

Case Study – Using What We Know

Think Outside the Box to Resolve Issues

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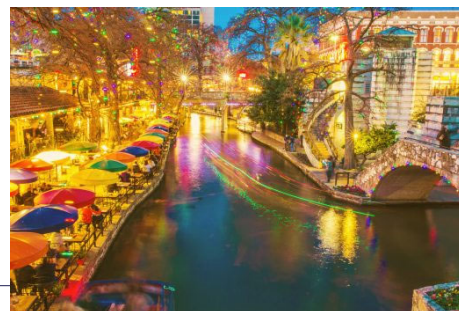
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Upcoming Events

Live From St. Louis (After Scaling New Heights)
June 29th

Live From San Antonio (After NATP Taxposium)
July 27th

3rd Annual Tax Rep Summit from Orlando
December 13th – 15th



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Register: TaxRepLLC.com Events Menu

- ▶ Code for St. Louis or San Antonio – **TRNLIVEGO**
- ▶ Code for Summit in Orlando - **SUMMIT23TRN**

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The Client

- ▶ Client owes \$487,000, is in the commercial mortgage business
- ▶ CSED runs in 12 months
- ▶ Has \$200,000 of equity in a home (non-principal residence, no mortgage)
- ▶ Has future income \$8,040 a month
- ▶ RO is threatening DOJ suit to convert the liens to a judgment, move against the home and collect in full over the 20-year judgment

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The Client

Client Name					
Future Income Analysis					
					96%
Income	Actual	Expenses	Actual	Allowable	Allocated
Wages (yourself)	\$ -	Food, Clothing and Misc	\$ 2,800	\$ 3,122	\$ 3,000
Wages (spouse)	\$ 759	Housing & utilities	\$ 1,121	\$ 1,121	\$ 1,077
Interest - Dividends	\$ -	Vehicle Ownership	\$ 1,126	\$ 994	\$ 497
Net Business Income	\$ 18,500	Vehicle Operating Costs	\$ 1,077	\$ 608	\$ 304
Net Rental Income	\$ -	Public Transportation	\$ -	\$ -	
Distributions	\$ 146	Health Insurance	\$ 927	\$ 927	\$ 891
Pension/Soc Sec (taxpayer)	\$ -	Out of Pocket HealthCare	\$ 697	\$ 697	\$ 670
Pension/Soc Sec (spouse)	\$ -	Court ordered pmts	\$ -	\$ -	
Social Security (taxpayer)	\$ -	Child/Dep Care	\$ -	\$ -	
Social Security (spouse)	\$ -	Life Insurance	\$ 651	\$ 651	\$ 626
Child Support	\$ -	Current Year Taxes	\$ 4,851	\$ 4,476	\$ 4,301
Alimony	\$ -	Secured Debts	\$ -	\$ -	
Other Income	\$ -	Delinquent State Taxes	\$ -	\$ -	\$ -
	\$ -	Student Loans	\$ -	\$ -	
	\$ -	Total Living Expenses	\$ 13,250	\$ 12,596	\$ 11,365
Total	\$ 19,405	Net Difference	\$ 6,155	\$ 6,809	\$ 8,040



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The collection analysis

Analysis - Future Income		Liability	Year	CSED
Income	\$19,405	\$87,189	2008	12 mos
Expense	\$11,365	\$233,488.04	2007	12 mos
Monthly Available	\$8,040	\$127,216.36	2006	12 mos
		\$447,893.39		



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If DOJ gets the case

- ▶ Judgment is 20 years
- ▶ Client full pays
- ▶ Options?



Strategy: Use a Mortgage to Wipe Out IRS

- ▶ Wife's cousin is in the hard-money lending business
- ▶ His credit is horrible
- ▶ Idea?



Call RO

- ▶ Client has arranged to borrow \$160,000 of the equity from a hard money lender
- ▶ Must be paid back at 24% interest over 24 months (\$8,459.38/month)
- ▶ We will need a withdrawal of the lien in exchange for the \$160,000
- ▶ IRS agrees...

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Pension/Soc Sec (spouse)	\$ -	Court ordered pmts	\$ -	\$ -	
Social Security (taxpayer)	\$ -	Child/Dep Care	\$ -	\$ -	
Social Security (spouse)	\$ -	Life Insurance	\$ 651	\$ 651	\$ 626
Child Support	\$ -	Current Year Taxes	\$ 4,851	\$ 4,476	\$ 4,301
Alimony	\$ -	Secured Debts	\$ 8,459	\$ 8,459	\$ 8,459
Other Income	\$ -	Delinquent State Taxes	\$ -	\$ -	\$ -
	\$ -	Student Loans	\$ -	\$ -	
	\$ -	Total Living Expenses	\$ 21,709	\$ 21,055	\$ 19,824
Total	\$ 19,405	Net Difference	\$ (2,304)	\$ (1,650)	\$ (419)

Client pays \$160,000 to IRS

- ▶ IRS gets \$160,000
- ▶ Makes TP CNC due to the hard money loan repayment
- ▶ Almost \$288,000 expires and goes away!



Questions

