



4506 Transcript Credit Policy Clarification

What's New in This Release?

On June 17, 2009, RMIC released a new 4506-T and Tax Return Transcript requirement for mortgage applications submitted on or after September 1, 2009 [[Release Notes 2009-5](#)]. Based upon Lender inquiries, RMIC is providing the following clarification and restatement of the policy. In summary, the amended policy provides clarification for the following:

- Effective date for new mortgage insurance applications
- Minimum number of transcripts that must be executed
- Clarification regarding self-employed borrowers

4506-T and Transcripts Required for All Loans (Update to Policy)

RMIC is implementing a new 4506-T and tax return transcript policy consistent with a number of recent Investor announcements and prudent income underwriting practices of leading Lenders. Effective with all mortgage insurance applications (whether salaried or self-employed) submitted on or after **September 1, 2009**, a completed and signed Form 4506-T is required to be obtained from all borrowers (where income is used for qualifying) covering at least the most recent year's tax return.

In addition, prior to closing, the tax return transcript(s) for at least the most recent year's tax return must be obtained from the IRS (or designee) and used to validate the income documentation provided by the borrower(s). If a loan with a mortgage insurance application date on or after September 1, 2009, is sent to RMIC for underwriting or auditing purposes, the file submission must include the 4506-T and the transcript(s) from the IRS.

For self-employed borrowers, RMIC will accept the most recent two years of personal and business transcript(s) from the IRS as acceptable income documentation; thereby eliminating the need to obtain tax returns from the borrower(s).

Any discrepancies between the Loan File income documentation and the tax return transcript(s) information must be appropriately explained and documented. If the transcript(s) do not support the income documentation provided and the discrepancies cannot be adequately explained and documented, the loan is ineligible for mortgage insurance. The completed and signed 4506-T, the tax return transcript(s) received back from the IRS, and any subsequent explanation or documentation of discrepancies must be permanently retained in the Loan File.

Note: Form 4506 or Form 8821 may be used instead of Form 4506-T. Form 4506-T is the only form that allows an electronic response from the IRS.

For additional information regarding this policy, please contact your RMIC Account Manager or visit RMIC.COM for RMIC's complete underwriting guidelines.