



MFM Bulletin: 005-2024

Date: March 20, 2024

Subject: Tax Return and Documentation Requirements

Tax Return Requirements

Below are effective dates and documentation requirements for all loan programs when income tax returns are required for borrower qualification and/or program requirements.

Loan Application Date:	Note Date:	Age of Tax Return and Other Documentation Requirements:
Before 4/15/2024	<ul style="list-style-type: none"> • Freddie Mac: On or after 11/1/2023, but before 5/31/2024. • Fannie Mae, FHA, VA, USDA: On or after 10/15/2023, but before 6/30/2024. 	<ul style="list-style-type: none"> • Most recent income tax return filed with IRS (2023, if filed). • 2022 returns are required. • 2021 returns (if 2023 returns are not filed AND AUS findings and/or program requires 2 years of returns).
On or after 4/15/2024 to 10/15/2024	<ul style="list-style-type: none"> • Freddie Mac: On or after 5/31/2024, but before 11/1/2024. • Fannie Mae, FHA, VA, USDA: On or after 4/15/2024, but before 12/31/2024. 	<p>If borrower has not filed their 2023 tax returns with the IRS:</p> <ul style="list-style-type: none"> • 2022 tax returns are required (and 2021 if AUS findings and/or program requires two years of returns). • The following documentation is also required: • Tax transcripts confirming 2023 returns have not been filed. • IRS tax forms 4868 and/or 7004 as evidence of filing of tax return extension. • Copy of cancelled check or bank statement verifying payment of all 2023 income tax liability as per extension document. <p>Additional documentation required to determine continued income stability:</p> <ul style="list-style-type: none"> • Profit and Loss (prepared by accountant) covering business activity since the last tax return filing(s).



		<p>If P&L is not available, then the following alternative documentation is acceptable:</p> <ul style="list-style-type: none"> • Three months of business bank statements. • Signed IRS Form 941, Employer’s Quarterly Federal Tax Return, for the prior calendar year and current calendar year quarter(s) that supports wages and other compensation documented on the most recent business tax return. • Review of tax liability reported with IRS tax filing extension(s) (e.g., IRS Form 4868, IRS Form 7004) to determine consistency with tax liability reported on prior year(s) tax return(s). • W-2s, 1099s and/or K-1s from the most recent calendar year, if available.
ALL	<ul style="list-style-type: none"> • Freddie Mac: On or after 11/1/2023. • Fannie Mae, FHA, VA, USDA: On or after 12/31/2022. 	<ul style="list-style-type: none"> • The most recent tax return must be no older than 2023. • Use of filing extension for 2023 is not permitted. • Proof of payment of all 2023 income tax liability (per return) is required.

Tax Transcripts:

As a reminder, tax transcripts are required for all loans being sold to private investors and tax returns are required in the following instances:

- Self-employed borrowers (BOTH personal and business returns are required)
- Rental income used to qualify
- Borrowers employed by family-owned companies
- Interest and dividend and/or capital gain income used to qualify
- Handwritten W-2s or 1099s
- VA with Commission Income over 25% used to qualify

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

Thank you