

## Tax Transcript Policy

Transcript Requirements Based On the Product	
Product	Policy
Conventional, FHA, VA, and Conventional Investment Property, FNMA/FHLMC Second Home & Investment Property Product	<p>IRS Tax or W-2 Transcripts are required prior to closing:</p> <ul style="list-style-type: none"> <li>When there is a relationship between the employer and borrower; and</li> <li>At the underwriter’s discretion if needed to address red flags and</li> <li>When the most recent tax returns have not been filed.</li> </ul> <p>When IRS Tax or W-2 transcripts are required due to one of the above reasons:</p> <ul style="list-style-type: none"> <li>For W-2 income, a W-2 transcript must be provided for the most recent year. This includes salary, bonus, overtime and/or commission. Underwriting must substantiate the use of W-2 income only.</li> <li>For any other income types that require tax returns, the number of years of tax return documentation will be specified by AUS or product requirements (including when the borrower is employed by a family member).</li> </ul>
USDA	<p>USDA requires tax transcripts prior to loan closing to verify adult household income. USDA allows the loan to close without tax transcripts if they can document their correspondence to and from the IRS in the file to support the omission. Asset statements must be reviewed to ensure no errant deposits are identified that may be attributed to additional income sources. The loan file will be considered complete when the explanation is documented. Loan closings will not be delayed due to obstacles in obtaining the tax transcripts when the tax returns were filed timely. However, a “failure to file” tax returns by a borrower, when legally required to do so and by the due date established by the IRS, is not an eligible explanation to forego obtaining tax transcripts.</p>
Edge, Access, Elite	<p>W-2 Transcripts are required prior to closing:</p> <ul style="list-style-type: none"> <li>When there is a relationship between the employer and borrower; and</li> <li>At the underwriter’s discretion if needed to address red flags</li> </ul> <p>When W-2 transcripts are required, the most recent year must be provided. This includes salary, bonus, overtime and/or commission. Underwriting must substantiate the use of W-2 income only.</p> <p>IRS Tax Transcripts are always required prior to closing for all other income types that require tax returns. The number of years of tax return documentation will be specified by product requirements (including when the borrower is employed by a family member).</p>
Elite Jumbo Prime, Jumbo Prime, Jumbo Express or Super Jumbo	<p>Third Party IRS Transcripts must be ordered.</p>

## Transcript Requirements Based On Tax Filing Deadlines

The chart below applies to all products and explains the transcript requirements based on tax filing deadlines and the availability of tax transcript information.

Application Date	Note Date	Documentation
Before April 15, 2024 <sup>1,2</sup>	Before June 30, 2024	<ul style="list-style-type: none"> <li>• 2022 W2 transcript or tax transcript(s) and the prior year (if applicable on products that require 2 years of income)</li> <li>• Extension not permitted</li> </ul>
On or After April 15, 2024 <sup>1,2</sup>	Before June 30, 2024	<p>If the borrower has filed 2023 tax return(s)</p> <ul style="list-style-type: none"> <li>• 2023 W2 transcript or tax transcript(s) and the prior year (if applicable on products that require 2 years of income)</li> <li>• If the transcripts are not yet available, provide the following:               <ul style="list-style-type: none"> <li>○ Proof that they have filed, such as: evidence that the tax payment was made (if applicable), CPA letter, IRS verification, or stamped returns</li> <li>○ Tax transcripts confirming “No Transcripts Available” for 2023</li> <li>○ For self-employed borrowers: 2023 P&amp;L &amp; 1st QTR 2024 P&amp;L</li> </ul> </li> </ul> <p>If the borrower has not filed 2023 tax return(s)</p> <ul style="list-style-type: none"> <li>• 2022 W2 transcript or tax transcript(s) and the prior year (if applicable on products that require 2 years of income)               <ul style="list-style-type: none"> <li>○ For wage-earners wanting to qualify with 2023 income: The end of year 2023 paystub and 2023 W-2/1099 may be used in lieu of tax transcripts.</li> </ul> </li> <li>• <b>AND all of the following</b> <ul style="list-style-type: none"> <li>○ 2023 Extension (Form(s) 4868 and/or 7004) and proof that the tax payment was made (if applicable).</li> <li>○ Tax transcripts confirming “No Transcripts Available” for 2023</li> <li>○ For self-employed borrowers: 2023 P&amp;L &amp; 1st QTR 2024 P&amp;L</li> </ul> </li> </ul>
All	On or After June 30, 2024 Before October 15, 2024 <sup>1,2</sup>	
All	On or After October 15, 2024 <sup>1,2</sup>	<ul style="list-style-type: none"> <li>• 2023 W2 transcript or tax transcript(s) and the prior year (if applicable on products that require 2 years of income)</li> <li>• Extension not permitted</li> </ul>

1. Or the April/October filing dates for the year in question as published or extended by the IRS.
2. For business tax returns, if the borrower’s business uses a fiscal year (a year ending on the last day of any month except December), the underwriter may adjust the dates in the above chart to determine what year(s) of business tax returns are required in relation to the application date/disbursement date of the new mortgage loan.



**Additional information:**

- The underwriter may request additional information such as a business license, profit and loss statement and/or balance sheet if it is necessary to further support the determination of the Borrower’s income stability.
- If a Borrower is not required to file a 2023 tax return and the source of the income cannot be validated through the 4506C process, document the file accordingly.
- When a proposed tax liability is due within 30 days and will significantly impact their assets or significantly impact the borrower’s DTI if put on a payment plan, the Underwriter may ask for a letter of explanation that reasonably explains how the borrower plans to pay the liability or additional assets to sufficiently cover the liability.

**Amended Tax Returns:**

- Tax returns amended resulting in an increase in qualifying income must be satisfactorily explained by the tax preparer. If the tax returns have been amended to reflect greater income after the application date of the loan, the amended tax returns may not be used to qualify the Borrower.

IRS Delays	
Product	Policy
Conventional, FHA, VA, and Conventional Investment Property, FNMA/FHLMC Second Home & Investment Property Product, USDA, Edge, Access and Elite	<p>If transcripts are required and the request for transcripts comes back with a response that transcripts are not available, the following documentation may be used in lieu of transcripts:</p> <ul style="list-style-type: none"> <li>• A copy of the results showing transcripts not available must be in the file.</li> <li>• For 2022 and 2023 returns that have been previously filed, either borrower provided tax transcripts (1040/W-2 per product requirements) OR bank statements will be required to document the receipt of a refund, or payment of the tax liability, matching the amount showing on the Borrower(s) tax returns.</li> <li>• For newly filed returns, the Borrower(s) must provide either borrower provided tax transcripts (1040/W-2 per product requirements) OR a stamped copy of the returns from their local IRS office, verifying that they have been received, or a copy of the electronically filed returns. If there is a tax liability that is owed, evidence must be provided that the liability has been paid.</li> </ul>
Jumbo Prime, Jumbo Express or Super Jumbo	Third Party IRS Transcripts must be ordered.