

BULLETIN #2014-20

TO: Distribution

DATE: July 15, 2014

RE: Tax Return Transcript Income Validation

EFFECTIVE DATE: July 28, 2014

Income Validation Policy

Effective **July 28, 2014** for all loans **submitted for purchase**.

Recently, the agencies recommended a best practice regarding income validation and the use of 4506T obtained transcripts to validate income. This Bulletin outlines CMG Financial Correspondent Lending's requirements to align with industry best practices.

In summary:

- A minimum of one year's most recent tax return transcripts are required on all loan types except non-income verification loan types (VA IRRRL, FHA NCQ Streamline, etc.)
- Tax return transcripts are required for the years of income being used to qualify
- Tax return transcripts cannot be used in place of actual tax returns

In addition, in cases where a tax extension has been filed, the extension must be confirmed and W2 validated in addition to 4506 results stating "no record of return filed" for the given tax year.

For complete details, refer to the [Income Validation Policy](#).

***Please contact your Correspondent Regional Manager or
your Correspondent Liaison with any questions.***

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