

Monday, April 1, 2024

Bulletin #2024-C-001

NOTICE TO CORRESPONDENT CUSTOMERS

IRS Form 4506-C to Validate Borrower Income Documentation Reminder

FLC Bank reminds its Correspondent Customers of the requirement to have each borrower whose income (regardless of income source) is used to qualify for the loan to complete and sign a separate IRS Form 4506-C at or before closing.

Occasionally, it may be necessary to have the borrower complete and sign multiple IRS Form 4506-Cs depending on the transcripts required to validate the income. In addition, the Agencies require lenders to verify the accuracy and integrity of the information used to support the lending decision for any mortgage loans selected for a Quality Control review.

We have seen an increased number of inaccurate and/or incomplete 4506-C Forms. A few examples are:

- Incomplete Sections:
 - The form is missing the selection for the type of transcript, and/or,
 - Is missing the years (boxes unchecked), or,
- Inaccurate Information or Selection:
 - The form shows the transcripts selection for both w-2 transcripts and tax transcripts,
 - The form lists 3 or 2 years of transcripts when only 1 or 2 years are required by the AUS.

Effective immediately, FLC Bank is implementing the following changes on Correspondent loans selected for post-closing Quality Control review:

- FLC Bank will contact Correspondent customer for transcripts (w-2 or tax transcripts) based on the number of years required by the AUS to be obtained for all income types used in the underwriting process (personal and business if applicable)

Correspondent loans selected for post-closing Quality Control review where transcripts were not obtained during their pre-closing process will require the Correspondent customer to provide transcripts (w-2 or tax transcripts) for all income types used in the underwriting process (personal and business if applicable)

Please contact your [Account Executive or Client Relations Representative](#) if you have any questions.