



# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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## 17W-019

Attention: Business Development Managers & Mortgage Brokers

February 28, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: **2016 1040 4506-T Tax Transcript Guides**

### W2 4506-T Tax Transcript Guides for Tax Year 2016 (W2 Salaried Only)

**AUS Approved/Accept Includes:**  
**Conforming Products**  
**Desktop Underwriter (DU)**  
**Loan Prospector (LP)**

**Jumbo Products**  
**Manually Underwritten Loans**

**Loans Underwritten or Submitted to MWF for Underwriting PRIOR to June 15, 2017 and ONLY W2 income is used to qualify**

provide the applicable information noted below:

**Salaried Borrower – if AUS Requires:**

- 1-year documentation:
  - 2015 W2 transcript
  - Current paystub
  - 2016 W2

- 2-years documentation:
  - 2015 & 2014 W2 transcripts
  - Current paystub
  - 2016 W-2

**Salaried Borrower**

- 2-years documentation:
  - 2015 & 2014 W2 transcripts
  - 2015 & 2014 tax returns (if applicable, see guidelines)
  - Current paystub
  - 2016 W-2

**Loans Underwritten or Submitted to MWF for Underwriting AFTER June 15, 2017 and ONLY W2 income is used to qualify**

provide the applicable information noted below:

**Salaried Borrower – if AUS Requires:**

- 1-year documentation:
  - 2016 W2 transcript
  - Current paystub
  - 2016 W2

- 2-years documentation:
  - 2016 & 2015 W2 transcripts
  - Current paystub
  - 2016 & 2015 W2s

**Salaried Borrower**

- 2-years documentation:
  - 2016 & 2015 W2 transcripts
  - 2016 & 2015 tax returns (if applicable, see guidelines)
  - Current paystub
  - 2016 & 2015 W2s

**Special Notes:**

- **W2 Only Borrowers** – prior years' W2s must be consistent with 2016 income as reported on 2016 W2.
- **Non-credit qualifying FHA Streamline and VA IRRRL transactions do not require 4506-T or Tax Return Transcripts.**
- **Review Product Matrix for additional guidance.**

## Requesting a W2 Transcript

To request **ONLY** a W2 Transcript, mark Line 8 on the 4506-T (not line 6).

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶

a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . . ☐

b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days . . . . . ☐

c Record of Account, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days . . . . . ☐

7 Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days . . . . . ☐

8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days . . . . . ☐

## 1040 4506-T Tax Transcript Guides for Tax Year 2016 (Salaried with 1040)

AUS Approved/Accept Includes: Conforming Products Desktop Underwriter (DU) Loan Prospector (LP)		Jumbo Products Manually Underwritten Loans
Loans Underwritten or Submitted to MWF for Underwriting <u>PRIOR</u> to April 15, 2017 AND 2016 Tax Returns <u>Are Not Filed</u> provide the applicable information noted below:		
Salaried Borrower with 1040 – if AUS Requires:		Salaried Borrower with 1040
<ul style="list-style-type: none"> <li>1-year documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 W2</li> <li>2015 1040 tax transcripts</li> <li>2015 tax return</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2-years documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 &amp; 2015 W2s</li> <li>2015 &amp; 2014 1040 tax transcripts</li> <li>2015 &amp; 2014 tax returns</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2-years documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 &amp; 2015 W2s</li> <li>2015 &amp; 2014 1040 tax transcripts</li> <li>2015 &amp; 2014 tax returns</li> </ul> </li> </ul>
Loans Underwritten or Submitted to MWF for Underwriting <u>AFTER</u> April 15, 2017 AND 2016 Tax Returns <u>Are Not Filed</u> provide the information noted below:		
Salaried Borrower with 1040 – if AUS Requires:		Salaried Borrower with 1040
<ul style="list-style-type: none"> <li>1-year documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 W2</li> <li>2016 1040 tax transcripts</li> <li>2016 tax return</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2-years documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 &amp; 2015 W2s</li> <li>2015 &amp; 2014 1040 tax transcripts</li> <li>2015 &amp; 2014 tax returns</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2-years documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 &amp; 2015 W2s</li> <li>2015 &amp; 2014 1040 tax transcripts</li> <li>2015 &amp; 2014 tax returns</li> </ul> </li> </ul>
If the borrower has filed for an extension, provide the following: <ul style="list-style-type: none"> <li>Evidence of filed extension</li> <li>Evidence tax payment(s) made, if applicable</li> <li>2016 tax transcript showing "No Record of Return Filed"</li> </ul>		
Loans Underwritten or Submitted to MWF <u>PRIOR</u> to June 15, 2017 AND 2016 Tax Returns <u>Are Filed</u> provide the applicable information noted below:		
Salaried Borrower with 1040 – if AUS Requires:		Salaried Borrower with 1040
<ul style="list-style-type: none"> <li>1-year documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 W2</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2-years documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 &amp; 2015 W2s</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2-years documentation: <ul style="list-style-type: none"> <li>Current paystub</li> <li>2016 &amp; 2015 W2s</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>• 2015 1040 tax transcripts</li> <li>• 2015 tax return<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 2015 &amp; 2016 1040 tax transcripts</li> <li>• 2015 &amp; 2016 tax returns<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 2015 &amp; 2016 1040 tax transcripts</li> <li>• 2015 &amp; 2016 tax returns<sup>2</sup></li> </ul>
The borrower's 2016 1040 tax transcript must be provided to use income from 2016 tax return.		
<b>Loans Underwritten or Submitted to MWF On or AFTER June 15, 2017</b> provide the applicable information noted below:		
<b>Salaried Borrower with 1040 – if AUS Requires:</b>		<b>Salaried Borrower with 1040</b>
<ul style="list-style-type: none"> <li>• 1-year documentation:               <ul style="list-style-type: none"> <li>• Current paystub</li> <li>• 2016 W2</li> <li>• 2016 1040 tax transcripts</li> <li>• 2016 tax return<sup>2</sup></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 2-years documentation:               <ul style="list-style-type: none"> <li>• Current paystub</li> <li>• 2016 &amp; 2015 W2s</li> <li>• 2016 &amp; 2015 1040 tax transcripts</li> <li>• 2016 &amp; 2015 tax returns<sup>2</sup></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 2-years documentation:               <ul style="list-style-type: none"> <li>• Current paystub</li> <li>• 2016 &amp; 2015 W2s</li> <li>• 2016 &amp; 2015 1040 tax transcripts</li> <li>• 2016 &amp; 2015 tax returns<sup>2</sup></li> </ul> </li> </ul>
The borrower's 2016 1040 tax transcript must be provided to use income from 2016 tax return. If the borrower has filed for an extension, provide the following: <ul style="list-style-type: none"> <li>• Evidence of filed extension</li> <li>• Evidence tax payment(s) made, if applicable</li> <li>• 2016 tax transcript showing "No Record of Return Filed"</li> </ul>		

