Applied
Business
Software

Urgent: Dated Material!

IRS Tax Form Filing Service for Users of The Mortgage Office

Reporting Year 2007

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ABS RECOMMENDS THAT YOU CONSULT WITH YOUR ACCOUNTANT, ATTORNEY OR FINANCIAL CONSULTANT BEFORE MAKING ANY DETERMINATION AS TO YOUR LEGAL REQUIREMENTS TO FILE 1098, 1099-INT AND/OR 1099-MISC INFORMATION RETURNS. SHOULD YOU HAVE ANY QUESTIONS REGARDING THIS SUBJECT MATTER, PLEASE READ THE IRS PUBLICATION 1220, WHICH IS AVAILABLE FROM ANY OFFICE OF THE INTERNAL REVENUE SERVICE.

USER COMMENTS

If you have any comments about this software or its accompanying documentation, please submit your comments in writing directly to Applied Business Software, Inc.

APPLIED BUSINESS SOFTWARE, INC.
2847 Gundry Avenue
Long Beach, California 90755
(562) 426-2188
www.TheMortgageOffice.com

ABOUT THE IRS TAX FORM FILING SERVICE

Filing of 1098, 1099-INT and 1099-MISC information with the IRS is a service we offer our customers, which facilitates the IRS required filing of certain data in electronic form. This booklet has been updated to reflect the changes that have been made to the service since last year.

ABS identified as an "IRS Quality Supplier"

In a letter from the IRS dated January of 1997, Applied Business Software Inc. was identified as an "IRS Quality Supplier". This title is awarded to filers with several consecutive years of error free returns. A copy of the letter can be supplied upon request.

HOW TO ORDER THE TAX FILING SERVICE

Unless you need to purchase paper tax forms, there is nothing you need to do at this time. Simply read this entire booklet and follow the instructions. You have everything you need to complete the filing.

ORDERING LASER TAX FORMS

If you need to order laser tax forms, please fill out form MM1 found at the end of this booklet and send it in immediately.

PREPARING YOUR DATA

Although The Mortgage Office warns you of invalid postal codes and invalid or incomplete tax identification numbers, it is recommended that you review your data and make any corrections ahead of time. This will make the filing procedure much quicker and hassle-free. Following is an explanation of things to review.

Alternate Tax Info LINK

In the "Account Information" section of the loan, lender and vendor files you will see a link labeled "Alternate Tax Info". Over the years, we have received calls from customers who have had tax returns sent back by the IRS because the name that was used did not match the TIN on record. This tax info link allows you to file the return with a different name and address without having to modify the master file. **Note that you only need to fill in this information if you wish to file the name and address differently than what appears on the loan/lender/vendor file.**

BORROWER/LENDER/VENDOR TAX IDENTIFICATION NUMBERS

The IRS requires that returns contain a "TIN" (Taxpayer Identification Number). This number is always nine digits and can be either a social security number or a company identification number. This number may be entered with or without hyphenation. If a valid TIN is not found for a specific borrower, lender or vendor, the TIN will be left blank, an error message will appear on your proof listing and the return will be submitted without a TIN.

EXCLUDING LOANS FROM THE FILING

If you are servicing loans that are exempt from filing, make sure that the "Send 1098" checkbox is **NOT CHECKED**. This checkbox is found on the "Primary Borrower" tab of the "Borrowers" section of the loan file.

EXCLUDING LENDERS FROM THE FILING

If you have lenders that are exempt from filing, make sure that the "Send 1099-INT" checkbox is **NOT CHECKED**. This checkbox is found on "General" tab of the "Lender" section of the lender file.

EXCLUDING VENDORS FROM THE FILING

If you have vendors that are exempt from filing, make sure that the "Send 1099-MISC" checkbox is **NOT CHECKED**. This checkbox is found on "General" tab of the "Vendor" section of the vendor file.

