MOLINA
MORTGAGE

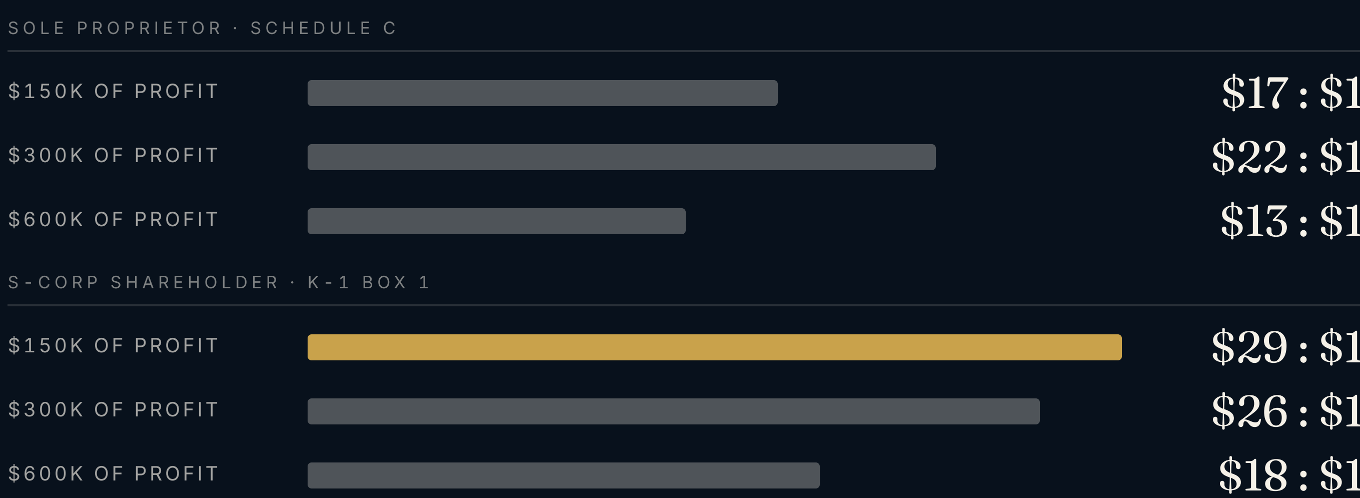
PREPARED FOR CPAS & TAX PROFESSIONALS

The Write-Off Exchange Rate

AUGUST 2026 · VOL. 1 · NO. 1

Half of what your client deducts is free. This prices the other half.

THE SAME $10,000 OF CASH DEDUCTION · PRICE SURRENDERED PER DOLLAR OF TAX SAVED



Six client profiles, one deduction. The denominator is almost fixed — $5,000 of price per $1,000 of cash deduction at every income level in this issue. The numerator is not: the identical write-off saves $1,760 on one return and $3,790 on another. Nothing on this cover is a forecast. It is the Internal Revenue Code, a Palm Beach millage table and a payment.

CHRISTOPHER C. MOLINA · OWNER & SENIOR LOAN OFFICER

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$5,000	$29 : $1	$747,000	$405,000
Purchasing power per $1,000 of cash deduction	Worst exchange rate — S-corp shareholder at $150K	A $150,000 line of credit on a December 31 balance sheet	Price recovered from add-backs already taken on the return

How to read this issue

45%	20%	$850/mo	August 1
Back-end DTI on every maximum price here. Exhibit 4 prices two others.	Down on every scenario, so nothing here carries mortgage insurance.	Non-housing obligations on every borrower, before any housing payment.	Conv. 6.750%, jumbo 6.875%, bank-stmt 7.750%, DSCR 7.500%.

Change one and every figure downstream moves — which is the point: they are held constant so a difference between two rows is caused by the thing being tested. Nineteen exhibits follow, each numbered and sourced underneath it; price is solved by binary search and rounded to the nearest $1,000, so a $1,000 step is rounding.

- **Navy** — the case as it stands: today's price, the return as filed.
- **Gold** — the case priced against it: the change, the benefit.
- **Gold tint** — never a series; it marks the row the prose carries.
- **Gray** — once only: the third class in Exhibits 2 and 5.

Every figure in this report is computed — property taxes from municipal millage tables, insurance from a Florida rate book, payments, cash-to-close and qualifying ratios from the same engine used on live client files. Rates are labeled assumptions, not quotes.

A letter to the person who signs the return

A LETTER · AUGUST 2026

You and I sit at opposite ends of the same file, and the two ends almost never speak until it is too late to matter. You are retained to minimize a liability. I am measured on whether a loan closes. The client sitting between us assumes that the two of us have already talked about the decision in front of them, and we almost never have.

So let me make an argument you would not expect from a mortgage broker writing to accountants. It is not that your clients deduct too much. It is that roughly half of what looks aggressive on a return is invisible to an underwriter and costs the client nothing. Depreciation — including bonus, including whatever a cost segregation study pulls forward — is added back. So are §179 on a Schedule C, depletion, amortization, casualty loss, business use of home, and the depreciation component of business mileage. The Schedule 1 items never enter the analysis at all, because lender cash flow starts at line 31 or K-1 Box 1, not AGI.

