

Tuesday, October 22, 2002

Nations Home Funding Move Up Tax Analysis

Move-up Homebuyer 1040 Analysis

Evaluation of New Home Purchase

Nations Home Funding

For: Fred Flintstone, Wilma Flintston

By: Don Newman

Phone: (919)425-5222

Price:	\$400,000.00		
First Loan Amount:	\$360,000.00	Rate:	7.000% Term: 360 Months
Second Loan Amount:	\$0.00	Rate:	0.000% Term: 0 Months
Property Tax:	\$4,500.00	Total Payment:	\$2,395.09

1040 Line: **Income (Page 1 1040)**

			Actual Past Year	Prospective		
7 Wages, salaries, tips, etc.	7		\$121,370.00	\$121,370.00		
8a Taxable interest	8a		\$19.00	\$19.00		
8b Tax-exempt interest	8b	\$0.00		\$0.00		
9 Ordinary dividends	9		\$0.00	\$0.00		
10 Taxable refunds, credits, or offsets of state and local income taxes	10		\$1,568.00	\$1,568.00		
11 Alimony received	11		\$0.00	\$0.00		
12 Business income or (loss).	12		\$0.00	\$0.00		
13 Capital gains or (losses).	13		\$1,220.00	\$1,220.00		
14 Other gains or (losses)	14		\$0.00	\$0.00		
15a Total IRA distributions	15a	\$0.00	b Taxable Amount	15b	\$0.00	\$0.00
16a Total pensions & annuities	16a	\$0.00	b Taxable Amount	16b	\$0.00	\$0.00
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17		\$0.00	\$0.00		
18 Farm Income or (loss).	18		\$0.00	\$0.00		
19 Unemployment compensation	19		\$0.00	\$0.00		
20a Social security benefits	20a	\$0.00	b Taxable Amount	20b	\$0.00	\$0.00
21 Other income	21		\$0.00	\$0.00		
22 Add the Amounts in the far right column for lines 7 through 21. This is your total income	22		\$124,177.00	\$124,177.00		

Adjusted Income (Page 1 1040)

23 IRA Deduction	23		\$0.00	
24 Student loan interest deduction	24		\$0.00	
25 Medical savings account deductions	25		\$0.00	
26 Moving expenses	26		\$0.00	
27 One-half of self-employment tax.	27		\$0.00	
28 Self-employed health insurance deduction	28		\$0.00	
29 Self-employed SEP, SIMPLE and qualified plans	29		\$0.00	
30 Penalty on early withdrawal of savings	30		\$0.00	
31 Alimony paid	31a		\$0.00	
32 Add Lines 23 through 31a	32		\$0.00	\$0.00
33 Subtract line 32 from line 22. This is your adjusted gross income	33		\$124,177.00	\$124,177.00

Tax and Credits (Page 2 1040)

**Actual Past
Year Prospective**

34	Amount from line 33 (adjusted gross income)	34	\$124,177.00	\$124,177.00
35	(Skip Entry)	35	\$0.00	\$0.00
36	Itemized deductions (from Schedule A) or your standard deduction	36	\$19,765.19	\$40,393.86
37	Subtract line 36 from line 34	37	\$104,411.81	\$83,783.14
38	If line 34 is \$96,700 or less, multiply \$2,800 by the total number of exemptions	38	\$8,700.00	\$8,700.00
39	Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37 enter 0.	39	\$95,711.81	\$75,083.14
40	Tax	40	\$22,316.00	\$17,506.26
41	Alternative minimum tax	41	\$0.00	\$0.00
42	Add lines 40 and 41	42	\$22,316.00	\$17,506.26
43	Foreign Tax Credit	43	\$0.00	
44	Credit for child and dependent care expenses	44	\$0.00	
45	Credit for the elderly or disabled	45	\$0.00	
46	Education credits	46	\$0.00	
47	Rate reduction credit	47	\$	
48	Child tax credit	48	\$0.00	
49	Adoption credit	49	\$0.00	
50	Other Credit (Abridged)	50	\$0.00	
51	Add lines 43 through 49. These are your total credits.	51	\$0.00	\$0.00
52	Subtract line 50 from line 42. If line 50 is more than line 42 enter 0.	52	\$22,316.00	\$17,506.26

