e Total of all an 24 Income. Add 25 Losses. Add 1 26 Total rental I here. If Parts	nounts reported on line opositive amounts shoughty losses from line real estate and roya II, III, IV, and line	ne 20 for all properties own on line 21. Do n 21 and rental real estat ity income or (loss). 10 on page 2 do not		23e 24 24 25 25. Enter the result ter this amount on		ī	



1040 – Schedule E, Page 2



	SCHEDULE E (Form 1040) Department of the Treasury Internal Revenue Service (99) Name(s) shown on return	(From rental real estate, royalties ► Attach to	, partnersi Form 1040	Income and Loss nips, S corporations, estat , 1040-SR, 1040-NR, or 10- or instructions and the late	11. et information.	i.) 0	8 No. 1545-007- 2 0 2 0 chment uence No. 13 rity number			
hedule E (Form 1040) 2	100011			45 - 14	Attachment S	equence	-	44 4		Page 2
me(s) shown on return.	Do not enter name and	social security number if sh	own on a	other side.			Your so	cial securi	ty numbe	
ution: The IRS co	ompares amounts	reported on your tax r	etum (with amounts she	own on Sched	ule(s)	K-1.			
stock, or computa line 28 ar	receive a loan repay tion. If you report a k nd attach Form 6198	Partnerships and S ment from an S corporal oss from an at-risk activi 3. See instructions. t allowed in a prior year	tion, you	u must check the t hich any amount i	oox in column (s not at risk, yo	e) on lir u mus	e 28 and t check th	attach the	e require column (ed basis f) on
	ivity (if that loss wi	as not reported on Fo	rm 858	32), or unreimbur	sed partnersh	ip exp	enses?		swered	"Yes,"
8		(b) Ente		(c) Check if	(d) Employs		(e) (heck if	(f) Ch	
•	(a) Name	partners for S con		foreign partnership	dentificatio number	,		mputation guired	ar	Cobodulo //
		P								Schedule K-1
										(Form 11065
		-		H						(1 01111 11003
Pa	ssive Income and	Loss		hed	Nonpassive I	ncom	and Lo	oss	-	
(g) Passive k (attach Form 85		(h) Passive income from Schedule K-1		npassive loss allowe see Schedule K-1)	d (j) Section deduction f				passive in Schedule	
			-		1					
			-							
a Totals	·									
b Totals	-				**					
Add columns	(h) and (k) of line 2	29a	mer e	ON AREA DE ACE	4 40 4 40 A	19. 8	30	7		*
Add columns	(g), (i), and (j) of lin	ne 29b		or ror m to	* *** * *		31	()
		oration income or (los		mbine lines 30 a	nd 31	S\$ \$	32			
Income		ounts reported on line 20 for all p		[23						
		positive amounts shown on line 2 syalty losses from line 21 and rental			7.57.55	25 (<u>)</u>		
	here. If Parts	eal estate and royalty income of II, III, IV, and line 40 on page 2 orm 1040), line 5. Otherwise, inclu	do not	apply to you, also enter	this amount on	26		t _s		
W. #	The same of the sa	ion Act Notice, see the separate in	-	And the same of th	The state of the s	Schedule	E (Form 1040) 2	1020		Master the My

1040 – Schedule E, Page 2



	SCHEDULE E (Form 1040) Department of the Treasury Internal Revenue Service (9 Name(s) shown on return	(From rental real estate, ro ► Atta	yalties, partnersh sch to Form 1040	Income and Loss nips, S corporations, estates , 1040-SR, 1040-NR, or 1041 or instructions and the latest	, trusts, REMICs, etc.)	AB No. 1545-0074 2020 tachment squence No. 13 urity number		
hedule E (Form 1040) 2					Attachment Sequence		Page 2	
me(s) shown on return.	Do not enter name an	nd social security number	if shown on o	other side.		Your social sec	urity number	
ution: The IRS of	ompares amount	s reported on your	tax return v	with amounts sho	wn on Schedule(s	K-1.		
stock, or computa line 28 a Are you rep	receive a loan repartion. If you report a not attach Form 619 porting any loss n	n Partnerships ar ayment from an S corp loss from an at-risk a 98. See instructions. ot allowed in a prio	ooration, you activity for w	u must check the be high any amount is to the at-risk or b	ox in column (e) on I not at risk, you mu asis limitations, a	ne 28 and attach at check the box i prior year unalk	the required basis in column (f) on owed loss from a	
		was not reported or pleting this section	Form 858	32), or unreimburs	ed partnership ex		Yes No	
8	(a) Name	(b)	Enter P for tnership; \$	(c) Check if foreign	(d) Employer identification	(e) Check if basis computation	(f) Check if	
	100		corporation	partnership	number	is required		edule K-1
			S					
			-				(Forr	n 1120-S
				0			(,),	
Pa	ssive Income an	d Loss		N	lonpassive Incon	e and Loss		
(g) Passive k (attach Form 85		(h) Passive income from Schedule K-1		inpassive loss allowed see Schedule K-1)	(i) Section 179 of deduction from Fo		onpassive income n Schedule K-1	
			_					
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a Totals	- 3							
b Totals	- 3							
	(h) and (k) of line	29a	483 8 6	SS 4554 (A) 4554		30		
1 Add columns	(g), (i), and (j) of l	line 29b		08 404 B 508	404 to 508 t	31 ()	
		oration income or		mbine lines 30 an	nd 31	32		
Income		mounts reported on line 20 fo		<u>23</u> e		4/4 2/4		
		ld positive amounts shown or I royalty losses from line 21 and				<u> </u>		
	here. If Part	real estate and royalty incis II, III, IV, and line 40 on p (Form 1040), line 5. Otherwise	page 2 do not a	apply to you, also enter t	this amount on	0-		
3.7	And the second s	ction Act Notice, see the separ	And in contrast of the last of	And the second s	The state of the s	E (Form 1040) 2020		Master the Mys



Roadmap Summary



1040 Page 1

Contains Filing Information.

1040 Page 2

Review for Required Attachments and Schedules.

1040 Schedule 1

Review for Required Attachments and Schedules.

Schedule E

Review for K-1 (1120S or 1065) Requirement.



Knowledge Check One



Which of the following scenarios requires a Schedule B?

- 1. When the amount of dividend **or** interest received exceeds \$1,500.
- 2. When the **combined amounts** of dividend and interest received exceeds \$1,500.
- **3. Any time** dividend or interest income is received.



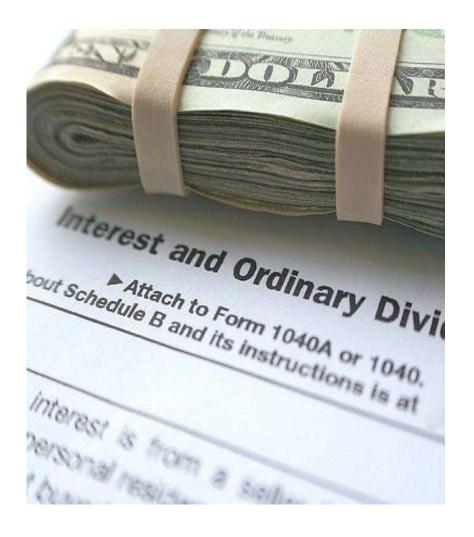


Check Your Understanding One



The answer is:

1. When the amount of dividends or interest received exceeds \$1,500.





Income Stability





History Two years.

> **Continuance** Three years.



Three Years Continuance







Expiration Date Is NOT Defined



Lender does **NOT** need to document a three-year continuance. Automobile allowance.

Base salary.

Bonus, overtime, commission, or tip income.

Capital gains income.*

Corporate retirement or pension.

Disability income – long-term.

Foster care income.



Expiration Date Is NOT Defined



Lender does **NOT** need to document a three-year continuance. Interest & dividend income.*

(unless there is other evidence that asset will be depleted)

Military income.

Mortgage credit certificates.

Part-time job, second job or seasonal income.

Rental income.

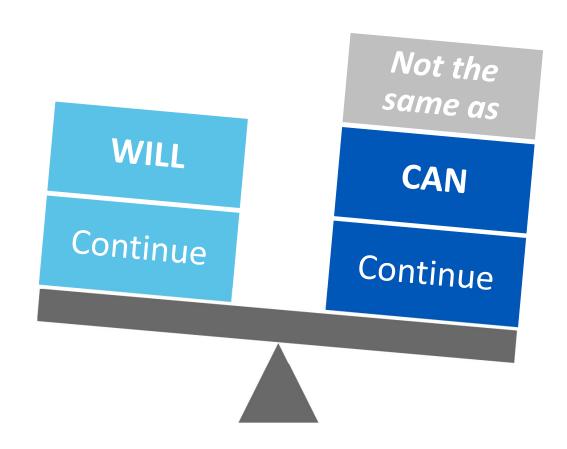
Social security, VA or other government retirement.





Expiration Date NOT Defined – Documentation Requirements







Expiration Date IS Defined



Lender **MUST** document a three-year continuance. Alimony or child support.

Distributions from a retirement account. (401(k), IRA, SEP, Keogh)

Mortgage differential payments.

Notes receivable.

Public assistance.



Expiration Date IS Defined



Lender **MUST** document a three-year continuance. Royalty payment income.

Social Security.

(Not including retirement or long-term disability.)

Trust income.

VA Benefits.

(Not including retirement or long-term disability.)



Knowledge Check Two



Is the following **True** or **False**?

 Regardless of income type, it is always necessary to document proof of three years continuance if using income to qualify.





Check Your Understanding Two



The answer is *False*.

Regardless of income type, it is NOT always necessary to document proof of three years continuance if using income to qualify.