<b>Special Notes:</b>	
<ul style="list-style-type: none"> <li>• <b>The underwriter may require additional information such as a copy of the business license, profit and loss statement and/or balance sheet if it is necessary to further support the determination of the stability of the borrower's income.</b></li> <li>• <b>W2 Only Borrowers</b> – prior years' W2s must be consistent with 2016 income as reported on 2016 W2.</li> <li>• <b>Self-Employed Corporate Borrowers (not Sole Proprietorships)</b> require most recent two years' business income tax returns. (DU may waive this requirement).</li> <li>• <b>Borrowers Not Required to File a 2016 Tax Return</b> – if a borrower is not required to file a 2016 tax return and the source of income cannot be validated through the 4506-T process, document the file with appropriate alternative documentation (such as award letter or 1099) and a 2016 transcript showing "No Record of Return Filed."</li> <li>• <b>Non-credit qualifying FHA Streamline and VA IRRRL transactions do not require 4506-T or Tax Return Transcripts.</b></li> <li>• <sup>2</sup><b>Self-Prepared, Self-Employed Taxes</b> - if the 2016 Self-Employed Tax returns are self-prepared, MWF requires the original returns to be stamped by the IRS. If the income has increased <math>\geq 20\%</math>, a CPA or licensed tax professional is required to certify the tax returns.</li> <li>• <b>Review Product Matrix for additional guidance.</b></li> </ul>	

<b>1040 4506-T Tax Transcript Guides for Tax Year 2016 (Self-Employed)</b>		
<b>AUS Approved/Accept Includes:</b> <b>Conforming Products</b> <b>Desktop Underwriter (DU)</b> <b>Loan Prospector (LP)</b>		<b>Jumbo Products</b> <b>Manually Underwritten Loans</b>
<b>Loans Underwritten or Submitted to MWF for Underwriting PRIOR to April 15, 2017 AND 2016 Tax Returns Are Not Filed</b> provide the applicable information noted below:		
<b>Self-Employed – if AUS Requires:</b>		<b>Self-Employed Borrower</b>
<ul style="list-style-type: none"> <li>• 1-year documentation:               <ul style="list-style-type: none"> <li>• 2015 1040 tax transcripts</li> <li>• 2015 tax return</li> <li>• 2016 P&amp;L (see below<sup>1</sup>)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 2-years documentation:               <ul style="list-style-type: none"> <li>• 2015 &amp; 2014 1040 tax transcripts</li> <li>• 2015 &amp; 2014 tax returns</li> <li>• 2016 P&amp;L (see below<sup>1</sup>)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 2-years documentation:               <ul style="list-style-type: none"> <li>• 2015 &amp; 2014 1040 tax transcripts</li> <li>• 2015 &amp; 2014 tax returns</li> <li>• 2016 P &amp; L (see below<sup>1</sup>)</li> </ul> </li> </ul>