The other half is real. Cash operating expenses come out dollar for dollar. So does the disallowed half of meals, which is worse than neutral — subtracted on Form 1084 even though it was never deducted. So do entity pension contributions inside an 1120S, Schedule M-1 travel and entertainment, and the one almost nobody knows: notes payable in less than one year off Schedule L. A line of credit on a balance sheet on December 31 has no tax consequence and can quietly cost six figures.

What I have never been able to hand you is the other side of that trade. You can price a deduction's benefit to the dollar; you have had nothing to price its borrowing cost with, so the client conversation became your arithmetic against a loan officer's anecdote — and you lost an argument you were right about. This issue computes the exchange rate.

What follows is six analyses and nineteen numbered exhibits, each one carrying its own source and computation basis where it sits, because you footnote for a living and an anonymous table is not worth citing. Four assumptions are held constant throughout so the comparisons are like for like; they are on the contents page opposite, with the colour rule every exhibit obeys. The six analyses are ranked against each other on one axis before the issue closes, so you leave with an ordered list rather than six separate findings.

Two things I will not do. I will not ask you to sign a comfort letter attesting that a client is solvent, can afford a payment, or can withdraw funds without harming the business; AICPA guidance treats those as unsupportable and I agree. And I will not tell you how to advise on tax — that is your license, not mine.

Christopher C. Molina

OWNER & SENIOR LOAN OFFICER · MOLINA MORTGAGE · NMLS #1587312

0 4

Four numbers for a tax practice

AT A GLANCE · AUGUST 2026

PRICE PER $1,000 OF CASH DEDUCTION

$5,000

45% DTI · not an add-back

WORST EXCHANGE RATE

$29 : $1

S-corp shareholder at $150K

YEAR-END LINE OF CREDIT

$747,000

$150,000 on Schedule L

ADD-BACKS ON ONE SCHEDULE C

$405,000

$144,440 of deductions, zero cost

THE NOTE

Every figure on this page is a subtraction problem run twice through the same engine. The exchange rate is the cleanest of them: one dollar of cash deduction removes one dollar of qualifying income, which removes 45 cents of PITIA capacity, which removes about $5,000 of purchasing power per thousand at this month's rate assumptions. The denominator barely moves across income levels — prices are solved and rounded to the nearest $1,000, and across the whole range the denominator reads $5,000 to $5,100 per thousand. What moves is the numerator. The same $10,000 of deduction is worth $3,790 to a sole proprietor at $600K and $1,760 to a S-corp shareholder at $150K, because the self-employment tax layer collapses above the Social Security taxable maximum and §199A behaves differently at each end of the income scale. Same cost, very different benefit — and it is computable for any client in five minutes with the return in front of you.

EXHIBIT 1 **Price surrendered per dollar of tax saved**

Six client profiles. Numerator from §1401/§1402, §3101(b)(2) and §199A; denominator solved by the Deal Engine at 45% DTI. Detail in Exhibit 3.

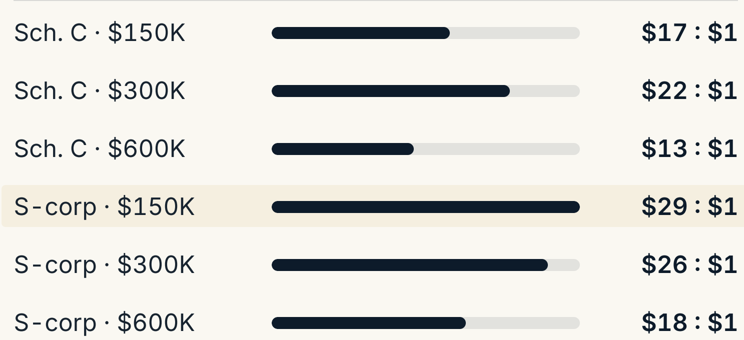
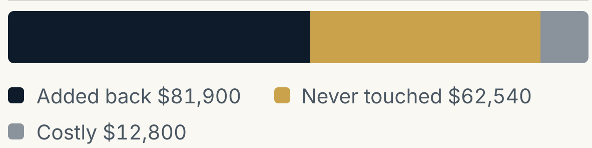


EXHIBIT 2 **One Schedule C, by treatment**

Fannie Mae Form 1084 / Freddie Mac Form 91 treatment of the return itemized in Exhibit 5.



Of $157,240 of deductions on this return, $144,440 cost the client nothing at the underwriting desk. The meals line costs twice.

THE REST OF THIS ISSUE, IN FIVE NUMBERS

$56,000	$176,000	$64,000	$33,000	$301/mo
Price lost per $10,000 at 50% DTI	Cost of filing the wrong year	What one meals line costs	Agency full-doc over 24-mo bank statements	Amendment 3 relief in West Palm Beach, 2028

Base case throughout: West Palm Beach primary residence, 20% down, 30-year fixed, 45% back-end DTI, $850/mo of non-housing obligations, full PITIA with real municipal millage and a Florida rate-book premium. Loans above $832,750 are priced at the jumbo assumption. Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

What a deduction really costs

ANALYSIS · 01 · AUGUST 2026

Six client profiles, each priced twice: once at stated profit, once with one additional **$10,000 of cash deduction** — an expense that actually left the business, not an add-back. West Palm Beach primary residence, **20% down**, **45% back-end DTI**, **$850/mo** of other obligations.