Income Trending







Income Trending



Stable or Increasing

Average



Declining and Stabilized

Use Current



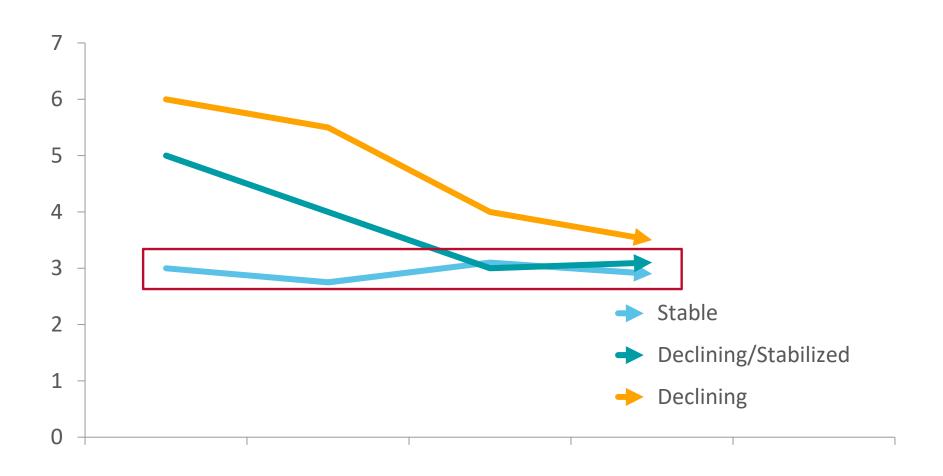
Continually Declining

Do Not Use



Income Trending



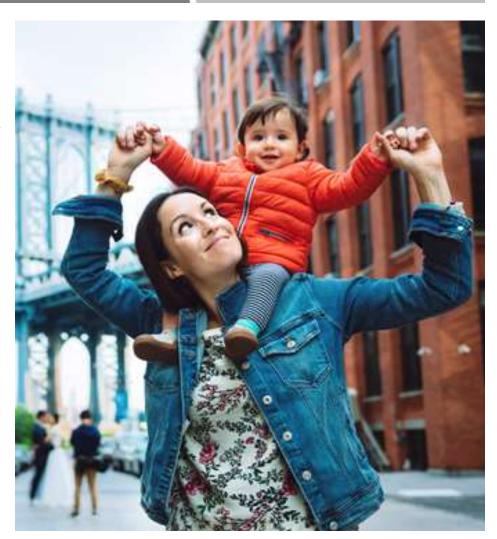




Non-Taxable Income



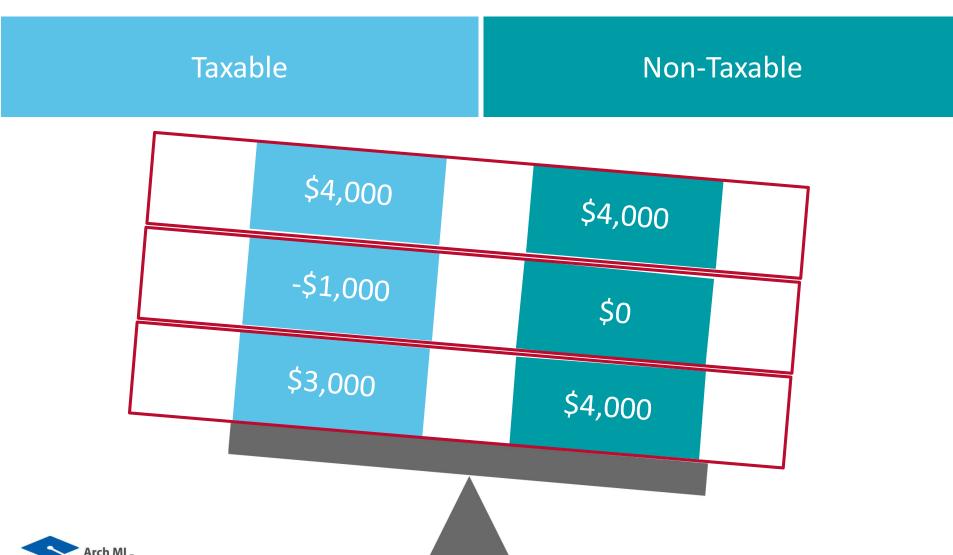
- Child support payments.
- Some Social Security benefits.
- Workers' Compensation benefits.
- Some public assistance payments.
- Food Stamps.





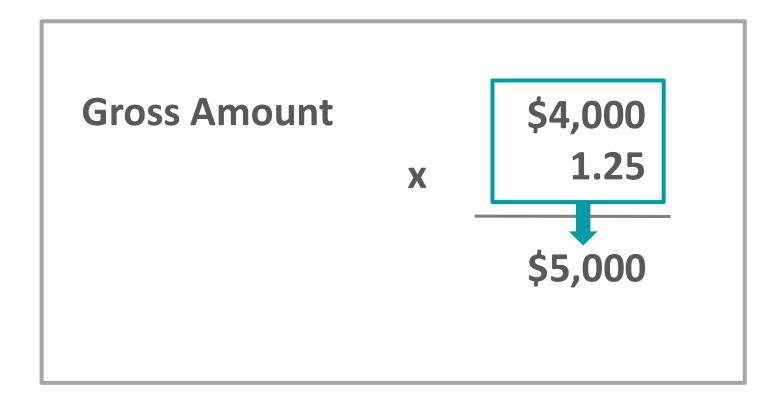
Non-Taxable Income





Grossing Up Non-Taxable Income



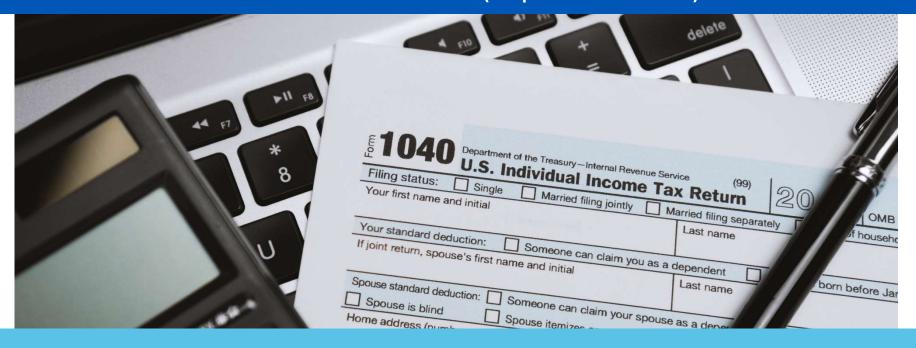




Non-Taxable Income



Before grossing up income, you must FIRST document that it is non-taxable (copies of 1040s).



Exceptions include military allowances and child support.





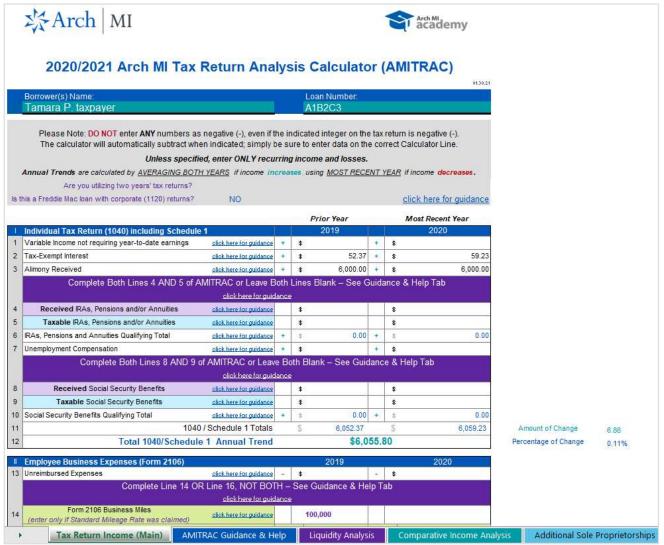
1040 Page 1 1040 Page 2 Schedule 1





Arch MI Tax Return Analysis Calculator (AMITRAC)







1040 Page 1



	1	Wages, salaries, tips,	, etc. Attac	h Fo	rm(s) W-	2	2 4		2 2 46	+1119	Q Q 40 40 40	1	28	3,327.26
Attach Sch. B if	2a	Tax-exempt interest		28	1	59.2	23	b Taxat	de interest	t .	9 9 H H	2b		
required.	3a	Qualified dividends		3ε	3			b Ordin	arv divide	nds .	· · · · · · · · · · · · · · ·	3b		254.47
Toquirou.	48	IRA distributions .												
	5a	Pensions and annu				a Employee	's social se	curity number			afe, accurate,	→ fi	Visit th	e IRS website at
Standard	6a	Social security ben	b Employer I	dantific	eation number	/FIM			OMB No. 164	15-0008			ederal Income	,
Deduction for-	7	Capital gain or (loss	b employer in	OCI ILIIIC	diominumber	(EIN)				2	is, tips, other compensation 8,327.26	' '	receital illocatile	tax will rield
Single or Married filing	8	Other income from	c Employer's	name,	address, and	ZIP code				3 SOCI	ai security wages	4 :	Social security t	ax withheld
separately, \$12,400	9	Add lines 1, 2b, 3b								5 Med	icare wages and tips		Medicare tax wi	thhold
Married filing	10	Adjustments to inc	Wi	llo	ughb	y Bea	ach ⁻	Γrinke	ts	o mica	oae wages and ups	"	Fredroa e tax w	a mena
jointly or Qualifying	а	From Schedule 1, I			J	•				7 Sock	al security tips	8 /	Allocated tips	
widow(er),	b	Charitable contribut	d Control nur	mber						9		10	Dependent care	benefits
\$24,800 • Head of	c	Add lines 10a and												
household, \$18,650	11	Subtract line 10c fr	e Employee's	s first n	ame and Initia	al Last nam	е		Suff.	. 11 None	qualified plans	12a	See Instruction	s for box 12
• If you checked	12	Standard deduction	_		_					13 Shatute employ	ory Retirement Third-par you plan sick pay	y 12b		
any box under Standard	13	Qualified business	lar	ma	ira Ta	xpaye	er			14 Other		120		
Deduction, see instructions.	14	Add lines 12 and 13								14 Oute		000	1	
	15	Taxable income. 9										12d	- :	
For Disclosure,	Privac	y Act, and Paperwork	f Employee's	addres	ss and ZIP co	de						9 070		
			15 State Em	ployer	's state ID nur	mber	16 State w	agos, tips, etc.	17 State Incor	me tax	18 Local wages, tips, etc.	19 Loc	al income tax	20 Locality name
										-		+-		
			Form W-	2	Wage ar Stateme	nd Tax					Department	t of the Tre	easury—Internal	Revenue Service
			Copy B-To This informati						╛					



