

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

[Guidelines](#)

[Bolt Training](#)

[Wholesale Website](#)

[Previous Bulletins](#)

19W-053

Attention: Business Development Managers & Mortgage Brokers

June 10, 2019

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

Included in this Bulletin: 2018 1040 4506-T Tax Transcript Guides

W2 4506-T Tax Transcript Guides for Tax Year 2018 (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 **AFTER** April 15, 2019 and **ONLY** W2 income is used to qualify provide the applicable information noted below:

Salaried Borrower – W-2 Income only

Loans underwritten to MWF for underwriting in 2019 and **ONLY** W-2 income is used to qualify W-2 transcripts are **NOT** required. Follow the AUS Findings for documentation requirements.

Salaried Borrower

- 2-years documentation:
 - 2018 & 2017 tax returns (if applicable, see guidelines)
 - Current paystub
 - 2018 & 2017 W2s

Special Notes:

- Transcripts are still required on 1099 income.
- **W2 Only Borrowers** – prior years' W2s must be consistent with 2018 income as reported on 2018 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.

1040 4506-T Tax Transcript Guides for Tax Year 2018 (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 **AFTER** April 15, 2019 AND 2018 Tax Returns Are **Not** Filed provide the information noted below:

Salaried Borrower with 1040 – if AUS Requires:

- | | |
|--|--|
| <ul style="list-style-type: none"> • 1-year documentation: <ul style="list-style-type: none"> • Current paystub | <ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • Current paystub • 2018 & 2017 W2s |
|--|--|

Salaried Borrower with 1040

- 2-years documentation:
 - Current paystub
 - 2018 & 2017 W2s

<ul style="list-style-type: none"> • 2018 W2 • 2017 1040 tax transcripts • 2017 tax return 	<ul style="list-style-type: none"> • 2017 & 2016 1040 tax transcripts • 2017 & 2016 tax returns 	<ul style="list-style-type: none"> • 2017 & 2016 1040 tax transcripts • 2017 & 2016 tax returns
---	---	---

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

- Evidence of filed extension
- Evidence tax payment(s) made, if applicable
- 2018 tax transcript showing "No Record of Return Filed"

Loans Underwritten or Submitted to MWF AFTER April 15, 2019 AND 2018 Tax Returns Are Filed

provide the applicable information noted below:

Salaried Borrower with 1040 – if AUS Requires:		Salaried Borrower with 1040
<ul style="list-style-type: none"> • 1-year documentation: <ul style="list-style-type: none"> • Current paystub • 2018 W2 • 2018 1040 tax transcripts • 2018 tax return² 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • Current paystub • 2018 & 2017 W2s • 2018 & 2017 1040 tax transcripts • 2018 & 2017 tax returns² 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • Current paystub • 2018 & 2017 W2s • 2018 & 2017 1040 tax transcripts • 2018 & 2017 tax returns²

The borrower's 2018 1040 tax transcript must be provided to use income from 2018 tax return.

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 2018 income as reported on 2018 W2.
- **When using only W-2 income to qualify the borrower, W-2 transcripts are not required. This does not include 1099 income, transcripts are still required.**
- **Self-Employed Corporate Borrowers (not Sole Proprietorships)** require most recent two year's business income tax returns. (DU may waive this requirement).
- **Borrowers Not Required to File a 2018 Tax Return** – if a borrower is not required to file a 2018 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 2018 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.**
- **²Self-Prepared, Self-Employed Taxes** - if the 2018 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.**

1040 4506-T Tax Transcript Guides for Tax Year 2018 (Self-Employed)