EXHIBIT 3 Tax saved per $10,000 of cash deduction, built in layers

Self-employment tax per §1401/§1402 at 15.3% of 92.35% to the $184,500 taxable maximum and 2.9% above it, plus 0.9% per §3101(b)(2) above $250,000 jointly; §199A at 20%. Price lost is the difference between two binary-search solutions, each rounded to the nearest $1,000 — the $1,000 step across the column is that rounding, not a signal.

CLIENT PROFILE	MARG. FED	SE-TAX LAYER	§199A	TAX SAVED	PRICE LOST	PER $1 SAVED
Sole proprietor · $150K	22%	$1,413 (15.3%)	−20%	**$3,049**	$51,000	**$17 : $1**
Sole proprietor · $300K	24%	$351 (3.8%)	−20%	**$2,237**	$50,000	**$22 : $1**
Sole proprietor · $600K	35%	$351 (3.8%)	none	**$3,790**	$51,000	**$13 : $1**
S-corp shareholder · $150K	22%	—	−20%	**$1,760**	$51,000	**$29 : $1**
S-corp shareholder · $300K	24%	—	−20%	**$1,920**	$50,000	**$26 : $1**
S-corp shareholder · $600K	35%	—	−20%	**$2,800**	$51,000	**$18 : $1**

WHY THE LAYERS MATTER

The SE layer is 15.3% of 92.35% of the deduction below the $184,500 Social Security taxable maximum and 2.9% above it — 3.8% past $250,000 jointly. Cutting SE tax also shrinks the one-half-SE-tax deduction, and a deduction reducing QBI saves only (1 − 0.20) of the marginal rate. The sole proprietor at $600K runs the other way: above the §199A threshold with no W-2 wages and no qualified property, the wage-and-UBIA limitation is fully phased in, so QBI is gone and the deduction saves the full rate.

EXHIBIT 4 The same deduction at three back-end ratios — S-corp shareholder · $300K

One profile from Exhibit 3, repriced at each ratio. None of the three is a QM threshold — Appendix Q was eliminated in 2021 and General QM is price-based. These are DU and LPA outcomes.

BACK-END DTI	PITIA CAPACITY	SUPPORTED PRICE	PRICE PER $10,000	LOAN PER $10,000	PER $1 SAVED
43%	$9,900/mo	$1,342,000	$48,000	$38,400	**$25 : $1**
45%	$10,400/mo	$1,409,000	$50,000	$40,000	**$26 : $1**
50%	$11,650/mo	$1,577,000	$56,000	$44,800	**$29 : $1**

THE TAKEAWAY

A deduction is not expensive or cheap in the abstract — it is expensive relative to what it saves, and the client sitting highest in DTI pays most for it. The same $10,000 costs $48,000 at 43% DTI and $56,000 at 50%. The exchange rate is worst where the tax benefit is thinnest, which is exactly the client least likely to be warned.

Marginal federal rates are stated assumptions at each profile's taxable income, married filing jointly; S-corp profiles assume reasonable compensation sufficient to clear the §199A W-2 wage limitation. Florida levies no state income tax. Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

The add-back ledger

ANALYSIS · 02 · AUGUST 2026

> One Schedule C. Line 31 net profit **$186,000**, 18,000 business miles, $12,800 of meals spend, treated below exactly as Form 1084 and Form 91 are written.

EXHIBIT 5 Twelve lines of one return, in three treatment classes

Mileage add-back at the 35¢ depreciation component of the 2026 standard rate; SEP capped at 20% of net earnings less one-half SE tax. The band swatches and subtotals are the three segments of Exhibit 2.

LINE ITEM	WHERE IT LIVES	1084 / 91 TREATMENT	AMOUNT	COSTS INCOME?
ADDED BACK — THE UNDERWRITER PUTS IT BACK				
Depreciation (incl. 100% bonus)	Sch. C line 13	Added back in full	$41,000	No
§179 expensing	Sch. C line 13	Added back in full	$26,000	No
Amortization	Form 4562 → line 27a	Added back	$3,400	No
Business use of home	Sch. C line 30	Added back	$5,200	No
Mileage depreciation · 18,000 mi	35¢/mi for 2026	Added back	$6,300	No
SUBTOTAL · ADDED BACK IN FULL			**$81,900**	**No**
NEVER ENTERS THE ANALYSIS — CASH FLOW STARTS AT LINE 31				
SEP-IRA / solo-401(k) employer	Schedule 1	Never enters the analysis	$31,000	No
One-half self-employment tax	Schedule 1	Never enters the analysis	$13,140	No
Self-employed health insurance	Schedule 1	Never enters the analysis	$18,400	No
§199A / QBI deduction	Below the line	Does not reduce line 31	—	No
SUBTOTAL · NEVER SEEN BY THE ANALYSIS			**$62,540**	**No**
COSTS INCOME — DOLLAR FOR DOLLAR, AND ONCE MORE FOR MEALS				
Meals — deducted half	Sch. C line 24b	Inside line 31 already	$6,400	Yes
Meals — disallowed half	Meals exclusion	*Subtracted* from cash flow	$6,400	Yes
Cash operating expenses	Sch. C lines 8–27	No adjustment — taken as incurred	—	Yes
SUBTOTAL · IDENTIFIED ON THIS RETURN			**$12,800**	**Yes**

EXHIBIT 6 What the add-backs are worth, in price

Maximum price on this file, solved with and without the Exhibit 5 add-backs.