1040 Page 1



Attach	2a	Tax-exempt interest	2a	59.23	b Taxable int	proet	2b	171.35
Sch. B if		Qualified dividends	3a	59.25			3b	
required.					b Ordinary di		10	254.47
	48	IRA distributions	4a	10,217.76	b Taxable an	nount	. 4b	
Sch. B if required. 3a 4a 5a Standard 6a 6a 7 Single or Married filing separately, \$12,400 Married filing jointly or Qualifying widow(er), \$24,800 Head of household, \$18,650 11	Pensions and annuities	5a		b Taxable an	nount	. 5b		
Standard	6a	Social security benefits	6a	672.41	b Taxable an	nount	. 6b	672.41
	7	Capital gain or (loss). Attach Sci	hedule D	if required. If not	required, check he	ene 🕨	7	
Married filing	8	Other income from Schedule 1,	line 9 .				. 8	
A CONTRACTOR OF THE PARTY OF TH	9	Add lines 1, 2b, 3b, 4b, 5b, 6b,	7, and 8.	This is your total	income		▶ 9	
100,000,000,000	10	Adjustments to income:						
jointly or Qualifying widow(er), \$24,800	а	From Schedule 1, line 22 .		* * * * *		10a		
	b	Charitable contributions if you ta	ke the sta	andard deduction.	See instructions	10b		
Head of	C	Add lines 10a and 10b. These a	re your to	otal adjustments	to income		▶ 10c	
The second secon	11	Subtract line 10c from line 9. Th	is is your	adjusted gross	income		► 11	
If you checked	12	Standard deduction or itemize	ed deduc	tions (from Sche	dule A)		. 12	
any box under Standard Deduction,	13	Qualified business income dedu	iction. At	tach Form 8995 d	r Form 8995-A .	1 40 A 140 MA A 140	. 13	
	14	Add lines 12 and 13				* * * * * *	. 14	
see instructions.	15	Taxable income. Subtract line	14 from li	ine 11. If zero or l	ess enter -0		. 15	



1040 Schedule 1

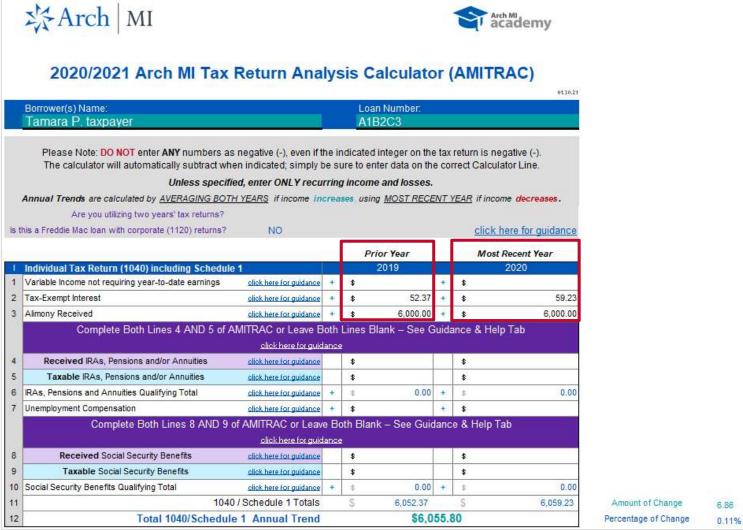


Form	DULE 1 1040) ent of the Treasury Revenue Service	Additional Income and Adjustments to Income Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.	A	2020 ttachment
lame	s) shown on For	m 1040, 1040-SR, or 1040-NR	our social s	ecurity number
Par	Additio	nal Income		
1	Taxable refu	nds, credits, or offsets of state and local income taxes	1	
2a	Alimony rece	ived	2a	6,000.00
b	Date of origin	nal divorce or separation agreement (see instructions)		
3	Business inc	ome or (loss). Attach Schedule C	3	
4	Other gains	or (losses). Attach Form 4797	4	
5	Rental real es	state, royalties, partnerships, S corporations, trusts, etc. Attach Sched	ule E 5	187.44
6	Farm income	e or (loss). Attach Schedule F	6	3,291.53
7	Unemployme	ent compensation	7	2,009.53
8	Other income	e. List type and amount ▶	2000.000	
			8	
9	Combine line line 8	es 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-	-NR, 9	
Par		nents to Income	9	
10	1477	penses	10	
11		less expenses of reservists, performing artists, and fee-basis government	3 3 11-	
• •		ch Form 2106	11	
12	Health saving	gs account deduction. Attach Form 8889	12	
13		enses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible p	art of self-employment tax. Attach Schedule SE	14	
15	Self-employe	ed SEP, SIMPLE, and qualified plans	15	
16		ed health insurance deduction	16	
17	Penalty on e	arly withdrawal of savings	17	
18a	Alimony paid		18a	
b	Recipient's S	SSN		
С	Date of origin	nal divorce or separation agreement (see instructions)		
19	IRA deductio		19	
20	Student loan	interest deduction	20	
21	Tuition and for	ees deduction. Attach Form 8917	21	
22		through 21. These are your adjustments to income. Enter here 0, 1040-SR, or 1040-NR, line 10a	and 22	



AMITRAC Scenario







1040 Page 1



- 1	1	Wages, salaries, tips, etc. Attacl	Form(s) W-2		+ + + + + +	1	28,327.26
Attach	2a	Tax-exempt interest	2a	59.23	b Taxable interest		2b	171.35
Sch. B if required. Standard Deduction for— Single or Married filing separately, \$12,400 Married filing jointly or Qualifying widow(er), \$24,800 Head of household, \$18,650 If you checked any box under Standard 13	За	Qualified dividends	3a		b Ordinary divider	nds	3b	254.47
	4в	IRA distributions	4a	10,217.76	b Taxable amount		4b	
	5a	Pensions and annuities	5a		b Taxable amount		5b	
	6a	Social security benefits	6a	672.41	b Taxable amount		6b	672.41
	7	Capital gain or (loss). Attach Scl	nedule D	if required. If not	required, check here	• 🗀	7	
	8	Other income from Schedule 1,	8					
	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 1	9					
Married filing	10	Adjustments to income:						
jointly or Qualifying widow(er),	а	From Schedule 1, line 22		4 4 6 6 4	10			
	b	Charitable contributions if you tal	ke the sta	andard deduction.	See instructions 10t	i l		
Head of	c	Add lines 10a and 10b. These ar	re your to	otal adjustments	to income		10c	
	11	Subtract line 10c from line 9. Th	is is you	adjusted gross i	ncome		11	
If you checked	12	Standard deduction or itemize	d deduc	ctions (from Sched	dule A)		12	
	13	Qualified business income dedu	ction. At	tach Form 8995 o	Form 8995-A	200 to 4 00 00	13	
Standard 1 Deduction,	14	Add lines 12 and 13		* * * * *			14	
Deduction,	1000							



1040 Schedule 1



Form	EDULE 1 1040) ent of the Treasury	Additional Income and Adjustments to Income ► Attach to Form 1040, 1040-SR, or 1040-NR.		Atta	8 No. 1545-0074 2020 achment
4	Revenue Service (s) shown on Form	► Go to www.irs.gov/Form1040 for instructions and the latest information. 1040, 1040-SR, or 1040-NR	Your so	-	uence No. 01 curity number
Por	Additiona	d Income			
300			1	. 1	
1		s, credits, or offsets of state and local income taxes		1	
2a	The state of the s	ed.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	• •	2a	6,000.00
100		divorce or separation agreement (see instructions) ▶			
3		ne or (loss). Attach Schedule C		3	
4		(losses). Attach Form 4797		4	
5		te, royalties, partnerships, S corporations, trusts, etc. Attach Sched		5	187.44
6	Farm income o	r (loss). Attach Schedule F		6	3,291.53
7	Unemployment	compensation	4.4	7	2,009.53
8	Other income.	List type and amount ▶			
				8	
9		1 through 8. Enter here and on Form 1040, 1040-SR, or 1040		9	
Par		ents to Income			
10	Educator exper	nses		10	
11		s expenses of reservists, performing artists, and fee-basis govern Form 2106	ment	11	
12	Health savings	account deduction. Attach Form 8889		12	
13	Moving expens	es for members of the Armed Forces. Attach Form 3903		13	
14	Deductible par	t of self-employment tax. Attach Schedule SE	a a [14	
15	Self-employed	SEP, SIMPLE, and qualified plans	[15	
16	5	health insurance deduction	1	16	
17		v withdrawal of savings		17	
18a	Alimony paid .			18a	
b	Recipient's SS				
		divorce or separation agreement (see instructions) ▶			
19	IBA deduction			19	
20		terest deduction		20	
21	202222000000000000000000000000000000000	s deduction. Attach Form 8917	7 M	21	
22	Add lines 10 th	prough 21. These are your adjustments to income. Enter here 1040-SR, or 1040-NR, line 10a	and	22	
For P-		Act Notice, see your tax return instructions. Cat. No. 71479F		70.	1 (Form 1040) 20



AMITRAC Scenario





Borrower(s) Name:



2020/2021 Arch MI Tax Return Analysis Calculator (AMITRAC)

1.30.21

таппата Р. тахраует	ATBZC3
그들은 내가 되었다. 이 경우를 보고 있는 것이 되었다. 얼마나는 그 사람들은 사람들이 되었다. 그 사람들은 사람들이 되었다. 그 그 없는데 그렇게 되었다. 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그	

Please Note: DO NOT enter ANY numbers as negative (-), even if the indicated integer on the tax return is negative (-). The calculator will automatically subtract when indicated; simply be sure to enter data on the correct Calculator Line.

Unless specified, enter ONLY recurring income and losses.

Loan Number:

Annual Trends are calculated by AVERAGING BOTH YEARS if income increases using MOST RECENT YEAR if income decreases.

NO:

Are you utilizing two years' tax returns?