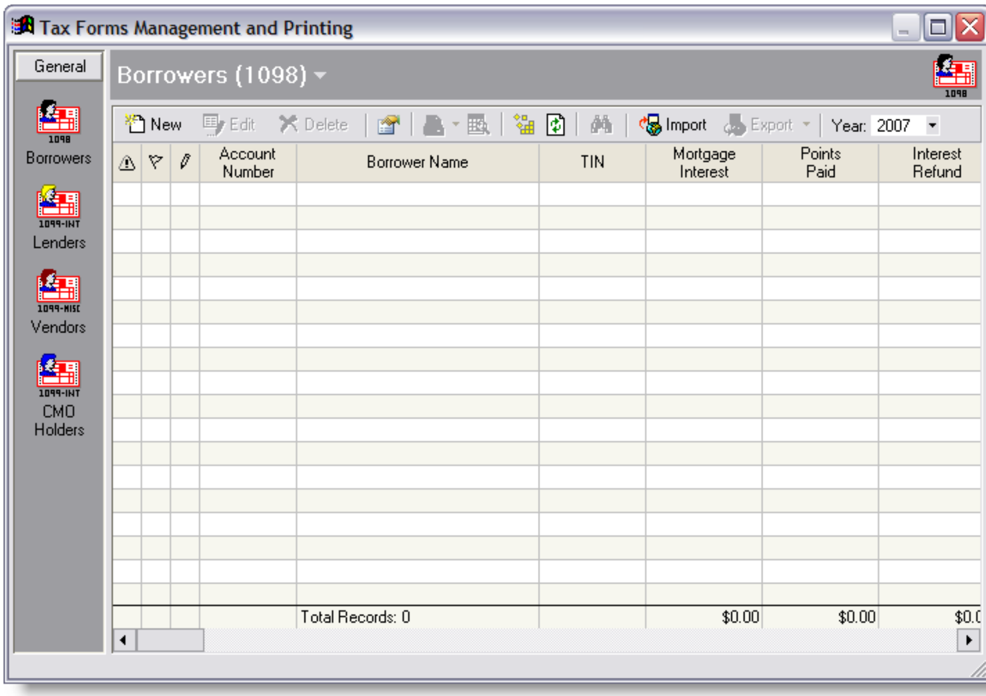
YEAR END CLOSING

Due to its design, The Mortgage Office does not require you to perform a "year-end closing". The information needed for the IRS filing is obtained directly from the loan, lender and vendor history. Therefore, you can continue processing transactions for 2008 even if you still have some adjustments to make for 2007. When you begin your filing process, you will be asked to enter a “reporting year”. The Mortgage Office “reads” loan, lender and vendor history for the specified reporting year in order to produce the tax records.

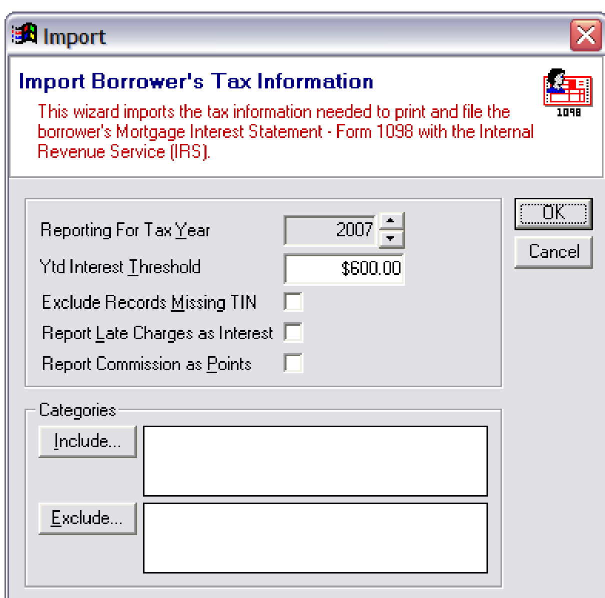
PROCESSING 1098 TAX INFORMATION

To process your 1098 tax returns,

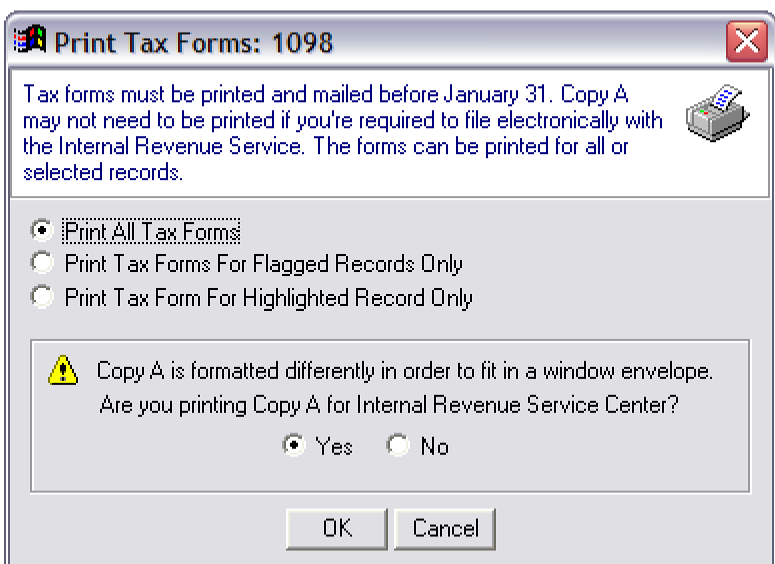
1) Select “Tax Forms Management & Printing” from the “Modules” menu.
2) Select the “Borrowers” picture from the vertical menu from the left. A window similar to the following will be displayed:



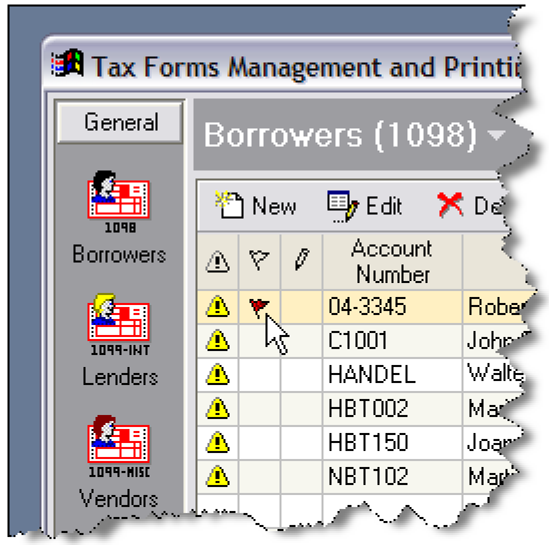
3) Select “2007” from the list of available years in the right corner.
4) Select the “Import” button from the top button menu. The following window is displayed.



