

# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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## 20W-045

Attention: AEs, Business Development Managers & Mortgage Brokers

April 15, 2020

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

Included in this Bulletin: **REVISED EFFECTIVE IMMEDIATELY - Temporary Guidance for 4506T's and Tax Transcripts Due to the Impact of COVID-19**

We are allowing temporary flexibility to 4506-T Tax Transcript requirements due to the IRS processing delays associated with mortgage volume levels and the COVID-19 national emergency, **effective immediately as follows:**

### Signed 4506-T

There is **no change** to the current requirement that the form 4506-T be executed by the borrower(s) and contained in the file so that income can be verified with the IRS at a later date.

### 4506T Tax Transcripts

Mountain West Financial® will continue to follow Bulletin 20W-025 with the exception of the April 15th date and some flexibilities on the documentation.

- **USDA requires** tax transcripts on all household members. When transcripts are unable to be obtained from the IRS, the file will need to be documented with correspondence to and from the IRS to support the omission. "Failure to file" tax returns when legally required to do so is not an eligible explanation. **Borrower provided IRS transcripts must be attempted.**
- **FHA Streamline and VA IRRRL** non-credit qualifying transactions **do not require** 4506-T or Tax Return Transcripts.
- 1040 Income Transcripts **are required** with flexibilities noted below.
- **1099 Income – 1040 transcripts are required when 1099 income will be grossed up for qualifying.**
- When a 4506-T Tax Transcript from the IRS cannot be obtained in a timely manner, the underwriter may use the following alternative methods to confirm the borrower(s) income.
  - Copy of cancelled check(s) **matching amount due** the IRS if applicable.
  - Copy of deposit **matching exact amount of any return** using bank statement, deposit receipt, or direct bank verification indicating the transaction.
  - Electronic filing receipt from IRS indicating the Declaration Number (DCN), and AGI that **matches the return.**
  - Transcripts provided by the IRS directly to the borrower **match the return.**

- Letter from CPA validating the income on the 1040 along with the electronic filing receipt.
- Stamped taxes from the IRS.
- NOTE: The 1065 and/or 1120 income must pull through to the 1040.

Due to the federal income tax filing extension granted through July 15, 2020, the following documentation requirements are being eliminated:

- A copy of the IRS Form 4868 (Application for Automatic Extension of Time to File U.S. Individual Tax Return, AND
- **IRS Form 4506-T (Request for Transcript of Tax Return) transcript confirms “No Transcript Available” for the 2019 tax year.**

*Note: exception requests to Mountain West Financial® are NOT required.*

If you have any questions, contact your local Account Executive or Business Development Manager.

Author: Underwriting