Other Taxes

53	Self-employment tax	53	\$0.00	\$0.00
54	Social Security and Medicare tax on tip income not reported to employer	54	\$0.00	\$0.00
55	Tax on IRAs, other retirement plans, and MSAs	55	\$0.00	\$0.00
56	Advance earned income credit payments from Form(s) W-2	56	\$0.00	\$0.00
57	Household employment taxes	57	\$0.00	\$0.00
58	Add lines 51-56. This is your total tax.	58	\$22,316.00	\$17,506.26

Payments

59	Federal income tax withheld from Forme W-2 and 1099	59	\$21,356.00	\$21,356.00
60	2001 Estimated tax payments and amount applied from 2000 return	60	\$0.00	\$0.00
61a	Earned income credit (Abridged)	61a	\$0.00	\$0.00
62	Excess social security and RRTA tax withheld	62	\$0.00	\$0.00
63	Additional child tax credit	63	\$0.00	\$0.00
64	Amount paid with request for extension to file	64	\$0.00	\$0.00
65	Other payments	65	\$0.00	\$0.00
66	Add lines 58, 59, 60a and 61 through 64. These are your total payments	66	\$21,356.00	\$21,356.00

Refund

67	If line 65 is more than line 57, subtract line 57 from line 65. This is the amount overpaid	67	\$0.00	\$3,849.74
68a	Amount of line 66 you want refunded to you	68a		
69	Amount of line 66 you want applied to your 2001 estimated tax	69		

Amount you owe

70	If line 57 is more than line 65, subtract line 65 from line 57. This is the amount you owe	70	\$960.00	\$0.00
71	Estimated tax penalty	71		

Schedule A - Itemized Deductions

Actual Past
Year Prospective

Medical and Dental Expenses

1	Medical and dental expenses	1	\$0.00	
2	Enter amount from 1040, line 34	2	\$124,177.00	
3	Multiply line 2 above by 7.5% (.075)	3	\$9,313.28	
4	Subtract line 3 from line 1. If line 3 is more than line 1 enter 0	4	\$0.00	\$0.00

Taxes You Paid

5	State and local income taxes	5	\$7,788.00	\$7,788.00
6	Real estate taxes	6	\$3,449.00	\$4,500.00
7	Personal property taxes	7	\$250.00	\$250.00
8	Other taxes	8	\$0.00	\$0.00
9	Add lines 5 through 8	9	\$11,487.00	\$12,538.00

Interest You Paid

10	Home mortgage interest and points reported to you on Form 1098	10	\$8,731.00	\$26,450.86
11	Home mortgage interest not reported to you on Form 1098	11	\$0.00	\$0.00
12	Points not reported to you on Form 1098	12	\$0.00	\$0.00
13	Investment interest	13	\$0.00	\$0.00
14	Add lines 10 through 13	14	\$8,731.00	\$26,450.86

Gifts to Charity

15	Gifts by cash or check. (Abridged)	15	\$905.00	
16	Other than by cash or check	16	\$500.00	
17	Carryover from prior year	17	\$0.00	
18	Add lines 15 through 17	18	\$1,405.00	\$1,405.00

Casualty and Theft Loss

19	Casualty and theft loss	19	\$0.00	\$0.00
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Job Expenses and most other Miscellaneous Deductions

20	Unreimbursed employee expenses (Abridged)	20	\$0.00	
21	Tax preparation fees	21	\$400.00	
22	Other expenses	22	\$400.00	
23	Add Lines 20 through 22	23	\$800.00	
24	Enter amount from form 1040 line 34	24	\$124,177.00	
25	Multiply line 24 above by 2% (.02)	25	\$2,483.54	
26	Subtract line 25 from line 23. If line 25 is more than line 23 enter 0	26	\$0.00	\$0.00

Other Miscellaneous Deductions

27	Other miscellaneous deductions	27	\$0.00	\$0.00
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Total Itemized Deductions

28	Total Itemized Deductions	28	\$19,765.19	\$40,393.86
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Is form 1040, line 34, over \$128,950 (over \$64,475 if married filing separately)?

No: Your deduction is not limited, add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36. Yes: Your deduction may be limited. See federal tax return instructions for the amount to enter