Is this a Freddie Mac loan with corporate (1120) returns?

click here for quidance

			Pr	ior Year		IVI OST	Recent Year
Individual Tax Return (1040) including Schedule	:1			2019			2020
Variable Income not requiring year-to-date earnings	click here for guidance	+	\$		+	\$	
Tax-Exempt Interest	click here for guidance	+	\$	52.37	+	\$	59.23
Alimony Received	click here for guidance	+	\$	6,000.00	+	\$	6,000.00
Complete Both Lines 4 AND 5 of A	MITRAC or Leave B	oth	Lines B	lank – See G	uida	ince & Hel	p Tab
	click here for guid	ance					
Received IRAs, Pensions and/or Annuities	click here for guidance		\$ 9,81	6.82		\$ 10,217.	76
Taxable IRAs, Pensions and/or Annuities	click here for guidance		\$ 0.00			\$ 0.00	
IRAs, Pensions and Annuities Qualifying Total	click here for guidance	+	\$	12,271.03	.+	1	12,772.20
Unemployment Compensation	click here for guidance	+	\$		+	\$	
Complete Both Lines 8 AND 9	of AMITRAC or Leave	е Вс	th Blan	k – See Guid	lanc	e & Help T	ab
***	click here for guid	ance					
Received Social Security Benefits	click here for guidance	10	\$ 598.	32		\$ 672.41	
Taxable Social Security Benefits	click here for guidance		\$ 598.	32		\$ 672.41	
Social Security Benefits Qualifying Total	click here for guidance	+	\$	598.32	+	1	672.41
1040	/ Schedule 1 Totals		\$	18,921.72		5	19,503.84
Total 1040/Schedule	e 1 Annual Trend			\$19,2	12.7	78	
	Variable Income not requiring year-to-date earnings Tax-Exempt Interest Alimony Received Complete Both Lines 4 AND 5 of A Received IRAs, Pensions and/or Annuities Taxable IRAs, Pensions and/or Annuities IRAs, Pensions and Annuities Qualifying Total Unemployment Compensation Complete Both Lines 8 AND 9 Received Social Security Benefits Taxable Social Security Benefits Social Security Benefits Social Security Benefits 1040	Tax-Exempt Interest Alimony Received Complete Both Lines 4 AND 5 of AMITRAC or Leave B click here for guidance Received IRAs, Pensions and/or Annuities Taxable IRAs, Pensions and/or Annuities IRAs, Pensions and Annuities Qualifying Total Unemployment Compensation Complete Both Lines 8 AND 9 of AMITRAC or Leave Click here for guidance Received Social Security Benefits click here for guidance click here for guidance click here for guidance slick here for guidance click here for guidance slick here for guidance click here for guidance	Variable Income not requiring year-to-date earnings Tax-Exempt Interest Alimony Received Complete Both Lines 4 AND 5 of AMITRAC or Leave Both click here for guidance Received IRAs, Pensions and/or Annuities Taxable IRAs, Pensions and/or Annuities Click here for guidance IRAs, Pensions and Annuities Qualifying Total Unemployment Compensation Complete Both Lines 8 AND 9 of AMITRAC or Leave Both click here for guidance Received Social Security Benefits Social Security Benefits Social Security Benefits Social Security Benefits Alick here for guidance ###################################	Individual Tax Return (1040) including Schedule 1 Variable Income not requiring year-to-date earnings click here for guidance + \$ Almony Received click here for guidance + \$ Complete Both Lines 4 AND 5 of AMITRAC or Leave Both Lines Bolick here for guidance \$9,81 Taxable IRAs, Pensions and/or Annuities click here for guidance \$9,81 Taxable IRAs, Pensions and/or Annuities click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRAs, Pensions and Annuities Qualifying Total click here for guidance \$0.00 IRA	Variable Income not requiring year-to-date earnings Tax-Exempt Interest Alimony Received Complete Both Lines 4 AND 5 of AMITRAC or Leave Both Lines Blank — See Gelick here for guidance Received IRAs, Pensions and/or Annuities Taxable IRAs, Pensions and/or Annuities Respectived IRAs, Pensions and/or Annuities Click here for guidance Received IRAs, Pensions and/or Annuities Click here for guidance \$ 9,816.82 Taxable IRAs, Pensions and/or Annuities Click here for guidance \$ 0.00 RAs, Pensions and Annuities Qualifying Total Unemployment Compensation Click here for guidance Complete Both Lines 8 AND 9 of AMITRAC or Leave Both Blank — See Guidance Received Social Security Benefits Click here for guidance Received Social Security Benefits Click here for guidance \$ 598.32 Social Security Benefits Click here for guidance \$ 598.32 Social Security Benefits Click here for guidance \$ 598.32 Social Security Benefits Click here for guidance \$ 598.32 Social Security Benefits Click here for guidance \$ 598.32	Variable Income not requiring year-to-date earnings click here for guidance + \$ 52.37 +	Variable Income not requiring year-to-date earnings click here for guidance + \$ \$ \$ \$ \$ \$ \$ \$ \$

Amount of Change Percentage of Change

582.13 3.08%









Form 2106



orm	2106	Employee Business		Panie		OMB No. 1545-007
Depart	tment of the Treasury al Revenue Service (99)	(for use only by Armed Forces reservists, qualified per government officials, and employees with imp Attach to Form 1040, 1040-1 Go to www.irs.gov/Form2106 for instruction	airment-related work SR, or 1040-NR.	expense		2020 Attachment Sequence No. 12
	name		upation in which you incur		ses Social sec	curity number
	(WALC-C			ON A POST OFFI		
Pa	ttl Emplo	yee Business Expenses and Reimbursement	S			
Step	o 1 Enter Your	Expenses	4		Column A Other Than Meals	Column E Meals
		from line 22 or line 29. (Rural mail carriers: See instr	The state of the s	1		11
	overnight travel	Ils, and transportation, including train, bus, etc., the commuting to and from work		2		
3		while away from home overnight, including lodgi t include meals		3		
4	Business expen	ses not included on lines 1 through 3. Don't include	meals	4		
		(see instructions)	N 19 10 10 10 10 10 1 1 1 1 1 1 1 1 1 1 1	5		
6		In Column A, add lines 1 through 4 and enter the bunt from line 5		6		Y
	Note: If you we	en't reimbursed for any expenses in Step 1, skip line	7 and enter the amo	ount from	line 6 on lir	ne 8.
Ste	2 Enter Rein	bursements Received From Your Employer	for Expenses List	ed in St	tep 1	
7	box 1 of Form V	ments received from your employer that weren't re V-2. Include any reimbursements reported under co 2 (see instructions)	de "L" in box 12	7		
Step		enses To Deduct		Tanible .		
8	line 6 in Column	rom line 6. If zero or less, enter -0 However, if line A, report the excess as income on Form 1040 or 1 R, line 1a)	040-SR, line 1 (or	8		
		lumns of line 8 are zero, you can't deduct ess expenses. Stop here and attach Form 2106 to yo	ur return.			
9	In Column A, en	ter the amount from line 8. In Column B, multiply line	8 by 50% (0.50)	9		
10		s on line 9 of both columns and enter the total here. 11. Employees with impairment-related work expert the total on your return	nses, see the instru	ctions fo	r rules	



Knowledge Check Three



Is the following **True** or **False**?

 Before grossing up income, you must first document that it is non-taxable.





Check Your Understanding Three



The answer is *True*.

Before grossing up income, you must first document that it is non-taxable (copies of 1040s).



Exceptions include military allowances and child support.









Schedule B - Part I



SCHEDULE B (Form 1040) Department of the Tre Internal Revenue Servi	esun.	Interest and Ordinary Dividends Go to www.irs.gov/Schedule8 for instructions and the latest information. Attach to Form 1040 or 1040-SR.		2020
Name(s) shown on re			Your	social security number
Part I				Amount
Interest See instructions and the instructions for Forms 1040 and 1040-SR, line 2b.)	1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address >		Amount
tote: If you eceived a Form 099-INT, Form 099-OID, or ubstitute tatement from brokerage firm, st the firm's arne as the layer and enter the total interest hown on that			1	111
prm.	2	Add the amounts on line 1	2	
	3	Excludable interest on series EE and I U.S. savings bonds issued after 1989.	-	
		Attach Form 8815	3	
		Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b	4	
3	Note:	If line 4 is over \$1,500, you must complete Part III.		Amount
Ordinary Dividends See instructions and the instructions for forms 1040 and fold-SR, line 3b.) Note: If you eceived a Form 1099-DIV or ubustifute statement from to brokerage firm, ist the firm's same as the			5	
payer and enter the ordinary sividends shown		Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR.		
on that form.	0	line 3b	6	
		If line 6 is over \$1,500, you must complete Part III. ust complete this part if you (a) had over \$1,500 of taxable interest or ordinary divide	nds;	(b) had a
Foreign Accounts and Trusts	foreign 7a	account; or (c) received a distribution from, or were a grantor of, or a transferor to, a At any time during 2020, did you have a financial interest in or signature authority account (such as a bank account, securities account, or brokerage account) locat country? See instructions	over a	a financial
Caution: If equired, failure to file FinCEN		If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank Accounts (FBAR), to report that financial interest or signature authority? See FinC and its instructions for filing requirements and exceptions to those requirements.	CEN I	Form 114
form 114 may esult in substantial	b	If you are required to file FinCEN Form 114, enter the name of the foreign cour financial account is located Financial account is located Financial account in located Financial account in the graphs of certain and the second of the second o	ntry v	where the
pubstantial penalties, See	8	During 2020, did you receive a distribution from, or were you the grantor of, or t	ransf	eror to a



