



Massachusetts Housing Finance Agency  
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## HOME OWNERSHIP ANNOUNCEMENT

**TO:** MassHousing First Mortgage Lenders  
**DATE:** September 29, 2015  
**RE:** Tax Transcripts Requirements

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As outlined in section 3.1.6 of our Seller Guide,

MassHousing's policy regarding the use of the IRS Form 4506-T to validate the borrower's first time home buyer status and income documentation for underwriting and QC purposes requires the lender to have each borrower (regardless of income source) complete and sign a separate IRS Form 4506-T for each type of transcripts required at application. In addition, lenders must process the IRS Form 4506-T and obtain tax transcripts for the three years preceding the closing date on all MassHousing loans.

We continue to be aware of an increase in the IRS rejection rate of tax transcript requests due to suspected identity theft and/or IRS processing delays. While tax transcripts remain a requirement of ours, we also acknowledge that when tax transcripts are not attainable, there are additional ways to satisfy our requirements and validate the borrower's income documentation. MassHousing will not require an exception to our Selling Guide requirements as long as all of the following alternative documentation is included in the loan file at time of loan presentment to Titan:

- Evidence the IRS has rejected the 4506T as "unprocessable", or "limitation", or notification from the IRS to possible identification theft, or with another similar code. A "no record found" or date mismatch response does not satisfy this requirement, and
- A borrower obtained Record of Account Transcript, in pdf format, for all applicable years missing, and
- A borrower obtained IRS stamped copy of the return for all applicable years missing along with the bank statement or copy of the check that evidences the tax payment made or refund received for that year matches the 1040 amount, and
- A signed 4506T for all applicable years missing at closing(s).

In addition to providing the above, it is recommended for Lenders to use discretion when evaluating income credibility, especially in the case of self-employed borrower(s). This could include items such as

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the prior year tax transcripts, institutional written VOE's, bank statements supporting payroll deposits or any other documentation deemed supportive, based upon the specific situation.

Thank you for your cooperation. Should you have any questions, please feel free to contact your business development officer for assistance.

Please direct this communication to:

<input checked="" type="checkbox"/> Loan Origination/Processing	<input checked="" type="checkbox"/> Secondary Marketing/Registration
<input checked="" type="checkbox"/> Underwriting	<input checked="" type="checkbox"/> Closing/Funding
<input checked="" type="checkbox"/> Shipping/Delivery	<input checked="" type="checkbox"/> Compliance/Legal