Max price if the lender misses them	**$842,000**
Max price with the add-backs recovered	**$1,247,000**

$405,000 of price, $324,000 of loan — from add-backs already taken.

EXHIBIT 7 What the meals line costs, in price

The same file solved twice — as filed, and with the $12,800 of meals spend not incurred.

As filed — $12,800 of meals	**$1,183,000**
Same file, that spend not incurred	**$1,247,000**

$64,000 — $32,000 for the deducted half, $32,000 for the half never deducted.

> THE DOCUMENTATION DEPENDENCY
>
> The navy band is recoverable only if the lender obtains the 1065 or 1120S. Depreciation is buried inside K-1 Box 1 — a borrower documented on the K-1 alone forfeits every dollar of it, which is the most common way a file is underwritten below what the return supports. Schedule E and Form 8825 run the same logic.

Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

The filing calendar

ANALYSIS · 03 · AUGUST 2026

> Two self-employed clients with opposite income trends, both buying in West Palm Beach at **20% down** and **45% DTI**. The only variable is which tax years an underwriter is permitted to average.

EXHIBIT 8 **The tax-return requirement, by application and disbursement date**

Fannie Mae Selling Guide B1-1-03, as in effect for the 2026 filing season. Freddie Mac 5302.4 is materially the same on timing.

WINDOW · APPLICATION AND DISBURSEMENT	YEAR REQUIRED	EXTENSION?	DOCUMENTATION
October 15 – April 14	Prior calendar year	No	Filed return; 4506-C
April 15 – October 14	Year before that	Yes (Form 4868)	4868, 4506-C, and written IRS confirmation if transcripts are unavailable
Disbursement after Oct 14	Prior calendar year	No	Filed return, whatever the application date

> TWO CONSTRAINTS THAT DECIDE THE ANSWER
>
> The extension helps only if the loan *disburses* before October 14; an application in June closing in November pulls the most recent year back in. A two-year average is also not universal — declining income forces reliance on the lower, most recent year, and FHA flags a 20%-or-greater decline in adjusted net income for manual downgrade.

EXHIBIT 9 **Two clients, two decisions, priced**

Client A: $310,000 / $340,000 / $290,000. Client B: $210,000 / $240,000 / $430,000, for 2024–2026. Qualifying income is the average the window in Exhibit 8 permits; price is solved against it.

CLIENT AND PATH	YEARS USED	QUALIFYING	PITIA CAP.	MAX PRICE	LOAN
A · files 2026 on time	2026 — declining	$290,000	$10,025	**$1,359,000**	$1,087,200
A · extends, closes by Oct 14	2024 + 2025	$325,000	$11,338	**$1,535,000**	$1,228,000
B · extends, closes by Oct 14	2024 + 2025	$225,000	$7,588	**$1,040,000**	$832,000
B · files 2026 early	2025 + 2026	$335,000	$11,713	**$1,586,000**	$1,268,800
B · files early, one-year option	2026 only	$430,000	$15,275	**$2,065,000**	$1,652,000

THE EXTENSION, PRICED

Client A's 2026 is 15% below 2025 — inside FHA's flag, but enough to force the lower year on a conventional trend analysis. Filing on time costs $176,000 of price and $140,800 of loan. To buy that back with rate alone, the note rate would have to fall from 6.875% to 5.225% — roughly 6.6 points, about $71,740 at a convention of 4 points per 1.00%. A buydown that deep is not purchasable; the decision belongs on a March calendar.

THE FOUR DATES THIS PAGE TURNS ON

Mar 16

1120S and 1065 due. The entity return is what makes K-1 income and entity depreciation usable — Exhibit 12.

Apr 15

1040 due, or Form 4868. Extending moves the required year back one — but only for a loan that disburses in time.

Oct 14

Last disbursement date the extension protects. A June application closing in November is on the later year.

Oct 15

Extended 1040 due. From here the prior calendar year is mandatory whatever the application date.

Credit documents age out four months from the note date. A one-year return may be used where the business has five years of operation and continuous 25%-or-greater ownership. Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative assumptions — not quotes, not locks.

