

Tax Return and Tax Return Transcripts

Requirements for providing tax return transcripts based on application date and availability for borrowers whose income must be documented with tax returns (borrower(s) self-employed and non-self-employed):

Self-employed income (including borrowers with 25% or greater ownership in a business even if this income is not used to qualify).

Employment by a family member or an interested party to the purchase transaction;

Rental income from an investment property even if this income is not used to qualify;

Temporary or sporadic income;

Other income sources as identified in by the Underwriter (such as evidencing the amount of non-taxable income being grossed up).

If the Borrower(s) owe money for taxes filed, proof of cleared payment to the IRS or accepted installment agreement is required until 7/15. After 7/15, if unpaid, also follow agency guidelines for requirements when IRS taxes are past due.

•••••If the Application date is	And the file contains tax returns and/or tax return transcripts ¹	Note date must be on or before
1/1/21 – 04/15/21	2020 tax return filed 2019 and 2020 tax return 2019 tax return transcript 2020 proof of filing as outlined in Transcripts Notes below	05/31/2021
	2020 tax return not filed 2018 and 2019 tax return 2018 and 2019 tax return transcript	05/31/2021
On or after 4/15/2021	2020 tax return filed 2019 and 2020 tax return 2019 and 2020 tax return transcript	05/31/2021
	2020 tax return not filed 2018 and 2019 tax return 2018 and 2019 tax return transcript Evidence of completed IRS tax filing extension(s) for the 2020 tax year.	5/31/2021 thru 11/01/2020
ALL	2020 tax return filed 2019 and 2020 tax return 2019 and 2020 tax transcript	12/31/2021
	2020 and 2019 tax return 2020 and 2019 tax transcripts Use of a tax filing extension for the 2020 tax year is not permitted.	On or after November 1, 2021
Profit & Loss Statements	2020 tax return not filed – need a P&L for 2020 and YTD P&L; Business bank statements required to support P&L for most recent 3 months covered by P&L, no older than 60 days at time of the note date	

¹ If DU or LP only requires one year's tax return, only the most recent year's tax transcript is required. See the applicable of the appropriate Agency Guidelines complete income documentation requirements for self-employed borrowers.

Each borrower (regardless of income source) must complete, sign and date IRS Form 4506-C at application, authorizing VanDyk or its assigns, to obtain income information. The form must not expire before a reasonable time to allow for execution,

Transcripts Notes

If using 2020 Tax Returns to qualify, but transcripts are not yet available thru a Note Date 05/31 obtain either of the following:

- 2020 Tax Returns stamped as "received" by the IRS
- Evidence of payment for any tax due on the 2020 returns
- Proof of Refund (Where's my Refund of Deposit into Bank Account) and it matches the 2020 Tax Return.

Conventional/FHA/VA Loans:

- Wage and Income tax transcripts (W-2 and/or 1099) not required for borrowers whose qualifying income is made up solely of W-2 or 1099 income, or income not documented with tax returns (retirement, social security etc.), provided the property is not a manufactured home and the borrower(s) have a minimum credit score of 640. NOTE: 1099 income filed on a Schedule C is self-employment, which requires tax returns and tax transcripts.

USDA and Bond Loans:

- Tax Return Transcripts are required for the number of years required by the program.

The transcripts must be obtained through TQL Services in Encompass, unless the request has the following error code:

IRS Error Codes: The IRS will no longer provide tax return Transcripts to third parties when the taxpayer has been a victim of tax-related identity theft. If the IRS provides Rejection Code 10 – "Due to limitations, the IRS is unable to process this request" or other verbiage related to a "limitation" precluding the completion of the request, then only the borrower can obtain transcripts using the IRS's Get Transcripts service. Verification of the borrower's Social Security number will need to be obtained thru DRIVE.

If 2020 returns show a balance is due and transcripts are not available, proof of filing will be required on all files closing after 4/15 regardless of application date

Business transcripts are not required unless they have been amended or at underwriter discretion.

Amended Tax returns (business or personal) are not acceptable after the application date.