5) Answer the questions on this screen and press the OK button. Note that your responses to these questions are very important. Incorrect answers will result in incorrect filing information. **Also, make sure you have finished entering all 2007 borrower payments before importing your data.**
6) **Report Commission as Points.** Selecting this option reports any amount in the **Commission Received** field of the **DRE** section of the loan file in the "**Points paid on purchase of principal residence**" box of the 1098. All three of the following conditions must exist for the amount to be reported:
   a) The loan must have a closing date and that date must fall within the reporting year.
   b) The loan purpose field must be set to "**PURCHASE**". This field is located on the **Details** tab of the **Terms** section of the loan file.
   c) The **Occupancy** field of the primary property must be set to "**OWNER**". This field is located on the **Property** tab of primary property.
7) The Mortgage Office will read your loan files and create a tax form record for each loan meeting your selection criteria. At this point, you have some additional options.
8) Click on the "New" button to add 1098 records that did not exist in your loan files.
9) Select a record and click the "Edit" button to make changes to a return. Please note that these changes do not update the loan master file. Mistakes found are best corrected in the loan file and re-imported. This will correct the problem for future years.
10) Select a record and click the "Delete" button to delete the return. This return will not be filed.
11) Click the "Recipient's Property" button to make changes to the 1098 recipient information. These changes apply to all 1098 returns for the reporting year. You do not need to change it for each return.
12) Print your "Audit Report" by clicking on the "Print Audit Report" item from the printer button. The information on this report is critical. This is exactly the information that will be forwarded to the IRS. Verify this report and make any necessary additions, deletions, and corrections.
13) After all modifications have been made, click on "Print Tax Forms" menu from the printer button to print your 1098 forms. The following window will appear. You can print a 1098 for all records, flagged records only, or the selected record only.



14) To flag a record, click on the follow up flag cell of the desired record.

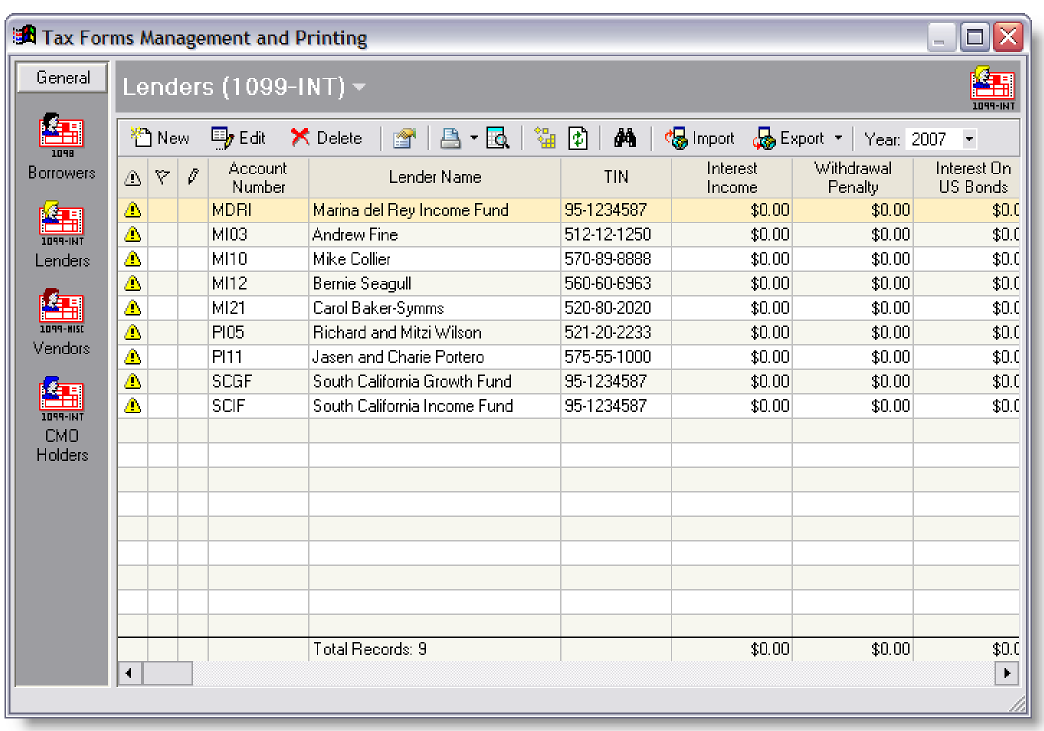


15) **Do not send a paper copy to the IRS. The information to the IRS will be transmitted electronically by ABS.**
16) If you will also be filing 1099-INT or 1099-MISC records, proceed to the appropriate section in the following pages.
17) Your final step is to send your data to ABS. To do this, refer to the section "Sending Your Data To ABS"

