

## Bulletin 12-05

### 4506-T Requirements

HomeBridge's 4506-T requirements as of August 1, 2012 are as follows:

	Requirement
<b>Self-Employed Borrowers</b>	<b>Conventional/FHA/VA</b> <ul style="list-style-type: none"> <li>Tax transcripts consistent with the number of years used by the underwriter for loan qualification</li> </ul>
<b>DU Finding for Tax Returns (1 or 2 years)</b>	<ul style="list-style-type: none"> <li>2 years required: 2011 and 2010 tax returns</li> <li>1 year required: 2011 tax return</li> </ul> If the borrower has filed an extension the following applies: <ul style="list-style-type: none"> <li>Evidence the 2011 extension was filed plus 2010 / 2009 returns (as applicable), <b>and</b> if taxes owed, evidence the taxes were paid.</li> </ul>
<b>Un-reimbursed Business Expenses</b>	<ul style="list-style-type: none"> <li>2 years tax transcripts required</li> </ul>
<b>2012 YTD P&amp;L Requirement</b>	<ul style="list-style-type: none"> <li>An unaudited P&amp;L if required if more than one calendar quarter has passed since the last tax filing.</li> </ul>

When the tax transcripts differ from the tax documentation provided, HomeBridge's policy is:

Situation	Policy
Transcript shows no record because the borrower did not file a tax return and the borrower is required to file.	File is not eligible.
Transcript shows no record because the borrower recently filed their initial 2011 return but the borrower <b>was not qualified</b> using the 2011 returns.  (i.e. borrower filed their 2011 tax return but borrower was qualified using income from their 2010 and/or 2009 return)	Copy of the 2011 filed tax return is required however the 2011 transcript is not required. NOTE: The tax transcripts for 2010 and/or 2009 will be required depending on which tax returns were used to qualify.  Additionally: <ul style="list-style-type: none"> <li>If the borrower owed taxes with the filing, evidence that the amount owed was paid is required. Acceptable evidence includes, cancelled check, bank statement, credit card statement, etc. The amount of the tax payment <b>must</b> be deducted from the assets used to qualify.</li> <li>If the borrower is receiving a refund, evidence the refund was received, OR validate the refund amount from the IRS website at: <a href="#">Where's My Refund</a></li> </ul>

Situation	Policy
<p>Transcript shows no record because the borrower has recently filed their 2011 return and the borrower <b>was qualified</b> using income from the 2011 tax return.</p> <p>(i.e. Borrower filed 2011 tax return and income from the 2011 tax return was used to qualify)</p>	<p>Copy of the 2011 filed tax return is required.</p> <ul style="list-style-type: none"> <li>The loan cannot close until the transcript for 2011 is received.</li> </ul> <p>NOTE: Tax transcripts take approximately 6-8 weeks to become available. If the return was filed within 6-8 weeks, an exception to close without the return may be granted by management. Documentation required to request an exception:</p> <ul style="list-style-type: none"> <li>Evidence of “no hit” on the tax return verification order for 2011.</li> <li>Evidence that any tax due was paid</li> <li>If borrower receiving a refund, evidence the refund was received or validate from IRS website directly (see “Where’s my Refund” above)</li> </ul>
<p>Transcript shows no record for 2011 because the borrower is on extension (generally extensions expire at the end of October for the current tax reporting year)</p> <p>(i.e. 2011 tax return has not been filed; only the extension for 2011)</p>	<ul style="list-style-type: none"> <li>Evidence the extension was properly filed, including payment of the estimated tax due at time of extension, must be provided.</li> <li>Adjusted gross income reported on the tax return must be reviewed by the underwriter. Any declining income from the prior years return must be satisfactorily explained and increased income cannot be used to qualify.</li> </ul>
<p>Transcript reflects a discrepancy because the borrower has filed an <b>amended</b> return and the loan qualifies on the <b>lowest</b> income (original or amended return).</p>	<ul style="list-style-type: none"> <li>Satisfactory explanation is required.</li> <li>Loan will be qualified at the lowest reported income. Loan will not be qualified using the higher amended income.</li> </ul>
<p>Transcript reflects a discrepancy because the borrower has filed an <b>amended</b> return and the loan qualifies with the <b>highest</b> income (original or amended return)</p>	<ul style="list-style-type: none"> <li>Satisfactory explanation is required.</li> <li>In order to use the higher/amended income, evidence must be provided that the amended return was filed 6 months prior to the application date.</li> <li>If the return was not filed 6 months prior to the application date, the lower income from the original or amended return will be used.</li> </ul>