1040 Page 1



	1	Wages, salaries, tips, etc. Attacl	h Form(s	W-2			1	28,327.26
Carried Street	2a	Tax-exempt interest	2a	59.23	b Taxable in	terest	2b	171.35
STATE OF THE PARTY	За	Qualified dividends	3a		b Ordinary d	fividends	3b	254.47
required.	48	IRA distributions	4a	10,217.76	b Taxable an	mount	4b	
Sch. B if required. Standard Deduction for— • Single or Married filing separately, \$12,400 • Married filing jointly or Qualifying widow(er), \$24,800 • Head of household, \$18,650 • If you checked any box under Standard Deduction, see instructions.	5a	Pensions and annuities	5a		b Taxable ar	mount	5b	
	6a	Social security benefits	6a	672.41	b Taxable an	mount	6b	672.41
23/3/3/2/2/2/2/2/2/2/2/2/2/2/2/2/2/2/2/	7	Capital gain or (loss). Attach Sci	hedule D	if required. If not	required, check h	iere 🕨 🗌	7	
	8	Other income from Schedule 1,	line 9 .				8	
	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 1	7, and 8.	This is your total	income		9	
Married filing	10	Adjustments to income:						
	а	From Schedule 1, line 22		4 4 6 6 4	4 10 10 10 14	10a		
	b	Charitable contributions if you tal	ke the sta	andard deduction.	See instructions	10b		
Head of	C	Add lines 10a and 10b. These ar	re your to	otal adjustments	to income		10c	
	11	Subtract line 10c from line 9. Th	is is your	adjusted gross	income		11	
	12	Standard deduction or itemize	d deduc	tions (from Sche	dule A)		12	
	13	Qualified business income dedu	ction. At	tach Form 8995 o	r Form 8995-A	1 10 2 10 10 11 11 12 12	13	
The state of the s	14	Add lines 12 and 13		9 F F F R			14	
	15	Taxable income. Subtract line	14 from li	ine 11. If zero or k	ess, enter -0		15	



AMITRAC Scenario







2020/2021 Arch MI Tax Return Analysis Calculator (AMITRAC)

Borrower(s) Name:
Tamara P. taxpayer

Please Note: DO NOT enter ANY numbers as negative (-), even if the indicated integer on the tax return is negative (-).
The calculator will automatically subtract when indicated; simply be sure to enter data on the correct Calculator Line.

Unless specified, enter ONLY recurring income and losses.

Annual Trends are calculated by AVERAGING BOTH YEARS if income increases using MOST RECENT YEAR if income decreases.

Are you utilizing two years' tax returns?

Is this a Freddie Mac loan with corporate (1120) returns?

NO click here for guidance

Ш	Interest and Dividends (Sc	hedule B)	100	2019	2 3		2020
19	Taxable Interest	click here for guidance +		\$ 153.87	+	\$	171.35
20	Ordinary Dividends	click here for guidance +		\$ 	+	\$	
21		Schedule B Totals	,	\$ 153.87	4	\$	171.35
22	Total I	nterest and Dividends Annual Trend		\$1	62.6	61	

Amount of Change 17.48
Percentage of Change 11.36%



Schedule B - Part II



SCHEDULE B (Form 1040)		Interest and Ordinary Dividends		OMB No.	-	-
Department of the Treatment Service	ssury ce (99)	► Go to www.irs.gov/ScheduleB for instructions and the latest information. ► Attach to Form 1040 or 1040-SR.		20 Attachme Sequence	nd	
Name(s) shown on re	tum		Your	social securi	ty numb	par
Part I	1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this		Ame	ount	_
Interest		interest first. Also, show that buyer's social security number and address				
See instructions and the instructions for						
Forms 1040 and 1040-SR, line 2b.)						
Note: If you received a Form			1			
1099-INT, Form 1099-OID, or substitute						
statement from a brokerage firm, list the firm's						
name as the payer and enter						
the total interest shown on that form.						
	2	Add the amounts on line 1	2			_
	4	Attach Form 8815	3			
3	Motor	line 2b If line 4 is over \$1.500, you must complete Part III.	4	Ame	ount	
Part II	5	List name of payer >		2411	June	
Ordinary						
Dividends						
(See instructions and the						
instructions for Forms 1040 and 1040-SR, line 3b.)			5			
Note: If you			5			
received a Form 1099-DIV or substitute						
statement from a brokerage firm,						
list the firm's name as the payer and enter						
the ordinary dividends shown on that form.	6	Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR,	0241			_
	Note	line 3b	6			_
Part III	You n	nust complete this part if you (a) had over \$1,500 of taxable interest or ordinary divide n account; or (c) received a distribution from, or were a grantor of, or a transferor to,			Yes	N
Foreign Accounts and Trusts	7a	At any time during 2020, did you have a financial interest in or signature authority of account (such as a bank account, securities account, or brokerage account) locat country? See instructions	over a ed in	financial a foreign		
Caution: If required, failure		If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank Accounts (FBAR), to report that financial interest or signature authority? See Fin				
to file FinCEN Form 114 may	h	and its instructions for filing requirements and exceptions to those requirements . If you are required to tile FigCEN Form 114, enter the name of the foreign cour	3 4	2 - 2		I
result in substantial penalties. See	8	During 2020, did you receive a distribution from, or were you the grantor of, or t				
instructions.	(e)	foreign trust? If "Yes," you may have to file Form 3520. See instructions	anialt			T



1040 Page 1

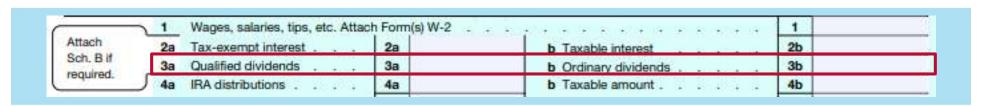


	1	Wages, salaries, tips, etc. Attacl	Form(s) W-2			1	28,327.26
Attach	2a	Tax-exempt interest	2a	59.23	b Taxable in	iterest	2b	171.35
Sch. B if required.	За	Qualified dividends	3а		b Ordinary d	dividends	3b	254.47
required.	48	IRA distributions	4a	10,217.76	b Taxable ar	mount	4b	
	5a	Pensions and annuities	5a		b Taxable ar	mount	5b	
Standard	6a	Social security benefits	6a	672.41	b Taxable ar	mount	6b	672.41
Deduction for-	7	Capital gain or (loss). Attach Sci	nedule D	if required. If not	required, check h	nere 🕨 🔲	7	
Single or Married filing	8	Other income from Schedule 1,	line 9 .				8	
separately, \$12,400	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 1	7, and 8.	This is your total	income		9	
Married filing	10	Adjustments to income:						
jointly or Qualifying	а	From Schedule 1, line 22		* * * * *	4 40 EXECUTE	10a		
widow(er), \$24,800	b	Charitable contributions if you tal	ke the sta	andard deduction.	See instructions	10b		
Head of	c	Add lines 10a and 10b. These ar	re your to	otal adjustments	to income .		10c	
household, \$18,650	11	Subtract line 10c from line 9. Th	is is you	adjusted gross	ncome		11	
The state of the s	12	Standard deduction or itemize	d deduc	ctions (from Sched	dule A)		12	
any box under Standard	13	Qualified business income dedu	ction. At	tach Form 8995 o	Form 8995-A	4 91 279 94 9 91 91	13	
Deduction, see instructions.	14	Add lines 12 and 13		3 4 - 3 3	F F F SF 34 3		14	
	15	Taxable income. Subtract line	14 from I	ine 11. If zero or le	ss, enter -0		15	



Schedule B – Qualified Dividends





- Subset of ordinary dividends that enjoy preferential tax treatment.
- Treated as capital gains for tax purposes.





AMITRAC Scenario







2020/2021 Arch MI Tax Return Analysis Calculator (AMITRAC)

01.30.21

Borrower(s) Name: Tamara P. Taxpayer

Loan Number: A1B2C3

Please Note: DO NOT enter ANY numbers as negative (-), even if the indicated integer on the tax return is negative (-). The calculator will automatically subtract when indicated; simply be sure to enter data on the correct Calculator Line.

Unless specified, enter ONLY recurring income and losses.

Annual Trends are calculated by AVERAGING BOTH YEARS if income increases using MOST RECENT YEAR if income decreases.

Are you utilizing two years' tax returns?

Is this a Freddie Mac loan with corporate (1120) returns?

NO

click here for quidance

Ш	Interest and Dividends (Schedule B)		903	2019			2020
19	Taxable Interest	click here for guidance +	+	\$ 153.87	+	\$	171.35
20	Ordinary Dividends	click here for guidance +	-	\$ 236.98	+	\$	254.47
21		Schedule B Totals		\$ 390.85		\$	425.82
22	Total Interest a	nd Dividends Annual Trend		\$4	08.	34	

Amount of Change Percentage of Change 34.97 8.95%





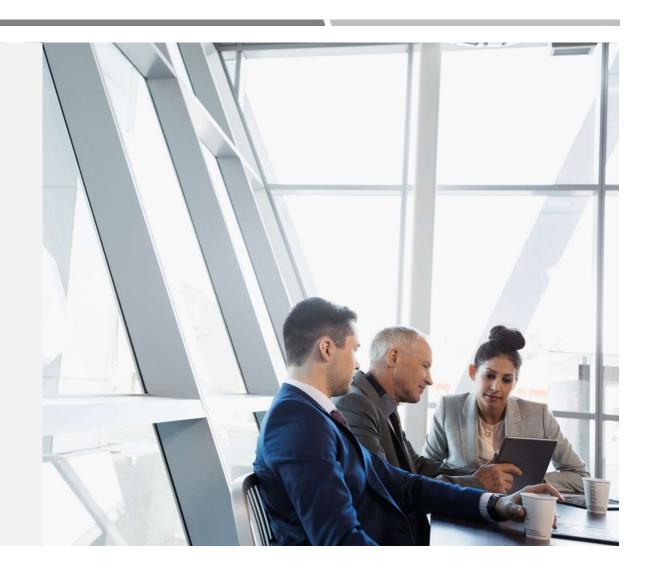




Schedule D – Capital Gains



A profit from the SALE of property or an investment.





Schedule D – Capital Gains



Income received from capital gains is generally a one-time transaction.

Therefore, it should not be considered as part of the borrower's stable monthly income.

However...

To qualify, it must be verified.