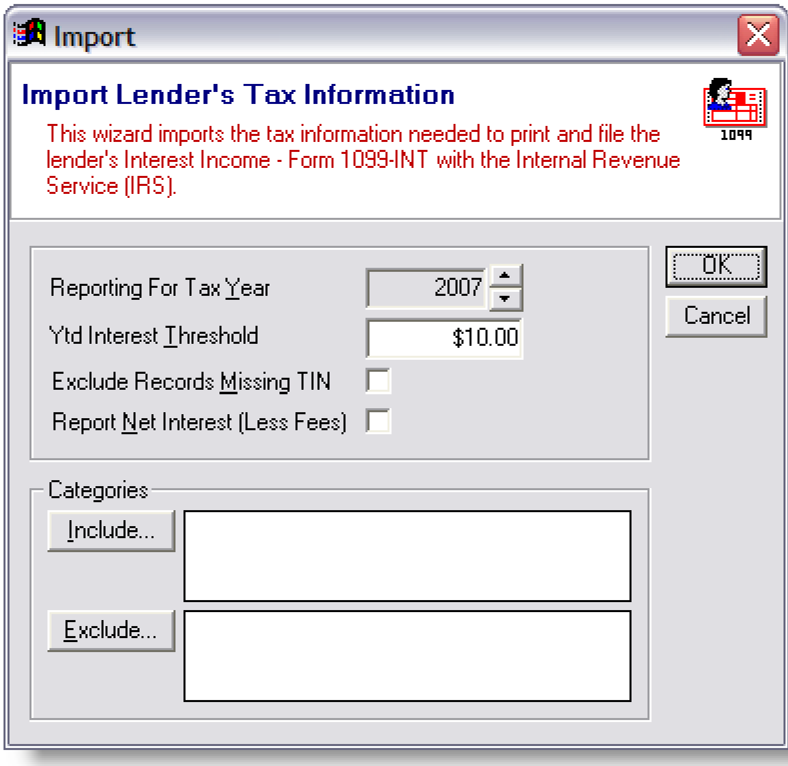
PROCESSING 1099-INT TAX INFORMATION

To process your 1099-INT tax returns, follow these steps.

1) Select "Tax Forms Management & Printing" from the "Modules" menu.
2) Select the "Lenders" picture from the vertical menu from the left. A window similar to the following will be displayed:

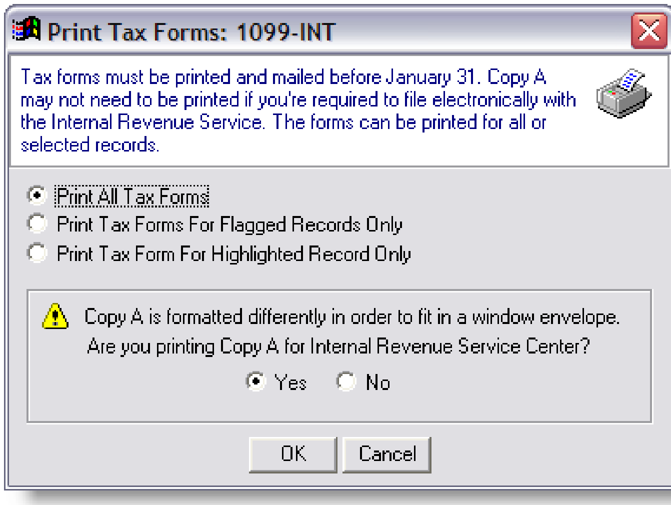


3) Select “2007” from the list of available years in the right corner.
4) Select the “Import” button from the top button menu. The following window is displayed.



5) Answer the questions on this screen and press the OK button. Note that your responses to these questions are very important. Incorrect answers will result in incorrect filing information. **Also, make sure you have processed all of your year 2007 lender checks before importing.**
6) **If you wish to report interest paid to investors less any servicing fees, make sure you select the “Report Net Interest (Less Fees)” checkbox.**
7) The Mortgage Office will read your lender files and create a tax form record for each lender meeting your selection criteria. At this point, you have some additional options.
8) Click on the “New” button to add 1099-INT records that did not exist in your lender files.
9) Select a record and click the “Edit” button to make changes to a return. Please note that these changes do not update the lender master file. Mistakes found are best corrected in the lender files and re-imported. This will correct the problem for future years.
10) Select a record and click the “Delete” button to delete the return. This return will not be filed.
11) Click the “Payer’s Property” button to make changes to the 1099-INT payer information. These changes apply to all 1099-INT returns for this year. You do not need to change it for each return.
12) Print your “Audit Report” by clicking on the “Print Audit Report” item from the printer button. The information on this report is critical. This is exactly the information that will be forwarded to the IRS. Verify this report and make any necessary additions, deletions, and corrections.

13) After all modifications have been made, click on "Print Tax Forms" menu from the printer button  to print your 1099-INT forms. The following window will appear. You can print a 1099-INT for all records, flagged records only, or the selected record only.