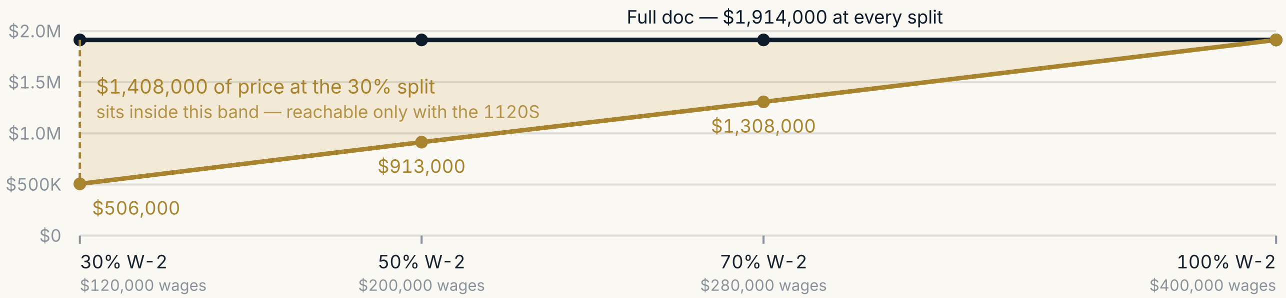
Entity structure and the Schedule L trap

ANALYSIS · 04 · AUGUST 2026

> One S-corp, **$400,000** of profit, split four ways between W-2 wages and K-1 Box 1. Total qualifying income is identical at every split; only the documentation required to use it changes.

EXHIBIT 10 **The reasonable-compensation curve**

Maximum price at each wage split, documented two ways. Tax detail in Exhibit 11; price solved at 45% DTI, 20% down.



Price · 1120S and K-1 documented — the case as it stands · Price · paystub and W-2 alone — the case being priced against it

WHAT THE SPLIT DOES AND DOES NOT CHANGE

The navy line never moves: the client earns $400,000 at every split and full documentation reaches all of it. What moves is portability. K-1 ordinary income requires the 1120S plus either a distribution history consistent with the income used or demonstrated business liquidity; a W-2 needs a paystub. The 30% split saves $17,468 a year in payroll tax and puts $1,408,000 of price behind that condition.

EXHIBIT 11 **What the same four splits cost in tax**

Both payroll shares: 12.4% to $184,500, 2.9% on all wages, 0.9% more above $250,000. §199A is the lesser of 20% of QBI or 50% of wages.

$18,360
30% W-2 · §199A $56,000 · $1,408,000 behind the 1120S

$28,678
50% W-2 · §199A $40,000 · $1,001,000 behind the 1120S

$31,268
70% W-2 · §199A $24,000 · $606,000 behind the 1120S

$35,828
100% W-2 · §199A $0 · nothing behind the 1120S

EXHIBIT 12 **The Schedule L drag — a working-capital decision with no tax consequence**

Form 1084 cash flow on the same 1120S, less M-1 travel and entertainment and entity pension, then Schedule L notes payable in under a year.

BUSINESS CASH FLOW, FORM 1084 CONSTRUCTION	AMOUNT	MAX PRICE	LOAN
Ordinary income after M-1 and pension adjustments	$371,200	**$1,768,000**	$1,414,400
Less mortgages / notes payable in < 1 year (Schedule L)	−$150,000	**$1,021,000**	$816,800
Cost of a line of credit drawn on December 31		**−$747,000**	−$597,600

A DECEMBER 31 BALANCE COSTS $747,000 OF PRICE AND NO TAX

A $150,000 line-of-credit balance on the balance sheet at year end comes out of business cash flow in full unless the borrower documents that the obligation rolls. It has no effect on taxable income whatsoever. Paying it down before December 31 recovers all of it at no tax cost.

At 25% ownership or greater the borrower is self-employed and business returns are required. $6,800 of M-1 travel and entertainment and $22,000 of entity pension are subtracted, not added back. Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

Documentation-path arbitrage

ANALYSIS · 05 · AUGUST 2026

> One self-employed borrower documented five ways. Full-doc qualifying income is the Exhibit 5 construction, **$261,500**; the bank-statement paths use a **50%** program expense factor against deposits with transfers excluded.

EXHIBIT 13 **Five ways to document the same income**

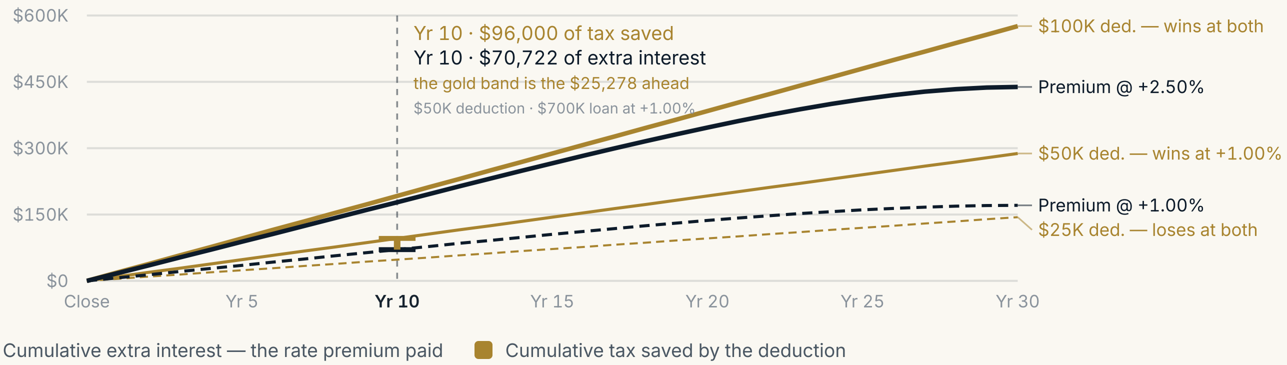
Rate assumptions by program as of August 1, 2026. Cash to close is full — down payment, costs, escrow and prepaid interest.

