



**Announcement 15-22**

**Date: May 11, 2015**

**Topic: 2014 Tax Transcript Requirement and Increase of IRS Rejection**

**2014 Tax Transcript Requirement**

Effective with loans closed on or after June 15, 2015, 2014 tax transcripts will be required, unless the file contains evidence an extension was filed along with a copy of the IRS notice for 2014 showing “no record of return filed.”

**Note:** Loans not requiring income such as non-credit qualifying FHA Streamlines and VA IRRRLs do not require tax transcripts

**IRS Rejection of Tax Transcripts**

PennyMac is aware of an increase in the IRS rejection rate of tax transcript requests due to suspected identity theft or other concerns. While tax transcripts remain a requirement on all credit-qualifying products, we also acknowledge that when tax transcripts are not available, there are additional ways to assess the credibility of the income documentation. PennyMac will consider these instances and will not require an exception as long as all of the following documentation is included in the file:

- Evidence the IRS has rejected the 4506-T as “unprocessable” or “limitation” or with another similar code and not a “no record found” or data mismatch response,
- Bank statement or copy of check evidence tax payment made or refund received for that year matches the 1040 amount, and
- Signed 4506-T for that year(s).

In addition to providing the above, it is recommended for Lenders to use discretion when assessing income credibility. This could include items such as the prior year tax transcripts, police report, institutional written VOEs, bank statements supporting payroll deposits or any other documentation deemed supportive, based upon the specific situation.

Please contact your Sales Representative with any questions.