

Allowable Age of Individual Income Tax Returns

Allowable age of Federal Income Tax Returns for borrowers whose income must be documented with tax returns (borrower(s) self-employed and non-self employed):

- Self-employed income
- Employment by a family member or an interested party to the purchase transaction;
- Rental income from an investment property;
- Temporary or sporadic income;
- Other income sources as identified in the Underwriting Guide

The Note date is based on all documentation in the file (paystub, bank statements, appraisal, etc.).

The “most recent years” tax return is defined as the last return scheduled to have been filed with the IRS. For example,

If Today's Date is....	Then the Most Recent Years' Tax Return would be.....
February 18, 2019	2017
April 16, 2019	2018
December 15, 2019	2018

Application	Note Date	Documentation
10/16/18 to 04/15/19	10/15/18 to 04/15/19	<ul style="list-style-type: none"> • Most recent years' tax return • Extension is not permitted
	04/16/19 to 06/30/19	<ul style="list-style-type: none"> • Previous year's tax return, if filed • If previous year is not filed, obtain previous two years or per DU/LPA
	07/01/19 to 10/15/19	<ul style="list-style-type: none"> • Most recent years' tax return <i>OR all of the following</i> • 2018 Extension • Previous two years' tax returns or per DU/LPA • IRS Form 4506-T transcripts confirming “No Transcripts Available” for 2018
04/16/19 to 10/14/19	04/16/19 to 12/31/19	<ul style="list-style-type: none"> • Most recent years' tax return <i>OR all of the following</i> • 2018 Extension • Previous two years' tax returns or per DU/LPA • IRS Form 4506-T transcripts confirming “No Transcripts Available” for 2018
	01/01/20 to 01/15/20	<ul style="list-style-type: none"> • Most recent years' tax return • Extension is not permitted

See the applicable section of the Client Guide for complete income documentation requirements for self-employed applicants.

IRS Rejection Codes

Rejection Code 10

- The IRS may reject tax transcripts requested by third parties for reasons of possible identity fraud/theft, other identity related issues, or misuse of tax transcripts.
- Rejection Code 10 messaging for these reasons received from the IRS may state the following: *“Due to limitations, the IRS is unable to process this request. The IRS will mail a notification to the borrower to explain the reason; please contact your borrower.”*

Other Rejection Reasons

- Inaccurately completing the 4506-T resulting in a rejection (“no record found” or “data mismatch” response such as address on 4506-T not matching tax return address) is not acceptable and must be rectified by accurately completing the 4506-T and obtaining the applicable tax transcripts.