

For more information about obtaining a Home Mortgage visit the Federal Reserve Website at:

<http://www.federalreserve.gov/consumerinfo/mortgages.htm>

This site contains helpful information on a variety of issues dealing with the process of obtaining a mortgage.

This consumer tax tip was brought to you by the Taxpayer Advocate Service. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. If you believe you are eligible for TAS assistance, you can reach TAS by calling the TAS toll-free case intake line at **1-877-777-4778** or TTY/TDD **1-800-829-4059**.



Department of the Treasury  
**Internal Revenue Service**

[www.irs.gov](http://www.irs.gov)

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WHAT YOU  
**NEED**  
KNOW

## The Mortgage Verification Process

Protect your Tax Information



## What Is Mortgage Verification?

When closing on a loan for real property (house or home equity line of credit), many lenders require borrowers to complete and sign Form 4506-T, *Request for Transcript of Tax Return*. Once signed, this form allows the lender or investor to get copies of return transcripts from the IRS, summarizing your income and tax data, for as many as four years. Once you sign and date the form, the lender can use it during the 60-day period following the date of signing.

Income verification allows lenders to ensure that they are giving a loan based on an accurate picture of the borrower's income, which can help protect both the lender and the borrower from default.

## What are the Potential Problems with Mortgage Verification?

The problem with mortgage verification is that many borrowers are asked to sign blank forms which do not specify who will have access to their tax information and which years the lender can access. Additionally, many borrowers are asked to sign, but not date the form – allowing lenders to use the form for longer than the 60 days.

**Caution!** *You may not be aware that by signing an undated form on which the third party is not identified, your information may be obtained by any number of entities with access to that form, at any time in the future.*

## How Can You Prevent Possible Misuse of Your Tax Information?

The best way to prevent misuse of your tax information is to limit who has access to this information.

*You should NEVER sign an incomplete form. Always fill in any blanks completely and date the form before signing.*

## What Should You Do if Asked to Sign a Blank Form?

Before signing any documents in connection with a loan, make sure the documents are complete and that you read them carefully. Lenders will usually include Form 4506-T, *Request for Transcript of Tax Return* in with the documents to be signed when closing on your loan (Form 4506, *Request for Copy of Tax Return* and Form 8821, *Tax Information Authorization* may also be used in place of Form 4506-T).

### If you are given a blank form to sign:

Fill in the form completely before signing.

- **(Line 5)** Include the name of the lender you are authorizing to access your information.
- **(Line 6)** Include the tax form number.
- **(Line 9)** Fill in the tax years you are giving the lender permission to access.
- **(Sign Here)** Sign the form.
- **(Date)** Finally, be sure to date the authorization – once the authorization is dated, the lender has only 60 days during which to access your information.

Form <b>4506-T</b>		Request for Transcript of Tax Return					
<small>(Rev. April 2006) Department of the Treasury Internal Revenue Service</small>		<small>OMB No. 1545-1872</small>					
<b>Read the instructions on page 2.</b>							
▶ <b>Do not sign this form unless all applicable lines have been completed.</b>							
▶ <b>Request may be rejected if the form is incomplete, illegible, or any required line was blank at the time of signature.</b>							
<b>Tip:</b> Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.							
<b>1a</b> Name shown on tax return. If a joint return, enter the name shown first.		<b>1b</b> First social security number on tax return or employer identification number (see instructions)					
<b>2a</b> If a joint return, enter spouse's name shown on tax return		<b>2b</b> Second social security number if joint tax return					
<b>3</b> Current name, address (including apt., room, or suite no.), city, state, and ZIP code							
<b>4</b> Previous address shown on the last return filed if different from line 3							
<b>5</b> If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.							
<b>Caution:</b> If a third party requires you to complete Form 4506-T, do not sign Form 4506-T if lines 6 and 9 are blank.							
<b>6</b> Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶							
<b>a</b> Return Transcript, which includes most of the line items of a tax return as filed with the IRS. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days.							
<b>b</b> Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days.							
<b>c</b> Record of Account, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days.							
<b>7</b> Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year. Most requests will be processed within 10 business days.							
<b>8</b> Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2003, filed in 2004, will not be available from the IRS until 2005. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days.							
<b>Caution:</b> If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.							
<b>9</b> Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.							
<table border="0"> <tr> <td>____/____/____</td> <td>____/____/____</td> <td>____/____/____</td> <td>____/____/____</td> </tr> </table>				____/____/____	____/____/____	____/____/____	____/____/____
____/____/____	____/____/____	____/____/____	____/____/____				
<b>Signature of taxpayer(s).</b> I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.							
<b>Sign Here</b>	Signature (see instructions)		Telephone number of taxpayer on line 1a or 2a ( )				
	Title (if line 1a above is a corporation, partnership, estate, or trust)						
	Date						
Spouse's signature		Date					
<b>For Privacy Act and Paperwork Reduction Act Notice, see page 2.</b>							
		<small>Cat. No. 37667N</small>					
<small>Form 4506-T (Rev. 4-2006)</small>							

CHOOSE ONE

▲ SAMPLE FORM 4506-T Fill in the highlighted areas