PATH	INCOME BASIS	QUALIFYING	RATE ASSM.	MAX PRICE	CASH TO CLOSE
Agency full-doc	Line 31 + 1084 add-backs	$261,500/yr	6.875%	**$1,215,000**	$270,540
24-mo bank stmts	$540K deposits × 50%	$270,000/yr	7.750%	**$1,182,000**	$263,594
12-mo bank stmts	$620K deposits × 50%	$310,000/yr	8.000%	**$1,348,000**	$300,404
CPA-prepared P&L	Net income, no factor	$198,000/yr	7.750%	**$841,000**	$188,207
DSCR investor	Rents only · DSCR 1.06	none used	7.500%	**$650,000**	$178,267

> READ THE FIRST TWO ROWS TOGETHER
>
> The bank-statement path produces $8,500 more qualifying income and buys $33,000 *less* house: the 1.000-point premium consumes more capacity than the extra income creates. That is the comparison the client never hears — and it is not always wrong, since the 12-month path buys $133,000 more where deposits grew.

EXHIBIT 14 **When the deduction outruns the rate premium, and when it does not**

Extra interest on a $700,000 loan at each premium over the 6.750% agency rate, against cumulative tax saved. Gold above navy: the deduction wins.



> WHERE THE LINE ACTUALLY SITS
>
> Year ten is marked on the plot: a $50,000 annual deduction has saved $96,000 by then — $9,600 a year at S-corp shareholder at $300K — against $70,722 of extra interest. Gold sits above navy, so the trade holds, and holds for all thirty years. Below $25,000 the premium wins in year one and never gives it back; at 2.50 points over agency — $177,892 of extra interest by year ten — only the $100,000 deduction survives. That answer sometimes runs against my own book.

The DSCR row is an input at $650,000, 25% down and $5,200/mo rent, not a solved maximum. Exhibit 14 compares identical $700,000 loans at 20% down, so neither carries MI. A lender may accept a CPA-prepared P&L in place of the 50% expense factor — a billable engagement; a comfort letter on solvency is not. Non-QM is not no-doc: General QM is price-based on an APR spread over APOR, so ability-to-repay is fully verified. Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

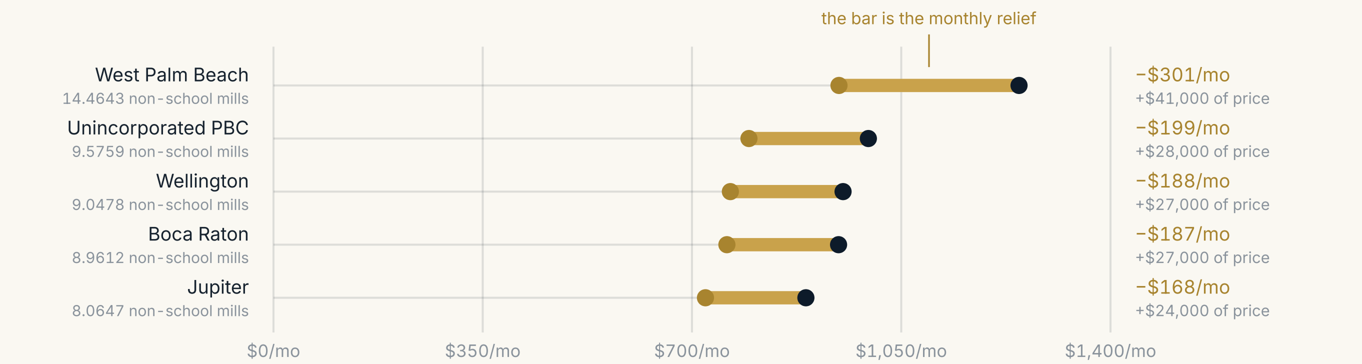
The Florida carrying-cost reset

ANALYSIS · 06 · AUGUST 2026

> Amendment 3 (CS/HJR 1F) is a **proposed** constitutional amendment on the **November 3, 2026** ballot — not current law, and it requires 60% approval. As filed: a flat additional homestead exemption against **non-school levies only**, $150,000 in 2027 and $250,000 in 2028. Confirm the enrolled text before advising on it. Measured on a **$900,000** homestead.

EXHIBIT 15 The same exemption, five millage rates

Certified municipal millage on a $900,000 homestead, before and after the 2028 exemption. Price added is what the relief buys at $6,500/mo, 20% down.



Ad valorem today — the case as it stands | After the 2028 exemption — the case being priced

> WHY A FLAT EXEMPTION IS A REGRESSIVE BENEFIT
>
> The exemption is flat. Millage is not. West Palm Beach carries 14.4643 non-school mills against Jupiter's 8.0647, so the identical $250,000 exemption is worth $301 a month in one and $168 in the other — $17,000 more house at the same payment.