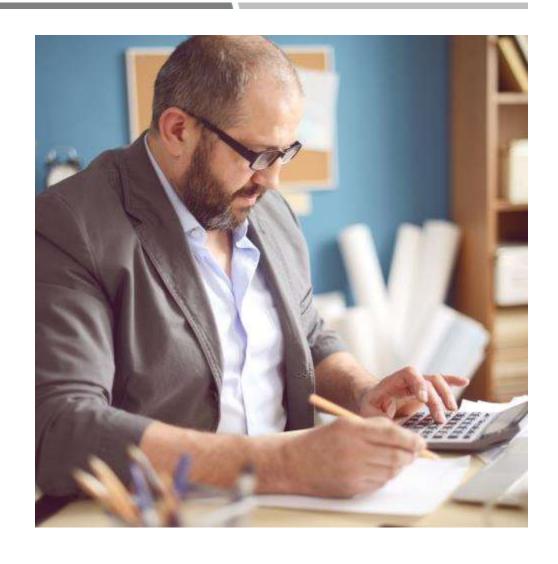


Schedule D – Capital Gains



Capital gains income can be used if:

- You can document a two-year history.
- You average the income.
- You have evidence of additional property or assets that can be sold.





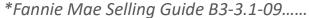
Schedule D – Capital Losses





Capital losses do not have to be considered when calculating income or liabilities, even if the losses are recurring.*







Schedule D - Part I



5.000 (C00)5.000C	Capital Ga	ins and Lo	sses		۲	MB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)	► Attach to Form 1 ► Go to www.irs.gov/ScheduleD 1 ► Use Form 8949 to list your train	or instructions ar	d the latest inform		4	2020 Vitachment Sequence No. 12
lame(s) shown on return	1772			Your so	ocial se	curity number
f "Yes " attach Form 894	ivestment(s) in a qualified opportunity f 19 and see its instructions for additional	requirements for	or reporting your o	ain or loss	2401	V. 1762 (1781)
See instructions for how ines below.	n Capital Gains and Losses—Ger to figure the amounts to enter on the to complete if you round off cents to	(d) Proceeds	(a) Cost	(g) Adjustmen to gain or loss	ts from	(h) Gain or (loss) Subtract column (e from column (d) and
whole dollars.	to complete if you round oil cents to	(sales price)	(or other basis)	Form(s) 8949, line 2, colum		combine the result with column (g)
1099-B for which be which you have a However, if you cho	term transactions reported on Form asis was reported to the IRS and for no adjustments (see instructions) sose to report all these transactions to this line blank and go to line 1b.					
	ctions reported on Form(s) 8949 with					
2 Totals for all transac	ctions reported on Form(s) 8949 with					
3 Totals for all transac	ctions reported on Form(s) 8949 with					
	m Form 6252 and short-term gain or (lo ain or (loss) from partnerships, 5				4	
Schedule(s) K-1 . 6 Short-term capital le Worksheet in the in	oss carryover. Enter the amount, if any istructions pital gain or (loss). Combine lines 1a	, from line 8 of	your Capital Loss	S Carryover	6	(
Schedule(s) K-1 Short-term capital is Worksheet in the in Net short-term capital gains of	oss carryover. Enter the amount, if an istructions pital gain or (loss). Combine lines 1a ir losses, go to Part II below. Otherwise	r, from line 8 of through 6 in coli , go to Part III or	your Capital Loss umn (h). If you han n the back	s Carryover ve any long-	6	(
Schedule(s) K-1 . 6 Short-term capital is Worksheet in the in Net short-term capital gains of Part II Long-Term See instructions for how	oss carryover. Enter the amount, if an istructions pital gain or (loss). Combine lines 1a	r, from line 8 of through 6 in coli , go to Part III or	your Capital Loss umn (h). If you han n the back	s Carryover ve any long-	6 7 (see	(h) Gain or (loss)
Schedule(s) K-1 6 Short-term capital is Worksheet in the in 7 Net short-term cap term capital gains of Part II Long-Term See instructions for how ines below.	oss carryover. Enter the amount, if an istructions pital gain or (loss). Combine lines 1a r losses, go to Part II below. Otherwise o Capital Gains and Losses—Gen	through 6 in colo go to Part III or erally Assets	your Capital Loss umn (h). If you han the back Held More Than	s Carryover ve any long-	6 7 (see	(h) Gain or (loss) Subtract column (d) an
Schedule(s) K-1 6 Short-term capital is Worksheet in the in 7 Net short-term cap term capital gains of Part II Long-Term See instructions for how ines below. This form may be easier to whole dollars. 8a Totals for all long-t 1099-B for which by which you have it However, if you ch	oss carryover. Enter the amount, if am instructions pital gain or (loss). Combine lines 1a ir losses, go to Part II below. Otherwise in Capital Gains and Losses—Gen to figure the amounts to enter on the	r, from line 8 of through 6 in coli go to Part III or erally Assets I	your Capital Lose umn (h). If you han n the back Held More That	o Carryover ve any long- n One Year (g) Adjustmen to gain or loss Formisi 8948.	6 7 (see	(h) Gain or (loss) Subtract column (d) an combine the result
Schedule(s) K-1 6 Short-term capital is Worksheet in the in 7 Net short-term cap term capital gains o Part II Long-Term See instructions for how ines below. This form may be easier of whole dollars. 8a Totals for all long-t 1099-B for which b which you have on Form 8949, leave 8b Totals for all transac.	oss carryover. Enter the amount, if an istructions pital gain or (loss). Combine lines 1a r losses, go to Part II below. Otherwise in Capital Gains and Losses—Gen to figure the amounts to enter on the to complete if you round off cents to term transactions reported on Formasis was reported to the IRS and for no adjustments (see instructions).	r, from line 8 of through 6 in coli go to Part III or erally Assets I	your Capital Lose umn (h). If you han n the back Held More That	o Carryover ve any long- n One Year (g) Adjustmen to gain or loss Formisi 8948.	6 7 (see	(h) Gain or (loss) Subtract column (d) an combine the result
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Schedule D - Part II



SCHEDULE D (Form 1040)	Capital Ga	ins and Lo	sses		H	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)		2020 Attachment Sequence No. 12				
Name(s) shown on return	112			Yours	ocial s	ecurity number
	vestment(s) in a qualified opportunity f 9 and see its instructions for additional					
Part I Short-Term	n Capital Gains and Losses—Gen	erally Assets	Held One Year	or Less (s	ee ins	tructions)
lines below.	to figure the amounts to enter on the	(d) Proceeds	(a) Cost	Adjustme to gain or los	s from	(h) Gain or (loss) Subtract column (e) from column (d) and
whole dollars.	o complete il you round on cerns to	(sales price)	(or other basis)	Form(s) 8949 line 2, colum		combine the result with column (g)
1099-B for which be which you have r However, if you cho	term transactions reported on Form asis was reported to the IRS and for no adjustments (see instructions) soes to report all these transactions to this line blank and go to line 1b.					
	tions reported on Form(s) 8949 with					
2 Totals for all transac	ctions reported on Form(s) 8949 with					
3 Totals for all transac	tions reported on Form(s) 8949 with					
	n Form 6252 and short-term gain or (lo	ss) from Forms	4684, 6781, and 8	824	4	
Worksheet in the in 7 Net short-term cap	oss carryover. Enter the amount, if any structions oital gain or (loss). Combine lines 1a closses, on to Part II below. Otherwise	through 6 in col	umn (h). If you hav		6	(
Part II Long-Term	Capital Gains and Losses—Gen	erally Assets	Held More Than	One Year	(see	instructions)
See instructions for how tines below.	to figure the amounts to enter on the	(ct)	fel	(g) Adjustme	nts	(h) Gain or (loss) Subtract column (e)
	o complete if you round off cents to	Proceeds (sales price)	Cost (or other basis)	to gain or los Form(s) 8949, line 2, colum	Fart II,	from column (d) and combine the result with column (g)
1099-B for which be which you have r However, if you cho	erm transactions reported on Form asis was reported to the IRS and for no adjustments (see instructions) nose to report all these transactions to this line blank and go to line 8b					
	tions reported on Form(s) 8949 with					
	tions reported on Form(s) 8949 with					
	ctions reported on Form(s) 8949 with					
11 Gain from Form 479	97, Part I; long-term gain from Forms 781, and 8824				11	
12 Net long-term gain	or (loss) from partnerships, S corporation	ons, estates, and	trusts from Sche	dule(s) K-1	12	
14 Long-term capital id	tions. See the instructions	from line 13 of	your Capital Loss	Carryover	13	
15 Net long-term cap	ital gain or (loss). Combine lines 8a	through 14 in co			15	



Schedule D - Part III



Sched	ule D (F	orm 1040j 2028		Pag	2
Part	Ш	Summary			
16	Con	nbine lines 7 and 15 and enter the result	16		
		line 16 is a gain , enter the amount from line 16 on Form 1040, 1040-SR, or 1040-NR, line 7. sen, go to line 17 below.			
		line 16 is a loss, skip lines 17 through 20 below. Then, go to line 21. Also be sure to complete e 22.			
		line 16 is zero , skip lines 17 through 21 below and enter -0- on Form 1040, 1040-SR, or 40-NR, line 7. Then, go to line 22.			
17	and the second	lines 15 and 16 both gains? Yes. Go to line 18.			
		No. Skip lines 18 through 21, and go to line 22.			
18		ou are required to complete the 28% Rate Gain Worksheet (see instructions), enter the ount, if any, from line 7 of that worksheet	18		
19		ou are required to complete the Unrecaptured Section 1250 Gain Worksheet (see ructions), enter the amount, if any, from line 18 of that worksheet	19		1
20		lines 18 and 19 both zero or blank and are you not filing Form 4952? Yes, Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Forms 1040 and 1040-SR, line 16. Don't complete lines 21 and 22 below.			
		No. Complete the Schedule D Tax Worksheet in the instructions. Don't complete lines 21 and 22 below.			
21	If lin	e 16 is a loss, enter here and on Form 1040, 1040-SR, or 1040-NR, line 7, the smaller of:			
		e loss on line 16; or 3,000), or if married filing separately, (\$1,500)	21	K.)
	Not	e: When figuring which amount is smaller, treat both amounts as positive numbers.			
22	Doy	you have qualified dividends on Form 1040, 1040-SR, or 1040-NR, line 3a?			
		Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Forms 1040 and 1040-SR, line 16.			
		No. Complete the rest of Form 1040, 1040-SR, or 1040-NR.			
		enterturation there are constructed by the construction of the con		hadda D Earm 1049 3	



Knowledge Check Four



Is the following **True** or **False**?

If the borrower has capital gains on Schedule D, you always include it in the qualifying income.



