

Attention All Correspondent Lending Sellers:
CA 18-027 IRS Form 4506-T and Transcript Requirements Update

March 20, 2018

Subject Summary	Freedom Mortgage Corporation Correspondent Lending, Specialty Lending, and Renovation Lending are issuing this communication to provide Sellers with policy updates to IRS Form 4506-T and transcript requirements.
Effective Date	Effective immediately
IRS Form 4506-T	<p>Sellers must ensure the most current version of IRS Form 4506-T, dated 07-2017, is executed at application and closing. The form must be fully completed prior to the borrower's signature, with the attestation box marked.</p> <p>As a reminder, IRS Form 4506-T is not required for</p> <ul style="list-style-type: none">• VA Non-Credit Qualifying IRRRL and FHA Non-Credit Qualifying Streamline Refinance transactions, or• Conventional Conforming transactions, when all the borrower's income is validated by the DU validation service
2017 Tax Transcripts	<p>For loans requiring tax return transcripts, 2017 Tax Return transcripts will be required for loans closing on or after June 15, 2018.</p> <p>If the Note date is on or after June 15, 2018, and the 2017 transcript is not available for qualifying income, apply the policy provided below:</p> <ul style="list-style-type: none">• If 2017 tax return has been filed and tax returns are required for qualifying income, obtain at minimum:<ul style="list-style-type: none">○ Copy of the IRS notice showing "No record of return filed,"○ 2016 Tax Transcripts, and○ 2017 filed tax return verified in <u>one</u> of the following ways:<ul style="list-style-type: none">▪ Officially stamped as received by the IRS▪ Evidence the return was electronically filed, or▪ Evidence of a refund check or payment made to the IRS• If 2017 tax return has not been filed and tax returns are required for qualifying income, obtain at minimum:<ul style="list-style-type: none">○ Copy of filed extension (Form 4868 and 7004 if applicable);○ 2017 tax transcript showing "no record of return filed;"○ 2016 Tax Transcript, and○ 2017 Profit & Loss Statement (required for self-employed borrowers only)

**Tax Return
and W-2
Transcript
Policy Update**

Tax return transcripts are required when qualifying income is from sources other than W-2 Wage-Earner income, and tax returns are required. See Agency guidelines for specific income requirements:

- Fannie Mae Selling Guide Section [B3-3.1-06](#)
- Freddie Mac Seller Guide Section [5302.5](#)
- HUD Handbook 4000.1 [II.A.4.C](#)
- VA Lender's Handbook Ch. [4.2](#)
- Rural Housing HB-1-3555, [Attachment 9-E](#)

As a reminder, for Fannie Mae, Freddie Mac, FHA and VA income qualifying transactions, Freedom Mortgage Corporation does not require income validation through W-2 transcripts or Equifax's Spectrum product (The Work Number) when the

- Borrower's sole source of qualifying income is from W-2 income, and
- Borrower does not have other income that must be verified with tax returns

**Service
Related
Disability**

For VA loans only, when the Borrower's sole source of qualifying income is from Service-Related Disability, or from a combination of Service-Related Disability and W-2 earnings only, no W-2 or tax return transcripts are required.

**Online Guide
Updates**

- Section [545.15](#)
- [Freedom Mortgage Corporation Correspondent Overlay Matrix](#)

Questions

If you have questions, please contact your Freedom Mortgage Corporation Correspondent Lending or Renovation Lending Regional Manager.