EXHIBIT 16 The relocation trap

2028 relief in West Palm Beach by homestead date — new residents receive only $50,000 for five years.

Homesteaded before 2027	**$301/mo**
Homesteaded on/after Jan 1, 2027	**$60/mo**

A $241/mo gap: a December 2026 closing and a January 2027 closing are not the same deal.

EXHIBIT 17 Titling a homestead into an LLC

Exemption forfeited by the deed, today and after 2028, on the same $900,000 property.

Ad valorem cost today	**$73/mo**
If Amendment 3 passes	**$375/mo**

An LLC is not a natural person: the deed forfeits the exemption *and* Article X §4 protection, and sits outside the Garn-St Germain §1701j-3(d) exceptions that reach a trust.

THE INVESTOR CLIENT AND THE CONDO FILE

The non-homestead assessment cap falls from 10% to 5% in 2027 — on a $650,000 Schedule E property held ten years in West Palm Beach, $49,486 of cumulative ad valorem tax and $920/mo less by year ten, a year-ten DSCR of 0.95 rather than 0.81 at flat rent. Separately, and to confirm against the current Selling Guide before you rely on it: Fannie is retiring Limited Review for applications dated on or after August 3, 2026.

Total millage, all levies: Jupiter 14.3127, West Palm Beach 20.7123, Boca Raton 15.2092, Wellington 15.2958, Unincorporated PBC 15.8239. Amendment 3 requires 60% approval, takes effect January 1, 2027 and is first visible on August 2027 TRIM notices; it touches no school levy, and neither assessment cap ever has. Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

The six levers, ranked

SYNTHESIS · AUGUST 2026

> The six analyses on one axis, in the metric this issue opened on. Each is measured on the file where it was priced, so the ranking orders **magnitude**. The second figure on each row restates that price as deductions, at **$5,000** per $1,000.

EXHIBIT 18 Price recovered by each lever, against the deductions that would buy the same price

Figures from Exhibits 6, 9, 10, 12, 13 and 15 as computed on their own pages — six scenario files, not one borrower's menu. The deduction equivalent divides by the Exhibit 3 rate, $5,000 per $1,000, which holds to within $100 across every profile here.

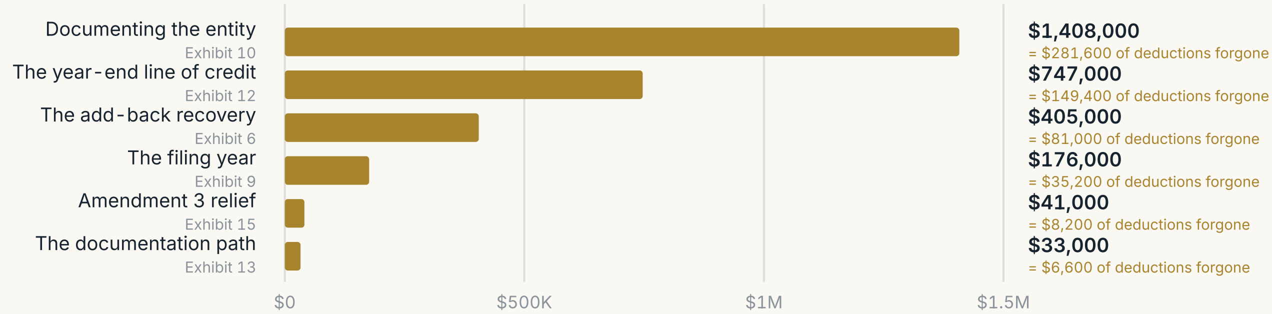


EXHIBIT 19 The same six levers as a decision list

Tax cost is what forgoing that much deduction would cost S-corp shareholder at $300K — §199A applied, no SE-tax layer on K-1 income. Every lever above costs none of it.

LEVER, AND THE DECISION IT NAMES	WINDOW	REVERSIBLE AFTER THE FACT?	TAX COST IF BOUGHT WITH DEDUCTIONS
Documenting the entity Produce the 1120S or 1065, not the K-1 alone	At submission	Yes, until underwriting	**$54,067**
The year-end line of credit Clear or document the roll of the Schedule L balance	Before December 31	No — the sheet is dated	**$28,685**
The add-back recovery Itemize depreciation, §179, home office, mileage	At every submission	Yes	**$15,552**
The filing year File, or extend and disburse before October 14	March 16 / April 15	No — a return cannot be unfiled	**$6,758**
Amendment 3 relief The $250,000 non-school exemption, if it passes	November 3, 2026	Not the client's decision	**$1,574**
The documentation path Agency full-doc vs. 24-month bank statements	Before placement	Yes, with a restart	**$1,267**

> WHAT THE RANKING SAYS
>
> The two largest levers are not tax decisions at all — a balance sheet dated December 31, and a return an underwriter is either given or not. Only one item, the filing year, gives anything up, and it ranks fourth. The conversation that opens with "should we deduct less" starts on the smallest lever available; the three above it cost no tax and are lost only by not being asked in time. *Tax cost holds the marginal rate constant at 24%, so the largest rows overstate what is saved — read the ranking as ordinal, not as tax due.*

Rate assumptions as of August 1, 2026: conventional 30-year 6.750%, jumbo 6.875%, bank-statement non-QM 7.750%, DSCR 7.500%. Illustrative scenario assumptions — not quotes, not locks, not an offer to lend.

