

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
May 26, 2015 • COR15-029



Alert

Update

Reminder

Clarification

Training
Information

Preview

Guidance for Rejected Transcript Requests

SunTrust Mortgage, Inc. addresses the recent rejection of IRS Form 1040 tax transcript requests by the Internal Revenue Service (IRS) due to suspected identity theft and other reasons. We are providing correspondent lenders with documentation guidance.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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Effective Dates

Tuesday, May 26, 2015
Effective immediately.

Background Information

SunTrust Mortgage is aware of an increase in the IRS rejection rate of 1040 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 obtainable, there are additional ways to validate the borrower's income documentation.

Bulletin Details

Documentation Requirements when 1040 IRS Tax Transcripts are Not Obtainable

When the IRS rejects the borrower's request for 1040 tax transcripts due to identity theft or other reasons, SunTrust Mortgage will accept alternative documentation, as reflected in the table below.

Additionally, we advise lenders to use discretion when validating the borrower's income. This could include items such as the prior year tax transcripts, a police report, institutional written VOEs, bank statements supporting payroll deposits, or any other documentation deemed supportive, based upon the specific situation.

Action Required

Origination, Processing and Underwriting

Starting May 26, 2015

Review loans in the existing pipeline to determine if you can use the documentation requirements outlined in this bulletin.

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Bulletin Details, continued

Follow the guidelines outlined in the table below when the IRS rejects an IRS Form 4506-T request for identity theft or other reasons.

When the Reason for the IRS Rejection is . . .	Then provide . . .
<ul style="list-style-type: none"> • Unable to Process, or • Limitation 	<ul style="list-style-type: none"> • Evidence the IRS rejected the IRS Form 4506-T request, • A borrower-obtained <i>Record of Account Transcript</i>, in pdf format, for all applicable years missing from the www.irs.gov website, and • A signed IRS Form 4506-T for the year(s) impacted by the IRS rejection. <p>Notes:</p> <ul style="list-style-type: none"> • The <i>Record of Account Transcript</i> combines information from the tax account and the tax transcripts. • This transcript must validate that the documents provided by the borrower are accurate and may not be used in lieu of the tax returns provided by the borrower. • You may need to access the IRS website, “Get Transcripts” several times, as the location may be temporarily unavailable.
<p>Identity Theft</p>	<ul style="list-style-type: none"> • Proof identification theft was reported to and received by the IRS (IRS Form 14039) or • A copy of the notification from the IRS alerting the taxpayer to possible identification theft, and • Validation of the reported income on the tax returns by providing the following documentation: <ul style="list-style-type: none"> • Borrower obtained <i>Record of Account Transcript</i>, in pdf format, for all applicable years missing from www.irs.gov, or all of the following: <ul style="list-style-type: none"> • W-2 or 1099 transcripts which match the W-2 or 1099 income reflected on the transcripts, • Validation of prior tax year(s) income (income for the current year must be comparable to prior to year(s), • 1099 Mortgage interest should match reported interest on Schedule A or Schedule E (if applicable), • 1099G Unemployment should match reported unemployment (if applicable), • 1099 Dividend and Interest should match reported dividend and interest income (if applicable)

Do not use the guidelines reflected above when a “no record found” or “data does not match” response is received from the IRS. Instead follow current requirements outlined in the Income Validation Guidelines.

Revised Materials

Click [Income Validation Guidelines](#) to review the revised material.

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Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each correspondent relations coordinator is located in General Section 1.01: The Correspondent Division.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 4.

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