



MFM Bulletin: 004-2021

Date: April 6, 2021

Subject: Tax Return and Documentation Requirements for Self Employed Borrowers

Tax Return Requirements

As you may be aware, the IRS has granted an extension on filing 2020 returns until May 17th, 2021**. At the time of underwriting, Member First Mortgage will require 2020 returns if available. Starting with loan application dates on or after May 16th, 2021, personal and business tax returns (if self-employed) will be required unless an extension has been filed with the IRS. A copy of that extension must be documented in the file.

***Federal tax filing has been extended to June 15th, 2021 for Texas, Louisiana, and Oklahoma.*

For Example:

If loan application date is:	Most recent year return is required:	Most recent 2 years returns are required:
Before May 17, 2021	2019 or 2020 (if available)	2019 and 2018 or 2020 and 2019 (if 2020 is available)
Before June 15, 2021 for Texas, Louisiana, and Oklahoma	2019 or 2020 (if available)	2019 and 2018 or 2020 and 2019 (if 2020 is available)
May 18, 2021 and after	2020 or 2019 tax returns and IRS Form 4868 (extension) for 2020 and IRS Verification that 2020 returns have not been filed.	2020 and 2019, or 2019 and 2018 Tax Returns and IRS Form 4868 (extension) for 2020 and IRS verification that 2020 returns have not been filed.
June 15, 2021 and after for Texas, Louisiana, and Oklahoma	2020 or 2019 tax returns and IRS Form 4868 (extension) for 2020 and IRS Verification that 2020 returns have not been filed.	2020 and 2019, or 2019 and 2018 Tax Returns and IRS Form 4868 (extension) for 2020 and IRS verification that 2020 returns have not been filed.
October 15, 2021	2020 (<i>Extensions not allowed</i>)	2020 and 2019 (<i>Extensions not allowed</i>)



IF IRS Form 4868, Application for Automatic Extension of Time to File U.S Individual Income Tax Return has been filed, then proof of payment of all 2020 income tax liability will be required (cancelled check)

As a reminder, tax returns are required in the following instances:

- Self-employed borrowers
- Rental income used to qualify
- Borrowers employed by family-owned companies
- Interest and dividend income used to qualify

Additional documentation required for Self-Employed borrowers.

For loan applications on or after April 1, 2021, the following is required:

- Year to date Profit and Loss covering the three calendar months prior to the loan application date.
- Three months business bank statements covering the months included in the P&L (unless P&L is audited).
- Profit and loss covering the full year 2020 (**only if the 2020 personal and business tax returns have not been filed**)

Please contact the MFM Underwriting department (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you