How this works in your calendar

WORKING TOGETHER · AUGUST 2026

One line in the organizer

Add a single question: is anyone in this household buying, refinancing, or pulling equity in the next 18 months? A "yes" turns a filing decision into a joint decision while it is still reversible; a "no" costs six seconds.

January – March. Exhibits 1 and 3 make the answer actionable in the same meeting.

The pre-filing review

Send the draft Schedule C, or the draft 1120S with Schedule L, and I return the Form 1084 construction, qualifying income, max price and loan amount — computed, add-backs itemized. No client contact, no pitch. If the number is fine, you file.

Same-day outside March and April; next-day inside them.

The extension call

Anchored to March 16, April 15, September 15 and October 15: which tax years each choice puts in front of an underwriter, whether the client can realistically disburse before October 14, and what the wrong choice costs in loan amount.

The one conversation that cannot be had after the fact. Exhibits 8 and 9.

What I will never ask you to sign

No letter attesting that a client is solvent, can afford a payment, will remain in business, or can withdraw funds without harm. If a lender demands one, forward it to me. A P&L or expense statement prepared under your own standards is a different thing, and billable.

AICPA TIS 9110.19 draws the line; I work on the correct side of it.

Year-end working capital

Before December 31, clear or document the line of credit. Notes payable in under a year come off business cash flow dollar for dollar unless the borrower shows the obligation rolls — $747,000 of purchasing power on the file in Exhibit 12, at no tax cost.

October – December, alongside the deduction decisions still open.

Before the deed moves

Any transfer of a Florida homestead into an entity, or out of one, is worth a call first. Exemption, Article X §4 protection and the due-on-sale clause all turn on titling, and the mortgage consequences are not reversible by a corrective deed.

Also worth a call: reasonable-compensation changes and any client buying a condo.

> WHAT I NEED, AND WHAT I DO NOT
>
> I do not need a client introduction to be useful — most of this can be computed from a redacted draft return. On a live file, three things shorten it: the complete 1065 or 1120S rather than the K-1 alone, so entity depreciation is recoverable; a Schedule L we have already looked at; and a heads-up on any year income declined, so the file is built on the right year instead of rebuilt in week four.

Direct line 561-801-5800 · chris@molinamortgage.us. Coming issues: the rewritten Fannie Mae income chapter and what actually changed for K-1 borrowers; the add-back ledger as a standing reference; Amendment 3 after the November 3, 2026 ballot; and condo and HOA exposure under the August 3, 2026 review changes.

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Methodology & contact

METHODOLOGY · AUGUST 2026

QUALIFYING INCOME	Constructed as an underwriter constructs it — from Schedule C line 31 or K-1 Box 1 and the entity return, never from AGI. Add-backs follow Form 1084 and Form 91; the meals exclusion, M-1 travel and entertainment, entity pension and Schedule L short-term notes are subtracted.
THE TAX LAYER	Marginal federal rates are stated assumptions at each profile's taxable income, filing jointly. SE tax is 15.3% of 92.35% of the deduction below the $184,500 taxable maximum, 2.9% above it, 3.8% above $250,000; one-half SE tax is unwound circularly. §199A is a 20% haircut to QBI-eligible income, dropped where the W-2 wage and UBIA limitation is fully phased in. Florida's state layer is zero.
PROPERTY TAXES	Projected from certified municipal millage at the new price, school and non-school levies split, caps reset on sale, homestead only on primary residences.
INSURANCE	Estimated from a Florida rate book by county and policy type — HO-3, HO-6, DP-3 — with a Citizens floor. A bound binder differs.
PAYMENTS AND PRICE	Full PITIA from the same engine used on live client files. Maximum price is solved by binary search against that PITIA at 45% DTI with $850/mo of other obligations and 20% down, jumbo-priced above $832,750. Each solution is rounded once to the nearest $1,000 before anything is subtracted from it, so a $1,000 step between adjacent rows is rounding, not signal.
EXHIBITS	Nineteen, numbered in reading order, each carrying its own source and computation basis directly underneath it rather than in a pooled note at the page foot. Charts are drawn from the same computed series that feed the tables beside them. Exhibit 18 restates the six analyses on one axis, so the issue closes on the metric it opened on.
COLOUR	One rule, obeyed by all nineteen. Navy is the case as it stands; gold is the case being priced against it. A gold tint band is not a series and never changes what a fill means — it marks the single row the prose carries forward. Gray appears once, as the third Form 1084 treatment class in Exhibits 2 and 5.
TRANSFER TAXES	Deed stamps at $0.70 per $100 statewide (Miami-Dade $0.60, plus a $0.45 surtax that does not reach single-family transfers), note stamps at $0.35 per $100, intangible tax at 2 mills.
RATES, AND WHAT IS NOT HERE	Rates are illustrative assumptions set at publication and labeled wherever used — not quotes, not locks, not an offer to lend. This report prints no median prices, closing counts or inventory figures; nothing appears that the engine cannot compute.

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