



# State of New York Mortgage Agency

641 Lexington Avenue, New York, NY 10022

(212) 688-4000

By E-mail

November 10, 2016

Lender Bulletin #-6-2016

**RE: Change in Policy Regarding Unreimbursed Business Expenses**

Dear Lender:

Effective for all loan reservations currently in process, if a borrower receives commission income that represents 25% or more of their total annual income, the following guidelines apply:

1. Out-of-pocket, unreimbursed business expenses appearing on IRS Form 2106 for the most recent tax year must be deducted from the borrower's income
2. If a borrower deducts actual expenses for a leased automobile, rather than the standard mileage rate, the lease payment should be deducted from the borrower's income and not included as a personal liability
3. If a borrower claims a "standard mileage" deduction, the business mileage driven should be multiplied by the depreciation factor for the appropriate year, and the calculation added to the borrower's income
4. If a borrower claims an "actual depreciation expense" deduction, the amount the borrower claimed should be added back to the borrower's cash flow

In all other instances, not stated above, unreimbursed business expenses will no longer be deducted from the borrower's gross monthly income.

**Note:** Unreimbursed expenses are not deducted when calculating SONYMA's IRS Compliance income.

As always, thank you for your continued support of SONYMA! We appreciate your partnership. If you have any questions, please don't hesitate to contact me at (518) 473-0090.

Sincerely,

A handwritten signature in cursive script that reads "Sherri Eckles".

Sherri Eckles

Senior Vice President/Single Family Programs