



## Obtaining IRS Transcripts – Fannie Mae Policy

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At times, lenders may encounter difficulties in obtaining IRS tax transcripts, such as:

1. transcript requests being rejected by the IRS with a Code 10 indicating that “Due to Limitations, the IRS is unable to process this request”;
2. processing delays due to IRS system limitations impacting certain transcript processing systems; and
3. certain automated methods for obtaining tax transcripts being unavailable.

This job aid provides information in response to lenders questions about how to comply with Fannie Mae guidelines. For additional information, see [IRS Form 4506-T Tips for Underwriting and Quality Control](#).

### Compliance with Fannie Mae Underwriting Guidelines

Fannie Mae’s underwriting guidelines *do not require the execution* of the IRS Form 4506-T as part of the underwriting of the loan. Some lenders execute the IRS Form 4506-T pre-funding based on their own internal policies, but that is not a Fannie Mae requirement.

Fannie Mae *does expect lenders* to carefully review transactions and take prudent measures to investigate red flags that may indicate the presence of fraud. Lenders are expected to have fraud investigation processes and procedures in place regarding potential identity theft scenarios. Lenders should keep in mind that Code 10 is a potential indicator of fraud or identity theft, and they should exercise the appropriate level of prudence in confirming borrower identity when a Code 10 has been returned by the IRS.

### Compliance with Fannie Mae Post-Closing Quality Control (QC) Guidelines

Fannie Mae’s QC guidelines require that lenders have the execution of IRS Form 4506-T with the IRS (or designee) in their written QC plan, and the post-closing QC process must include execution of the IRS Form 4506-T with the IRS (or designee).

Lenders who attempt to execute the IRS Form 4506-T with the IRS, and are not able to obtain a transcript due to receiving a rejection Code 10, do not need to take further steps to attempt to obtain a transcript. Lenders should maintain, as a part of the QC file, documentation that evidences the applicable reject code. However, as in pre-funding, lenders should take care to investigate red flags that may indicate the presence of fraud, and are expected to have processes and procedures in place when red flags arise in the QC process.

For issues other than rejection Code 10, if the lender’s normal method of obtaining transcripts is not available, Fannie Mae expects lenders to adjust their processes to request transcripts through one of the remaining available options. This includes the Income Verification Express Service (IVES) utilized by various vendors, or mail services.

These alternative methods will take longer than automated methods, so it is recommended that the lender submit these requests as soon as possible in their post-close QC process to improve its chances of receiving the information during the review period. Fannie Mae has heard that mailed transcript requests are taking about 30 days.

**NOTE:** *As with all re-verifications, the lender should document their attempt to obtain the mailed transcripts and once received, add the transcripts to the file and review.*