

Tuesday, December 15, 2020

Bulletin #2020-AC-065

TO ALL CUSTOMERS

IRS Form 4506-C Clarification and Extension of Temporary COVID-19 Policies

Clarification Regarding IRS New Form 4506-C for Transcript Request

This communication provides additional clarification to FLCBank's Bulletin #2020-AC-064 concerning the IRS New Form 4506-C:

As previously announced, the IRS new transcript request Form 4506-C is to be used by third party vendors requesting Transcript for W-2 or Tax Returns effective on March 1, 2021; however, the agencies (FNMA, FHLMC, FHA, VA, and USDA) have differing requirements as to what forms should be used to obtain the borrower's W-2 or Tax Transcript in their respective Handbooks and Seller's Guide summarized below:

- FNMA: Requires Form 4506-T to be used. It only permits Forms 4506, 4506-T-EZ, and 8821 to be used in lieu thereof.
- FHLMC: Requires Form 4506-T to be used, but also states that "an alternative form acceptable to the IRS that authorizes the release of comparable tax information" may be used.
- FHA: Forms 4506-T, 4506, and 8821 are listed as being interchangeable and acceptable, but no other documents are specified.
- VA: The VA Lender's Handbook references the use of the 4506-T and in some cases, the Handbook does state that an alternative form acceptable to the IRS is a permitted substitute for Form 4506-T.
- USDA: Form 4506-T is required, with no substitutions referenced.

As a result of the above requirements and until the agencies provide updates to their policies in relation to Form IRS Form 4506-C, FLCBank continues to require the Form 4506-T to be signed by the borrowers at the time of the initial application and at loan closing, and effective on January 1, 2021, borrowers will be required to sign the new IRS Form 4506-C at loan closing.

NDC-EPP Customers must ensure they are able to provide the new Form 4506-C accordingly.

Fannie Mae and Freddie Mac Extend COVID-19 Temporary Policies

On December 10, 2020 Fannie Mae [Lender Letter LL-2020-03](#), [Lender Letter LL-2020-04](#) and Freddie Mac [Bulletin 2020-47](#) extended their temporary policies related to COVID-19 for Mortgages with loan application dated on or before January 31, 2021 in regards to flexibilities related to:

- Verification of Employment and
- Appraisal Inspection Flexibilities

To access our most recently updated Temporary Policies Related to COVID-19 (version 25) please [click here](#).