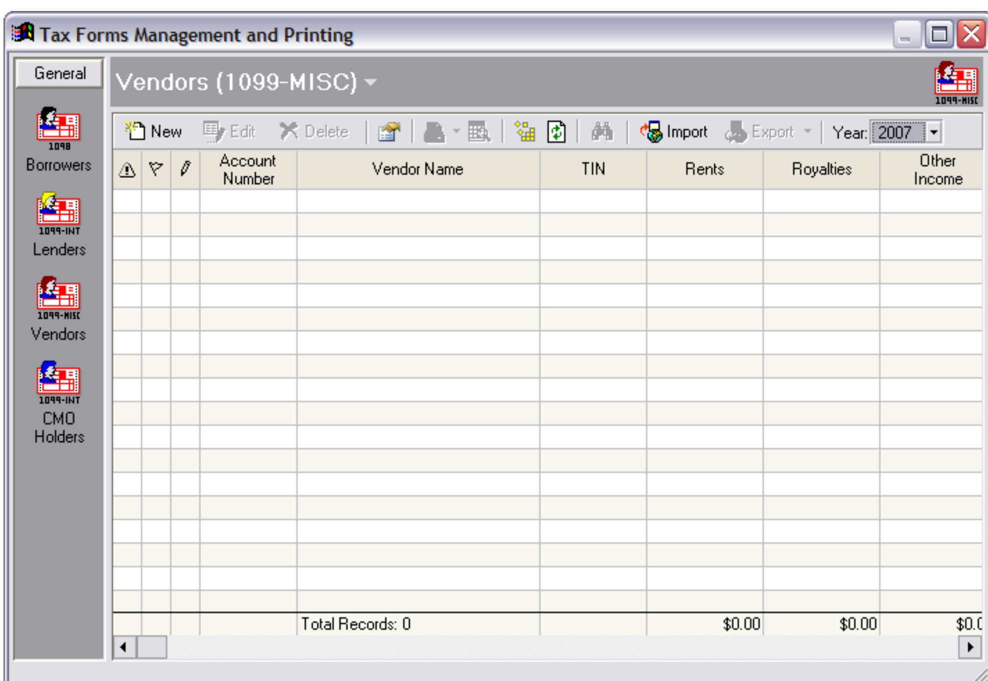


14) **Do not send a paper copy to the IRS. The information to the IRS will be transmitted electronically by ABS.**
15) Your final step is to send your data to ABS. To do this, refer to the section "Sending Your Data To ABS"

PROCESSING 1099-MISC TAX INFORMATION

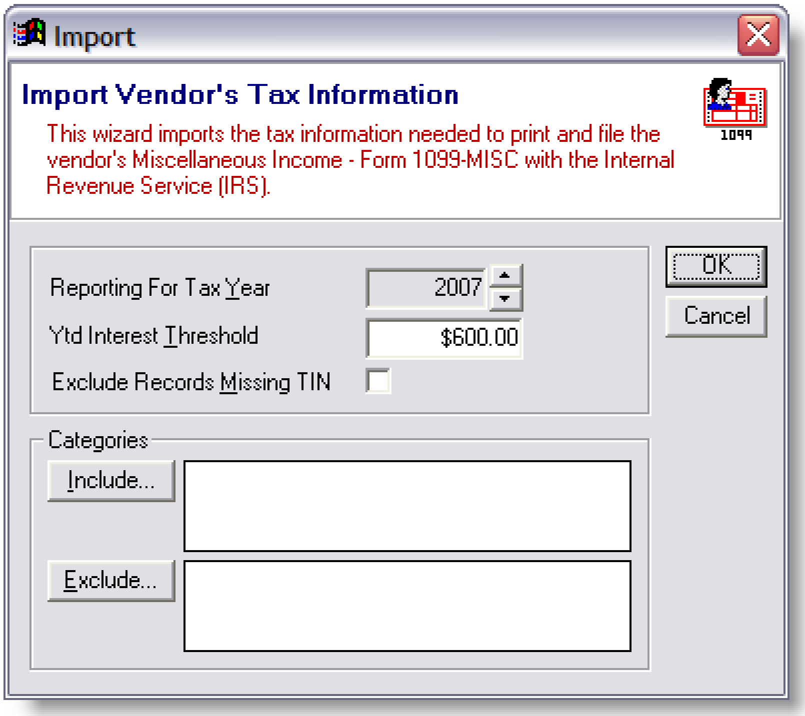
To process your 1099-MISC tax returns, follow these steps.

1) Select "Tax Forms Management & Printing" from the "Modules" menu.
2) Select the "Vendors" picture from the vertical menu from the left. A window similar to the following will be displayed:



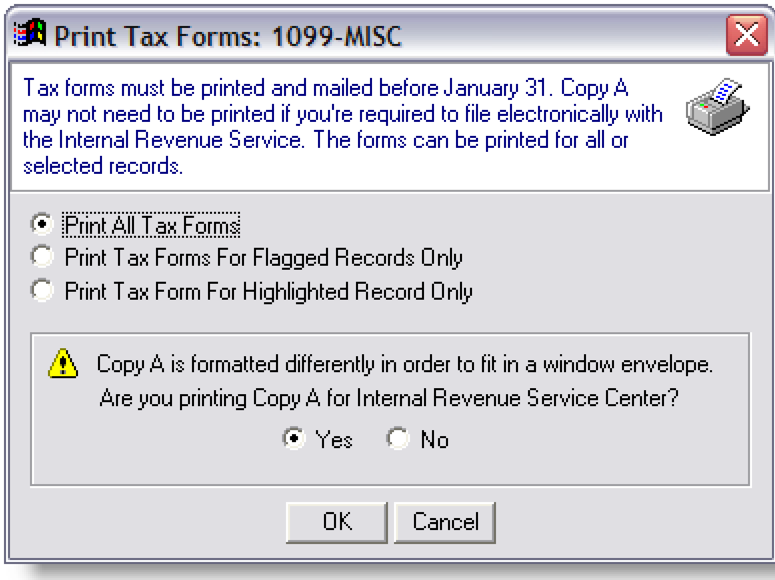
3) Select "2007" from the list of available years in the right corner.

