



Correspondent Seller
2016 Tax Return Transcripts
April 4, 2017

Described below is Impac's policy for requiring 2016 transcripts on loan transactions that need to use 2016 income for qualification. Successful results for the 2016 tax information will depend on when the borrower filed their income tax return with the IRS, **and** the amount of time required by the IRS to upload the tax returns into their records.

In order to use 2016 income to qualify, all borrowers must be able to have their income verified with transcripts from the IRS. In the event 2016 income is not available from the IRS, we require our underwriters to proceed by following the steps below to calculate qualifying income.

- 2016 income must still be provided via unverified tax returns or other documentation necessary to determine business or income continuation.
- Examine 2016 income to determine that income is stable or increasing. (See *Important Note* below for decreasing income).
- 2015 income as verified by tax returns and IRS tax transcripts will be substituted for 2016 income in order to qualify.
- If the AUS is requiring two most recent year tax returns and the 2016 is not available from the IRS then 2014 and 2015 tax returns will be used for qualifying providing they can be verified with the 4506-T.

Important Note: Significant declining income will likely result in a denial even when the 2016 tax returns cannot be verified with the 4506T. Approval for loans with significant declining income can only be granted once the returns are validated with the IRS **and** the question of income stability has been satisfied.

Impac's timelines for requiring 2016 tax transcripts is shown on the following page.

Loans funding through April 18, 2017	
IF...	Documentation required
2016 tax return not filed	Borrower signs a Company-prepared Tax Return Affidavit at closing. This affidavit states that, as of the date of loan funding, the borrower has not filed their 2016 tax returns. Obtain previous years' tax returns and IRS tax transcripts based on loan program and underwriting requirements.
2016 tax return filed	<ul style="list-style-type: none"> ▪ Copy of 2016 tax return ▪ IRS tax transcripts, or a transcript with a <i>No Record Found</i> result ▪ If a tax payment was due with the filing, obtain evidence that the tax has been paid (e.g., cancelled check, bank statement, and/or credit card statement). Deduct the amount of the tax payment from assets used to qualify, if the amount is not reflected in a bank statement. ▪ Verify refunds that are due on the IRS website Where's my Refund
Loans funding between April 19, 2017 through October 16, 2017	
IF...	Documentation required
2016 tax return filed	<ul style="list-style-type: none"> ▪ Copy of 2016 tax return ▪ IRS tax transcripts, or a transcript with a <i>No Record Found</i> result ▪ If a tax payment was due with the filing, obtain evidence that the tax has been paid (e.g., cancelled check, bank statement, and/or credit card statement). Deduct the amount of the tax payment from assets used to qualify, if the amount is not reflected in a bank statement. ▪ Verify refunds that are due on the IRS website Where's my Refund
2016 tax extension filed	<ul style="list-style-type: none"> ▪ Obtain evidence that an extension has been filed. ▪ If a tax payment was due with the filing, obtain evidence that the tax has been paid (e.g., cancelled check, bank statement, and/or credit card statement). Deduct the amount of the tax payment from assets used to qualify, if the amount is not reflected in a bank statement.
Loans funding on and after October 17, 2017	
IF...	Documentation required
Borrower had filed an extension	<ul style="list-style-type: none"> ▪ Copy of 2016 tax return ▪ IRS tax transcripts, or a transcript with a <i>No Record Found</i> result ▪ If a tax payment was due with the filing, obtain evidence that the tax has been paid (e.g., cancelled check, bank statement, and/or credit card statement). Deduct the amount of the tax payment from assets used to qualify, if the amount is not reflected in a bank statement. ▪ Verify refunds that are due on the IRS website Where's my Refund

We thank you for your continued business.

If you have any questions, contact your Relationship Manager at 888-850-0259 Option 1 or your Account Executive.