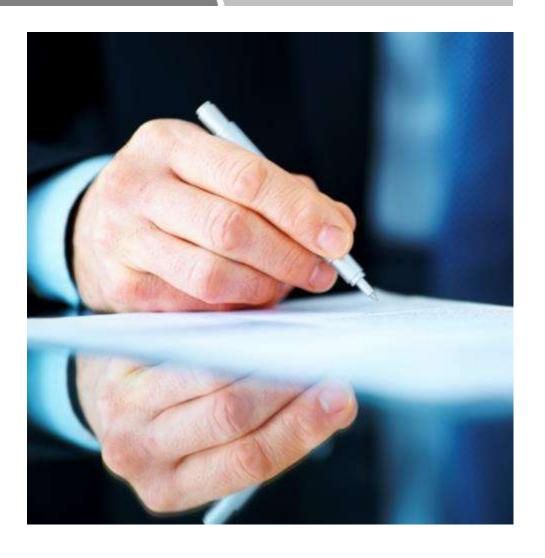


Check Your Understanding Four



The answer is *False*.

If the borrower has capital gains on Schedule D, you do NOT always include it in the qualifying income.





AMITRAC Scenario







2020/2021 Arch MI Tax Return Analysis Calculator (AMITRAC)

01.30.21

Borrower(s) Name: Loan Number: Tamara P. Taxpayer A1B2C3

Please Note: DO NOT enter ANY numbers as negative (-), even if the indicated integer on the tax return is negative (-). The calculator will automatically subtract when indicated; simply be sure to enter data on the correct Calculator Line.

Unless specified, enter ONLY recurring income and losses.

Annual Trends are calculated by AVERAGING BOTH YEARS if income increases using MOST RECENT YEAR if income decreases.

Are you utilizing two years' tax returns?

Is this a Freddie Mac loan with corporate (1120) returns?

NO

click here for quidance

٧	Capital Gains or Loss (Schedule D)			- 3	2019			2020
38	Capital Gains	click here for guidance +	+	\$		+	\$	
39	Capital Losses (if required by Investor Guidelines)	click here for guidance -	47	\$	10	-	\$	
40		Schedule D Totals		\$	0.00		S	0.00
41	Total Capital Gains/L	osses Annual Trend				\$0.0	00	











SCHE Form	EDULE E	CLOSE SYC		upplemental							11750750	lo. 1545-0074
	nent of the Treasury	(From r		ch to Form 1040	1040	-SR, 10	40-NR,	or 1041.			Attach	020
	Revenue Service (99)	2	Go to www.irs.g	jov/ScheduleE1c	or instr	ructions	and the	e latest ir	formation		Seque	nce No. 13
ameis	shown on return									Your soc	al security	number
Part			From Rental Real structions. If you are									
A Die	d you make any	payment	s in 2020 that would	d require you to	file Fo	orm(s) 1	099? S	ee instr	ictions	#13 K 63	. 🗆 Y	es No
B If			file required Form		-	+0-14	*				. E Y	es 🗌 No
1a	Physical addr	ess of ea	ch property (street	, city, state, ZIP	code)						1.000-00-00-00-00-0
A	1 Main St											
В	2 Beach R											
С	3 Mounta											
1b	Type of Pro (from list be		2 For each renta above, report to personal use d	real estate prop he number of fa ays. Check the	r renta	sted al and ox only		D	Rental ays	Persona Day		GJA
A	1		if you meet the	requirements to renture. See inst	file as	s a	A		365			
В	1		qualified joint v	enture. See mist	ruction	TS.	В		365			
С	1 1						С		365			
	of Property:											
	gle Family Residenti-Family Residenti		3 Vacation/Short 4 Commercial			valties		7 Self-F	(describe			
ncom		01300	4 Commercial	Properties:	0 110	yaitibs	A	6 Ourier		B		C
3	Rents received	1	501 -1167 Abis 10		3			.000		50.000		10.000
4	Royalties rece				4		70,	.000		30,000		10,000
xper	nses:				200	(6.						
5		CRA 9653	* ** *** *	400A 400A	5							
6	Auto and trave	d (see ins	structions)		6							
7	Cleaning and	maintena	nce	-56 959	7		4.	000		3.800		1.200
8	Commissions.			508 508	8							
9	Insurance				9		1,	000		1,000	~	500
10	Legal and other			100 500	10	ř.	1,	000				
11			. v . v . v		11							
12			to banks, etc. (see	instructions)	12		12,	000		11,000		3,000
13	Other interest.	98 89		100 100	13	-					-	
14	Repairs			202 200	14		3,	000		2,500		500
16	Supplies		-0.30 101.0	188 AV.	16	-		F00		7.000		1.000
17				2002 2002	17	-		500		7,000 8.000		1.000 2.000
18	Depreciation e			5008 ±608	18	-		.000			-	4.000
19	Other (list)	person (19		13	,000		16,000	-	4.000
20		s. Add lin	es 5 through 19 .		20		49	.500		49.300	A	12,200
21			ne 3 (rents) and/or	4 (royalties), If								
5-157			structions to find o				1	.500		700		-2.200
	file Form 6198			#000# 4000#	21		-1,	,500		700		2,200
22			estate loss after lin		22	(-1	,500)			(-2,200
23a	Total of all am	ounts rep	ported on line 3 for	all rental prope	rties	1990	¥ 18	23a	1	08,000		
b	Total of all am	ounts rep	oorted on line 4 for	all royalty prope	erties	48.84	8 60	23b			8	
C	Total of all am	ounts rep	orted on line 12 fo	r all properties	1000	4004	e 60	23c	2	26,000	V.	
d			ported on line 18 fo					23d		33,000	Ĵ.	
			orted on line 20 fo	STATE OF THE PARTY	-	100	* *	23e	11	1,000	3	
24			amounts shown or									700
25		F. S. B. T. C. S. C.	ses from line 21 and							3000	(3,700
26			e and royalty inco									
			and line 40 on p					enter thi				3.000
				, include this an						26		





Form 1 Repartmenternal F	ent of the Treasury Revenue Service (99)	(From r	rental real estate, ro	ch to Form 1040	ips, S , 1040	corpor	ations, e	estates, tru or 1041.		i e e e e e e e e e e e e e e e e e e e	2 Attach Seque	nce No. 13
lame(s)	shown on return									Your socia	al security	number
Part			From Rental Real									
			ts in 2020 that wou		file F	orm(s) 1	099? S	ee instruc	tions .	60 K 60	. 🗆 Y	es 🗌 No
			u file required Form				* * *	+			. 🔲 Ү	es 🔲 No
1a	-		ach property (stree	t, city, state, ZIP	code)						
A	1 Main St											
В	2 Beach R											
_	3 Mounta							F			111	
1b	Type of Prog (from list be		above report	I real estate prop the number of fail lays. Check the	r renta	al and		Fair R	/S	Personal Days		GJV
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С	11						С	3	65			
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com		ensoe	4 Commercial	Properties:	o no	yaities	A	8 Other (3	-	С
3	Rents received			Froperties.	3			000		0.000	/-	10.000
4	Royalties recei				4		40,	000		00,000	-	10,000
xpen		veu .				-		-			-	
5	Advertising .				5							
6	Auto and trave				6			_				
7	Cleaning and r				7		4	000		3.800		1 200
8	Commissions.			=======================================	8		-4,	000		3,800		1,200
9	Insurance				9	*	1	000		1.000	-	500
10	Legal and othe				10	-				1,000		300
11	Management f				11	_		000				
12	Mortgage inter	est paid	to banks, etc. (see	instructions)	12		12	000	1	1.000		3.000
13	Other interest.				13		,			1,000		3,000
14	Repairs				14		3	000		2.500		500
15	Supplies			400A 400A	15	Ĉ.	,			_,	ă.	
16	Taxes				16		7.	500		7.000		1.000
17	Utilities	16 VA	a or 400 and 6	F 4004 4804	17			000		8.000	8	2.000
18	Depreciation e	xpense	or depletion		18	Į.		.000		16.000	S.	4.000
19	Other (list)				19							
20			nes 5 through 19 .		20	4	49	500	- 4	19,300		12.200
21	result is a (loss	s), see in	ine 3 (rents) and/or estructions to find of	out if you must	Qui il		-1	500		700		-2,200
22	Deductible ren	tal real	estate loss after lin	nitation, if any,	21	,	-1	,500		4	,	-2,200
23a			ported on line 3 for		-		V 18	23a	10	08.000		_,_50
		0.7	ported on line 4 for	The state of the s		40.04	0.00	23b		00,000		
			ported on line 12 for			4000		23c	2	6.000		
			ported on line 18 fo				8 8	23d		3.000		
			ported on line 20 fo		2000	4004	w .c.	23e		1.000		
24			amounts shown or		t inclu	de anv	losses		1500			
25		10.77	ses from line 21 and			100				and the same of	(
26	Total rental re	al esta	te and royalty inc	ome or (loss). (Combi	ine line	s 24 an	d 25. Ent	er the re	sult		
			0), line 5. Otherwise							26		