4) Select the “Import” button from the top button menu. The following window is displayed.



5) Answer the questions on this screen and press the OK button. Note that your responses to these questions are very important. Incorrect answers will result in incorrect filing information. **Also, make sure you have processed all of your year 2007 vendor checks before importing.**
6) The Mortgage Office will read your vendor files and create a tax form record for each vendor meeting your selection criteria. At this point, you have some additional options.
7) Click on the “New” button to add 1099-MISC records that did not exist in your vendor files.
8) Select a record and click the “Edit” button to make changes to a return. Please note that these changes do not update the vendor master file. Mistakes found are best corrected in the vendor files and re-imported. This will correct the problem for future years.
9) Select a record and click the “Delete” button to delete the return. This return will not be filed.
10) Click the “Payer’s Property” button to make changes to the 1099-MISC payer information. These changes apply to all 1099-MISC returns for this year. You do not need to change it for each return.
11) Print your “Audit Report” by clicking on the “Print Audit Report” item from the printer button. The information on this report is critical. This is exactly the information that will be forwarded to the IRS. Verify this report and make any necessary additions, deletions, and corrections.

12) After all modifications have been made, click on “Print Tax Forms” menu from the printer button  to print your 1099-MISC forms. The following window will appear. You can print a 1099-MISC for all records, flagged records only, or the selected record only.

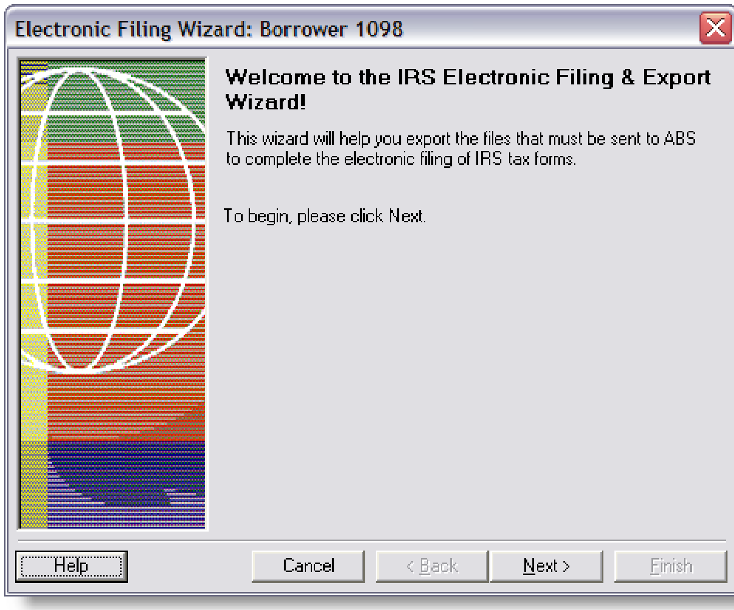


13) **Do not send a paper copy to the IRS. The information to the IRS will be transmitted electronically by ABS.**

14) Your final step is to send your data to ABS. To do this, refer to the section “Sending Your Data To ABS”

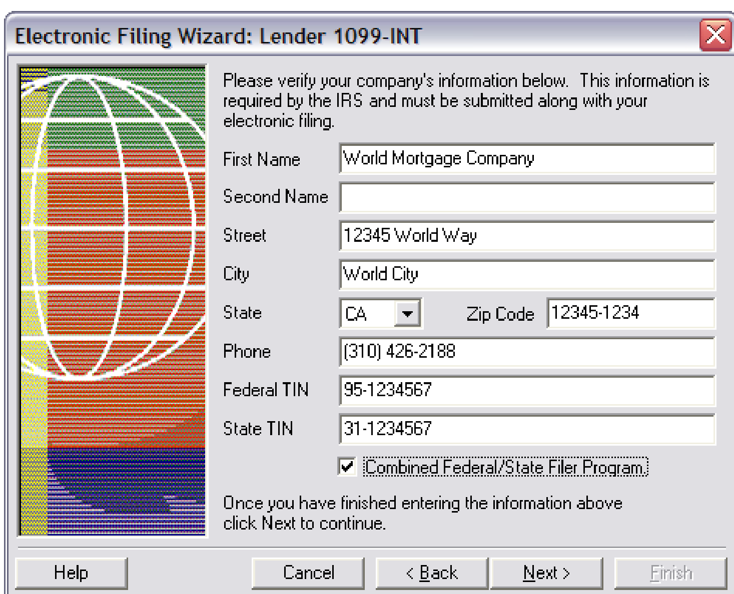
SENDING YOUR DATA TO ABS

Once you have finished importing, correcting and printing your tax forms, the final step is to deliver your data to ABS for final transmission to the IRS. This is accomplished via the "Electronic Filing Wizard" which is found on the "Export" button found on the tool bar. This wizard will guide you through the transmission process.



Step two of the filing wizard will require you to provide your company information. **It is important that this information be correct.** The email address is optional; if entered, ABS will provide you with information regarding your filing.

