

# What is a 4056-T form?



**L**enders don't trust you. Don't take it personally, though. In the 2000's lenders didn't do much to check up on information provided by borrowers. A cynical observer might even think lenders purpose-fully didn't check up on things that may have pretty obviously not been true in order to fund more loans when they were making lots of money funding more loans. Turns out not verifying things was, well, a bad idea.

Flash to today. Today we verify almost every piece of information you provide to us. If you keep an eye out as you sign your loan application, you'll notice that a good number of the papers you sign are actually permission slips, authorizing us to snoop around and verify things.

## You're not being singled out

The 4506-T, an IRS form, is one of these permission slips. When you sign it, you authorize us to request a transcript of your recent federal tax filings. We compare the numbers on these transcripts with the tax documents you provided and make sure they match. Simple enough.

We do this behind the scenes on every loan file prior to closing. In exceedingly rare cases, this verification process can have hiccups, so (since you're bothering to read this) here are a few Words of 4506-T Wisdom:

## The IRS is finicky about the form

If the form doesn't perfectly match your most recent tax filing, our request for transcripts will be rejected. If we come back to you asking you to sign a new 4506-T with an old address or some random variation on your name, we've been rejected by the IRS. Happens often enough that it doesn't even hurt our feelings anymore... no really (sniff).

## Help us make a match

If you filed an amended tax return, make sure you share a copy with us. If you and your accountant prepared a draft or two prior to filing, please give us the version you filed. When in doubt, your CPA can email the final one. If you are still working on your taxes and haven't yet filed, we'd love to have a copy, but do let us know it's an unfiled draft.

## They are time-sensitive

Timing can matter, particularly if you are self-employed. It typically takes the IRS 6 to 8 weeks to add a newly filed tax return to the database used for these verifications. If you are self-employed, we can only use income from verified tax filings when we qualify you for your loan. The result: We may have a lag before your most recent tax year's income will count toward your loan. This may or may not matter for the loan you're requesting and if it does filing your tax return a specific way can expedite things substantially. Talk to us before you file and we'll guide you.



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