orm	EDULE E (040) ent of the Treasury	(From r	Supple ental real estate, royalties Attach to	1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	ips, S	corpora	tions, e	estates, t	rusts, REM	MICs, e	tc.) 2	No. 1545	
ternal l	Revenue Service (99)	ė –	►Go to www.irs.gov/Sc	heduleE to	r instn	uctions	and the	latest in	formation		Sequ	ience No.	
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Part			From Rental Real Estat										use
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			ts in 2020 that would requ u file required Form(s) 10		file Fo	rm(s) 1	0997 S	ee instru	ictions .		5020 -		No
1a			ach property (street, city,		anda)	+		****		-		res _	NO
A	1 Main St		acii property (street, city,	State, Zir	code								
В	2 Beach R												
C	3 Mounta		enue										
1b	Type of Pro		2 For each rental real e	state prop	erty lis	ted		Fair	Rental	Pers	onal Use	_	
	(from list be		above report the nur	mber of fair	renta	and		D	ays		Days	Q.	JV
A	1		personal use days. C if you meet the require qualified joint venture	rements to	file as	a	A		365			- E	J
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C	1	1120011200					C		365]
	of Property:												
	gle Family Resid		3 Vacation/Short-Terr					7 Self-F		00			
CON	ti-Family Reside	ence	4 Commercial	perties:	6 Roy	alties	A	8 Other	(describe	B		С	
3	Rents received	_	PIC	perues.	3			000		_			000
4	Royalties rece			4004	4		48,	000		50,00	0	10,	000
_	ses:	veu .		-	-			-					
5	Advertising .			2000	5								
6	Auto and trave				6						_		
7	Cleaning and	2011		4904	7		4	000		3.80	0	1.2	200
8	Commissions.			*****	8			000		3,00			
9	Insurance				9		1.	000		1.00	0	5	500
10	Legal and other	r profes	sional fees	869	10		1.	000			- 8		
11	Management t	ees .		1.4	11								
12			to banks, etc. (see instru	ictions)	12		12,	000	1	<u> 11,00</u>	0	3,0	000
13	Other interest.			500	13						_		
4	Repairs	12			14		3,	000		2,50	0	5	<u>500</u>
6		200		1000	16		_						
7				2002				500		7,00			000
18	Depreciation e	vnense i		3553	17			.000		8,00 16.00			000
19	Other (list)	5644663455			19		13,	JUU		יט,טנ		4.0	JUU
20		s. Add lir	nes 5 through 19		20		49	500		49.30	00	12.2	200
21			ine 3 (rents) and/or 4 (roy	J. 1850. T	-					,			
- 17.0			structions to find out if y				_1	500		70	n	-2.2	วกก
	file Form 6198			#00# B	21			,500				-,-	
22			estate loss after limitation		28270		- 1	.500			100		200
			tructions)		22		-1	/1	4.	00.00)(-2,4	200
		0.0	ported on line 3 for all rer			200	10	23a 23b	1	08,00)U		
			ported on line 4 for all roy		rties	+ -	3 50	-	2		•		
			ported on line 12 for all p ported on line 18 for all p				3 5	23c		6,00 3.00			
8			ported on line 20 for all p		F0108	*****	E) E);	23e		1.00			
24			amounts shown on line 2		inclus	le anv	losses	200			24	7	700
25			ses from line 21 and rental							-	25 (700
26			te and royalty income of							100 Care 1		-),	
.0	here. If Parts	II, III. IV	, and line 40 on page 2	do not a	DDIV :	to you	. also 4	enter thi	s amount	on I			000





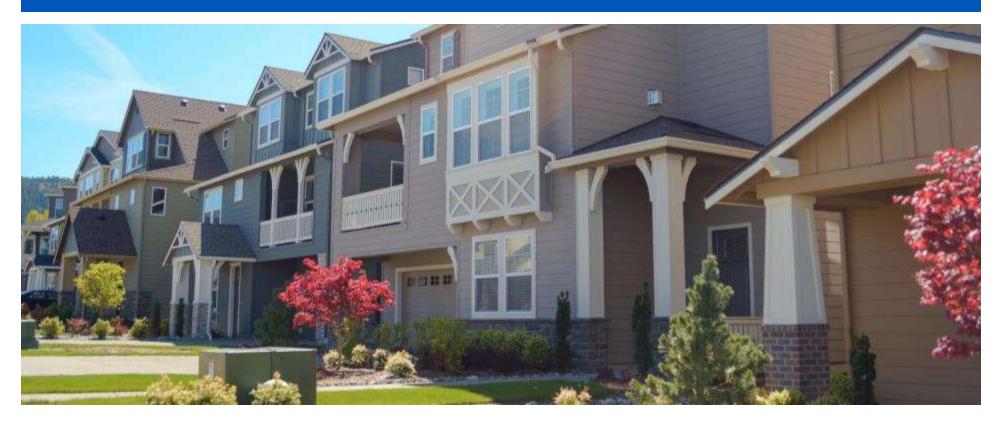
Form 1	EDULE E 1040) ent of the Treasury	(From re	ental real estate, roy	ipplemental alties, partnersh ch to Form 1040	nips, S	corpora	ations, e	estates, t	rusts, REI	MCs, etc.)	2	020 020
	Revenue Service (99)		►Go to www.irs.g	ov/ScheduleE 1d	or instr	uctions	and the	atest in	formation		Seque	ment ince No. 13
lame(s)	shown on return									Your soc	ial securit	
Part			rom Rental Real I dructions. If you are a									
A Die	d you make any	payments	s in 2020 that would	d require you to	file Fo	orm(s) 1	099? S	ee instru	ctions	69 K 6	. 🗆 ۱	es No
B If "	Yes," did you o	r will you	file required Form	s) 1099?	F. 134	+		+:			. 💷 🗈	res 🔲 No
1a	Physical addr	ess of ea	ch property (street	city, state, ZIP	code)						1.00
A	1 Main St		00 01 1000									
В	2 Beach R											
С	3 Mounta											
1b	Type of Proj (from list be		2 For each rental above, report to above.	ne number of fai	r renta	i and			Rental ays	Persona Day		QJV
Α	1		if you meet the	ays. Check the (requirements to	file as	a	A		365			
В	1		qualified joint v	enture. See inst	nuction	15.	В		365			
С	1	11222111222					С		365			
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	gle Family Resid		3 Vacation/Short					7 Self-R				
	ti-Family Reside	ence	4 Commercial		6 Roy	/alties		8 Other	(describe		300	
ncom	***************************************	_		Properties:			A	000			/	10.000
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8	Commissions	nannenia.	MM + H		8		-4,	000		3,800	1	1,200
9	Insurance				9		1	000		1.000		500
10		or profess	ional fees	#0.04 #0.04	10			000		1,000	1	300
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12			to banks, etc. (see		12		12.	000	1	1.000		3.000
13	Other interest.			*000* *000*	13						1	-,,,,,,,
14	Repairs				14		3.	000		2.500	1	500
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16	Taxes		T St Pay	S0 18%	16			500		7,000	1.	1.000
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18	Depreciation e	xpense o	r depletion	***** ***** **	18		13	.000		16,000		4.000
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26	here. If Parts	II, III, IV,	and royalty inco and line 40 on p			to you	, also e		s amount	on		3.000
			, line 5. Otherwise,			Law Albert A	manl -	Dinn Ad .		. 26		



Monthly Obligation



The FULL amount of the housing obligation is equivalent to a monthly amount.





Monthly Obligation (Escrow)



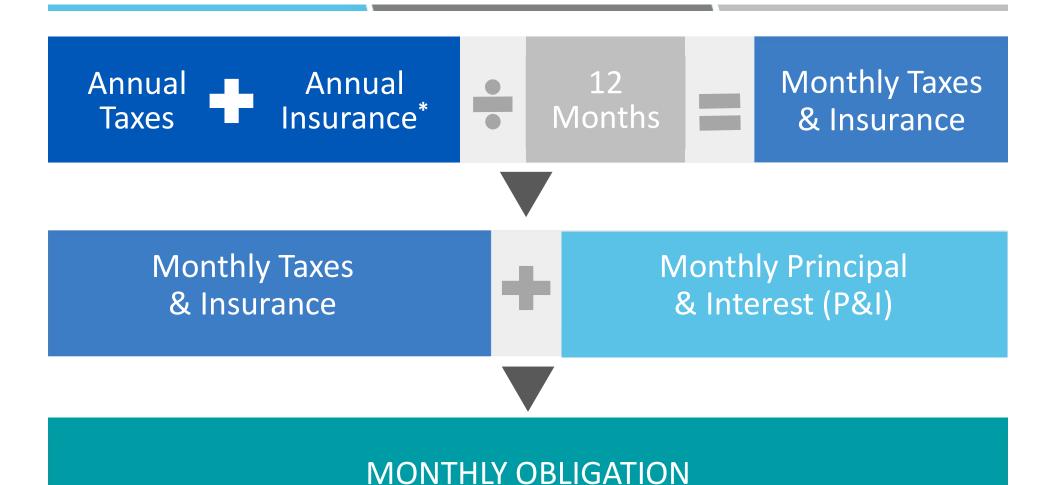




* Add Homeowner Association (HOA) dues, if applicable.

Monthly Obligation – No Escrow



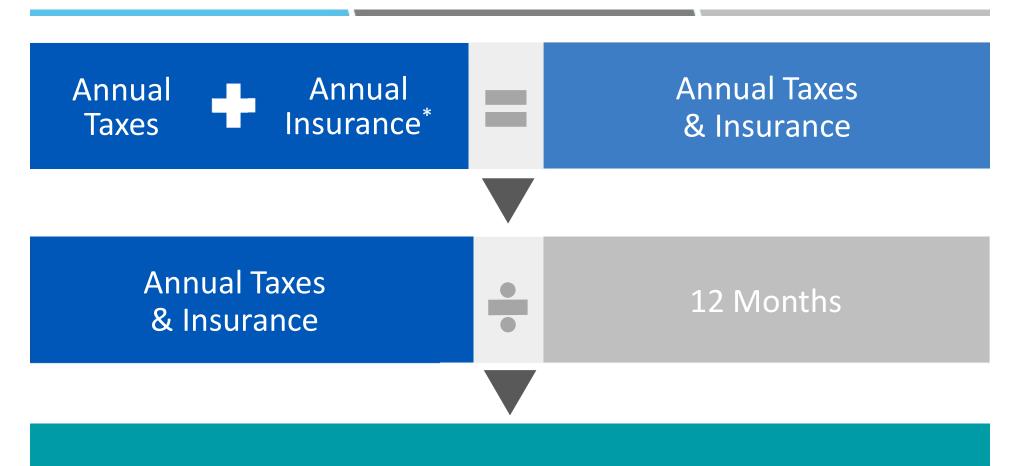






Monthly Obligation – Free and Clear









Review Objectives



We have now concluded the session, intended to help you to:

- Learn the Fundamentals of Tax Returns.
 - When and Why Tax Returns are Needed.
 - If Tax Returns are Complete.
- Understand Income Trending.
- Introduced to the AMITRAC.
- Analyze and become more familiar with...
 - 1040 Page1.
 - 1040 Page 2.
 - 1040 Schedule 1.
 - Schedule B.
 - Schedule D.
 - Schedule E.