AUS Approved/Accept Includes: Conforming Products Desktop Underwriter (DU) Loan Prospector (LP)	Jumbo Products Manually Underwritten Loans
<p align="center">Loans Underwritten or Submitted to MWF for Underwriting <u>PRIOR</u> to April 15, 2019 AND 2018 Tax Returns <u>Are Not</u> Filed</p> <p align="center">provide the applicable information noted below:</p>	
Self-Employed – if AUS Requires:	Self-Employed Borrower
<ul style="list-style-type: none"> • 1-year documentation: <ul style="list-style-type: none"> • 2017 1040 tax transcripts • 2017 tax return • 2018 P&L (see below¹) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2016 1040 tax transcripts • 2017 & 2016 tax returns • 2018 P&L (see below¹)

Loans Underwritten or Submitted to MWF for Underwriting AFTER April 15, 2019 AND 2018 Tax Returns Are Not Filed
provide the information noted below, in addition to the applicable information noted above:

Self-Employed – if AUS Requires:		Self-Employed Borrower
<ul style="list-style-type: none"> • 1-year documentation: <ul style="list-style-type: none"> • 2017 1040 tax transcripts • 2017 tax return • 2018 P&L (see below¹) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2016 1040 tax transcripts • 2017 & 2016 tax returns • 2018 P&L (see below¹) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2016 1040 tax transcripts • 2017 & 2016 tax returns • 2018 (see below¹)
If the borrower has filed for an extension, provide the following: <ul style="list-style-type: none"> • Evidence of filed extension • Evidence tax payment(s) made, if applicable • 2018 tax transcript showing “No Record of Return Filed” and the applicable information noted below 		

Loans Underwritten or Submitted to MWF PRIOR to April 15, 2019 AND 2018 Tax Returns Are Filed
provide the applicable information noted below:²

Self-Employed – if AUS Requires:		Self-Employed Borrower
<ul style="list-style-type: none"> • 1-year documentation: <ul style="list-style-type: none"> • 2018 1040 tax transcripts • 2018 tax return² • 2019 P&L¹ through most recent quarter (at underwriter’s discretion) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2018 1040 tax transcripts • 2017 & 2018 tax returns² • 2019 P&L¹ through most recent quarter (at underwriter’s discretion) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2018 1040 tax transcripts • 2017 & 2018 tax returns² • 2019 P&L¹ through most recent quarter (at underwriter’s discretion)

The borrower’s 2018 1040 tax transcript must be provided to use income from 2018 tax return.

Loans Underwritten or Submitted to MWF On or AFTER April 15, 2019 AND 2018 Tax Returns Are Filed
provide the applicable information noted below:

Self-Employed – if AUS Requires:		Self-Employed Borrower
<ul style="list-style-type: none"> • 1-year documentation: <ul style="list-style-type: none"> • 2018 1040 tax transcripts • 2018 tax return² • 2019 P&L¹ through most recent quarter (at underwriter’s discretion) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2018 1040 tax transcripts • 2017 & 2018 tax returns² • 2019 P&L¹ through most recent quarter (at underwriter’s discretion) 	<ul style="list-style-type: none"> • 2-years documentation: <ul style="list-style-type: none"> • 2017 & 2018 1040 tax transcripts • 2017 & 2018 tax returns² • 2019 P&L¹ through most recent quarter (at underwriter’s discretion)

The borrower’s 2018 1040 tax transcript must be provided to use income from 2018 tax return. If the borrower has filed for an extension, provide the following:

- Evidence of filed extension
- Evidence tax payment(s) made, if applicable
- 2018 tax transcript showing “No Record of Return Filed”
- 2018 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 2018 income as reported on 2018 W2.
- **When using only W-2 income to qualify the borrower, W-2 transcripts are not required. This does not include 1099 income, transcripts are still required.**
- **Self-Employed Corporate Borrowers (not Sole Proprietorships)** require most recent two year's business income tax returns. (DU may waive this requirement).
- **Borrowers Not Required to File a 2018 Tax Return** – if a borrower is not required to file a 2018 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 2018 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.**
- ¹**Financial Statements (P&L, Balance Sheet, etc)** must be prepared & certified by a licensed CPA.
- ²**Self-Prepared, Self-Employed Taxes** - if the 2018 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