<u>Under the Combined Federal/State Filing (CF/SF) Program, the IRS can forward 1099-INT and 1099-MISC information to participating states. If you are filing 1099-INTs and 1099-MISCs and want the IRS to forward the information to participating states, make sure the "Combined Federal/State Filer Program" checkbox is selected.</u>

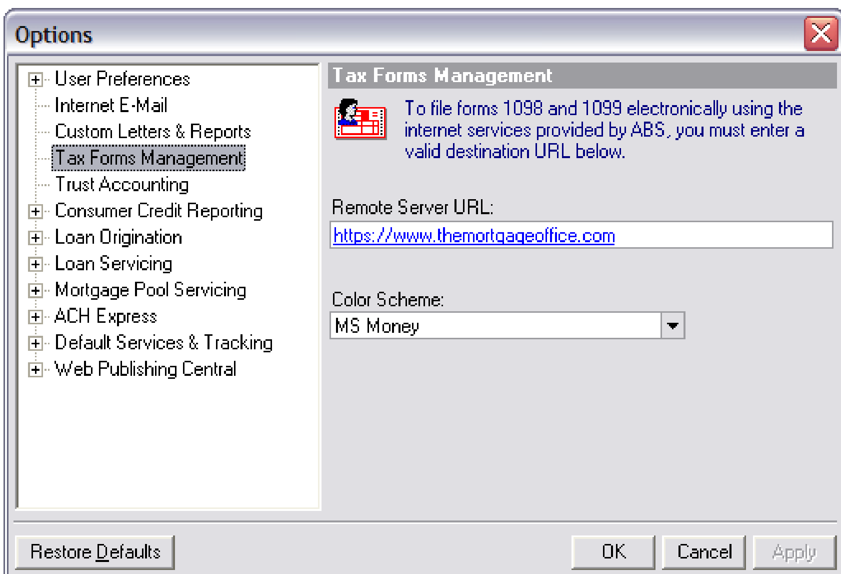


States participating in the CF/SF program.

Alabama
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Georgia
Hawaii
Idaho
Indiana
Iowa
Kansas
Louisiana
Maine
Maryland
Massachusetts
Minnesota
Mississippi
Missouri
Montana
Nebraska
New Jersey
New Mexico
North Carolina
North Dakota
Ohio
South Carolina
Utah
Virginia
Wisconsin

The final step is to specify how you wish to send the data to ABS. There are two methods of getting your data to ABS. One method is to have the wizard copy your data onto a portable device (i.e., floppy, USB device, etc.), which you then mail to ABS. The other method is by means of the Internet.

Your IRS data is transmitted to ABS via the Internet. The Internet address used by The Mortgage Office is found in the Options from the **Tools** menu. Before transmitting, make sure you have typed in the correct URL in the field "Remote Server URL". The URL is **https://www.themortgageoffice.com**.



If you choose to transmit the data via the Internet, you must have a functioning Internet connection. **Please note that Internet Service Providers with proprietary Internet access, such as AOL, may not work.**

If you choose to copy your data to portable media, p**lease label the floppy with your company name.**

IMPORTANT: You must transmit each type of return individually. In other words, using the transmission wizard to send your 1098 returns to ABS does not transmit your 1099 returns. You must also use the transmit wizard to send the 1099-INT and 1099-MISC separately.

IMPORTANT: Do not send the exported files directly to the IRS. These files are not in the final IRS approved format and will be returned to you.

NOTE: All data files must be received at our offices no later than January 31st, 2008! Unless the data is received by this date we cannot guarantee that it will be filed before the deadline! The setup fee discount for customers under software maintenance will not apply to any data received after January 31st, 2008!

NOTE: Using the Internet to transmit your data to ABS does not complete the filing process. YOU MUST FOLLOW THE STEPS LISTED IN THE "FINAL CHECKLIST" AT THE END OF THIS PAGE. ABS WILL NOT FILE YOUR RETURNS IF THE NECESSARY FORMS ARE NOT RECEIVED BEFORE THE FILING DEADLINE.

MAKING CORRECTIONS ONCE YOU HAVE TRANSMITTED YOUR DATA

Through January 31st, 2008, you can resend your data to ABS as often as you need. Each transmission replaces the previous transmission. This allows you to make corrections, additions, deletions at your convenience. Simply make your changes and retransmit the data as described in "Sending Your Data to ABS" in the previous section.

CONSENT FOR FILING 1099-INT AND 1099-MISC INFORMATION RETURNS WITH PARTICIPATING STATES (MM4), optional

Several states have adopted the same file layout and requirements as the IRS for filing the 1099-INT and 1099-MISC forms. If you wish the IRS to forward this information to the State of California, ABS must have your permission to send form 6847 to the IRS along with your data. Form 6847 is a consent form allowing the IRS to release your 1099 information to the participating states. In order to expedite your filing, we request your permission to sign this form on your behalf as "attorney in fact". To do so, we need your consent to sign the form and the IRS needs your consent to forward the data to the participating states. To give us this consent, please sign and return the enclosed **CONSENT FOR FILING 1099-INT AND 1099-MISC INFORMATION RETURNS WITH PARTICIPATING STATES (MM4).** This Combined Federal/State Filing Program does not include 1098s.

CORRECTED RETURNS

In the event that an error is found on a return that has already been filed, a corrected return must be filed with the IRS. ABS is not responsible for the accuracy of your data. Therefore, the cost of re-filing any corrected returns is not included in the price of the initial filing.

