



Announcement 15-61

Date: December 7, 2015

Topic: Revision to Announcement 15-60: New 4506-T Form and Reminder Regarding 4506-T Requirements for Self-Employed Borrowers

This announcement is intended to provide revisions to Announcement 15-60: New 4506-T Form and Reminder Regarding 4506-T Requirements for Self-Employed Borrowers. See below for the original announcement with all new clarifications in yellow highlight that now supersede old verbiage in red strikethrough:

New 4506-T Form

The IRS has released a new 4506-T form, revised 9/2015 which now requires the borrower to attest to his/her authority to sign the 4506-T. It is recommend that this form be used immediately, however, the IRS is requiring the new form be used for all transcript requests on or after March 1, 2016. As such, PennyMac will require the new form to be used for all loans delivered on or after **March 15, 2016** ~~January 1, 2016~~. The new IRS form may be found at <https://www.irs.gov/pub/irs-pdf/f4506t.pdf>.

Business 4506-T

As a reminder, on all conforming DU approved transactions with self-employed borrowers using business tax returns to qualify, Fannie Mae requires a signed 4506-T for both the borrower's personal tax return and the business tax return. While PennyMac does not require the business tax transcript to be provided, a 4506-T for the years of business returns used to qualify must be provided. If the business tax return is not used to qualify, a signed 4506-T for the business is not required. See below for Fannie Mae's requirements:

Fannie Mae B3-3.1-06: Completing and Submitting the IRS Authorization Form

IRS Form 4506-T can be used to obtain transcripts for up to four years or tax periods but only one tax form number can be requested per each IRS Form 4506-T. For example, it is necessary to complete two IRS Form 4506-Ts for a self-employed borrower whose income documentation includes both two years of personal tax returns and two years of business tax returns. One IRS Form 4506-T will be required to obtain a transcript of the personal 1040 returns and another will be required for the business returns (Form 1065, Form 1120, Form 1120A, etc.).

Common Mistakes on the 4506-T and Fact Sheet

Common mistakes made when completing the 4506-T form for the business include:

- When completing a 4506-T for a partnership, the title of the borrower does not indicate “Partner” or “Limited Partner”
- When completing a 4506-T for a corporation, the title of the borrower does not indicate “President”, “Vice President”, “Secretary”, “Treasurer”/“CFO”, or other officer.
- Property address in box 3 or 4 does not match IRS records.
- Incorrect tax form is requested on line 6.
- Borrower signatures are modified. The IRS does not accept crossed-out signatures, even if initialed by the borrower.
- The form is incomplete. The IRS will reject the form if there is missing information.

Fannie Mae has a fact sheet that may be helpful in completing the 4506-T, which can be accessed via https://www.fanniemae.com/content/fact_sheet/irs-form-4506t-tips-for-underwriters.pdf.

Please contact your Sales Representative with any questions.