**Loans Underwritten or Submitted to MWF for Underwriting AFTER April 15, 2017 AND 2016 Tax Returns Are Not Filed**

provide the information noted below, in addition to the applicable information noted above:

**Self-Employed – if AUS Requires:**

- 1-year documentation:
  - 2015 1040 tax transcripts
  - 2015 tax return
  - 2016 P&L (see below<sup>1</sup>)

- 2-years documentation:
  - 2015 & 2014 1040 tax transcripts
  - 2015 & 2014 tax returns
  - 2016 P&L (see below<sup>1</sup>)

**Self-Employed Borrower**

- 2-years documentation:
  - 2015 & 2014 1040 tax transcripts
  - 2015 & 2014 tax returns
  - 2016 P & L (see below<sup>1</sup>)

If the borrower has filed for an extension, provide the following:

- Evidence of filed extension
- Evidence tax payment(s) made, if applicable
- 2016 tax transcript showing “No Record of Return Filed” and the applicable information noted below

**Loans Underwritten or Submitted to MWF PRIOR to June 15, 2017 AND 2016 Tax Returns Are Filed**

provide the applicable information noted below: <sup>2</sup>

**Self-Employed – if AUS Requires:**

- 1-year documentation:
  - 2016 1040 tax transcripts
  - 2016 tax return<sup>2</sup>
  - 2017 P&L<sup>1</sup> through most recent quarter (at underwriter’s discretion)

- 2-years documentation:
  - 2015 & 2016 1040 tax transcripts
  - 2015 & 2016 tax returns<sup>2</sup>
  - 2017 P&L<sup>1</sup> through most recent quarter (at underwriter’s discretion)

**Self-Employed Borrower**

- 2-years documentation:
  - 2015 & 2016 1040 tax transcripts
  - 2015 & 2016 tax returns<sup>2</sup>
  - 2017 P&L<sup>1</sup> through most recent quarter (at underwriter’s discretion)

The borrower’s 2016 1040 tax transcript must be provided to use income from 2016 tax return.

**Loans Underwritten or Submitted to MWF On or AFTER June 15, 2017**

provide the applicable information noted below:

**Self-Employed – if AUS Requires:**

- 1-year documentation:
  - 2016 1040 tax transcripts
  - 2016 tax return<sup>2</sup>
  - 2017 P&L<sup>1</sup> through most recent quarter (at underwriter’s discretion)

- 2-years documentation:
  - 2015 & 2016 1040 tax transcripts
  - 2015 & 2016 tax returns<sup>2</sup>
  - 2017 P&L<sup>1</sup> through most recent quarter (at underwriter’s discretion)

**Self-Employed Borrower**

- 2-years documentation:
  - 2015 & 2016 1040 tax transcripts
  - 2015 & 2016 tax returns<sup>2</sup>
  - 2017 P&L<sup>1</sup> through most recent quarter (at underwriter’s discretion)

The borrower’s 2016 1040 tax transcript must be provided to use income from 2016 tax return. If the borrower has filed for an extension, provide the following:

- Evidence of filed extension
- Evidence tax payment(s) made, if applicable
- 2016 tax transcript showing “No Record of Return Filed”
- 2015 tax return and 2015 1040 tax transcripts
- 2015 tax return completed and signed by a CPA or licensed certified tax professional, verifying that they have prepared the taxes

#### Special Notes:

- **The underwriter may require additional information such as a copy of the business license, profit and loss statement and/or balance sheet if it is necessary to further support the determination of the stability of the borrower's income.**
- **W2 Only Borrowers** – prior years' W2s must be consistent with 2016 income as reported on 2016 W2.
- **Self-Employed Corporate Borrowers (not Sole Proprietorships)** require most recent two years' business income tax returns. (DU may waive this requirement).
- **Borrowers Not Required to File a 2016 Tax Return** – if a borrower is not required to file a 2016 tax return and the source of income cannot be validated through the 4506-T process, document the file with appropriate alternative documentation (such as award letter or 1099) and a 2016 transcript showing "No Record of Return Filed."
- **Non-credit qualifying FHA Streamline and VA IRRRL transactions do not require 4506-T or Tax Return Transcripts.**
- **<sup>1</sup>Financial Statements (P&L, Balance Sheet, etc.)** must be prepared & certified by a licensed CPA.
- **<sup>2</sup>Self-Prepared, Self-Employed Taxes** - if the 2016 Self-Employed Tax returns are self-prepared, MWF requires the original returns to be stamped by the IRS. If the income has increased  $\geq 20\%$ , a CPA or licensed tax professional is required to certify the tax returns.
- **Review Product Matrix for additional guidance.**

Author: Underwriting