FINAL CHECKLIST

Following is a checklist to help you with your filing. You will find the forms at the end of this booklet.

- ❑ IRS TAX FORM FILING FORM (MM2). This form is required.
- ❑ SIGNED DISCLAIMER (MM3). This form is required.
- ❑ CONSENT FOR FILING 1099-INT AND 1099-MISC INFORMATION RETURNS WITH PARTICIPATING STATES (MM4). This form is optional. It is required only if you have requested that the IRS forward your 1099-INT and 1099-MISC data to states participating in the Combined Federal/State Filing Program.
- ❑ MAGNETIC MEDIA DATA. If you did not send your data via the Internet, include your labeled media containing your data.
- ❑ CHECK TO ABS. Please include a check for the amount calculated on form MM2.

CONSENT FOR FILING 1099-INT AND 1099-MISC INFORMATION RETURNS WITH PARTICIPATING STATES (MM4)

I authorize Eddy Delgado to sign IRS form 6847 on my behalf as attorney in fact and to file my 1099-INT and/or 1099-MISC forms electronically. Further, I give consent to the Internal Revenue Service to release tax information to the participating states.

____
Company Legal Name

____
Company Identification Number

____
Company Representative's Signature Date

SIGNED DISCLAIMER (MM3)

ABS assumes no responsibility for the accuracy of your data. It is the customer's responsibility to carefully go over the "Proof Listings" and check that the data they contain is correct.

ABS will file electronically exactly what you see printed on the 1098, 1099-INT and 1099-MISC forms. Upon receipt of your data files, we will assume that you have carefully reviewed the data and want it filed AS IS. We will do no checking of your data.

I acknowledge that I HAVE READ ALL THE PAGES OF THIS BOOKLET COMPLETELY and understand the information herein provided.

Further, I authorize ABS to file the data as provided with the Internal Revenue Service and states participating in the Combined Federal/State Filing Program.

____
Company Name

____
Authorized Representative's Signature

____
Date

This executed form must accompany your data files. ABS will not file any returns unless accompanied by this form.

IRS TAX FORM FILING FORM (MM2)

Do not fill out this form or send your payment until you have printed out your "Audit Report". The number of returns to be filed appears at the end of your "Audit Report". Use these numbers to fill out this form.

If you will be reporting tax returns from multiple Company databases, a separate MM2 is required for each.

Company Name ______________________________

Address ______________________________

City, State, Zip ______________________________

Phone Number ______________________________

Company EIN ______________________________

Person Placing Order ____________________ Date ______________

For Customers under Software Maintenance	
A. Filing 1099-INTs? (Add $195 Setup Fee)	______________
B. Filing 1098s? (Add $195 Setup Fee)	+______________
C. Filing 1099-MISCs? (Add $195 Setup Fee)	+______________
D. Total Setup Fee (A + B + C)	=______________
E. Total Number of 1098 records?	______________
F. Total Number of 1099-INT records?	+______________
G. Total Number of 1099-MISC records?	+______________
H. Total number of records being filed (E + F + G)	=______________
I. $1.50 per record	x __________ $1.50
J. Total Records Fee (H x I)	=______________
Subtotal (D + J)	______________
Tax 8.25%	**+ ______________**
TOTAL[1]	______________

For Customers NOT under Software Maintenance	
A. Filing 1099-INTs? (Add $445 Setup Fee)	______________
B. Filing 1098s? (Add $445 Setup Fee)	+______________
C. Filing 1099-MISCs? (Add $445 Setup Fee)	+______________
D. Total Setup Fee (A + B + C)	=______________
E. Total Number of 1098 records?	______________
F. Total Number of 1099-INT records?	+______________
G. Total Number of 1099-MISC records?	+______________
H. Total number of records being filed (E + F + G)	=______________
I. $3.00 per record	x __________ $3.00
J. Total Records Fee (H x I)	=______________
Subtotal (D + J)	______________
Tax 8.25%	**+ ______________**
TOTAL[1]	______________

[1]**Payment must accompany this form.**

LASER TAX FORMS ORDER FORM (MM1)

Use this form to order laser tax forms

Company Name ______________________________

Address ______________________________

Address ______________________________

City, State, Zip ______________________________

Phone Number ______________________________

FAX Number ______________________________

Person Ordering ______________________________

Date ______________________________

Please specify the number of forms you will need to print and place your order for the forms at this time. We will ship them to you upon receipt of order. They will be billed separately on your account. For 1098s and 1099-INTs, please order in increments of 100 forms. Minimum order is 100 per type of form.

1098 Tax Forms

Number of 1098 forms	__________
$0.30 each	X __________ $0.30
Subtotal [1]	__________

1099-INT Tax Forms

Number of 1099-INT forms	__________
$0.30 each	X __________ $0.30
Subtotal [1]	__________

1099-MISC Tax Forms

Number of packs (50 forms per pack)	__________
$95.00 per pack	X __________ $95.00
Subtotal [1]	__________

[1] **Plus sales tax and shipping charges.**

Mail completed form to:
Applied Business Software, Inc.
2847 Gundry Ave.
Long Beach, CA 90755

Fax to: (562)426-5535 or Email to: supplies@absnetwork.com