



MEMORANDUM

TO: NIFA Participating Lenders
FROM: Jacki Young, Chief Homeownership Officer
DATE: April 6, 2018
SUBJECT: Memo #18-11, Federal Tax Returns

NIFA requires Participating Lenders to obtain the most recent three-year signed federal income tax returns from occupying Borrowers and Non-Borrowing Spouses. The tax returns are used to qualify Borrowers and Non-Borrowing Spouses under our first-time buyer requirement.

NIFA does not require federal tax returns for Non-Borrowing Occupants, unless the Occupant is self-employed. In this instance, NIFA requires the most recent federal return and all schedules to use for household income purposes along with a YTD profit and loss statement.

If an occupying Borrower or Non-Borrowing Spouse is not able to provide signed copies of federal tax returns, we will allow transcripts from the IRS for all three filing years. NIFA must be able to determine the year filed, type of form filed and if itemized deductions were included on the return. We do not require the occupying Borrower or Non-Borrowing Spouse to sign the IRS tax transcripts.

For all loans with a loan reservation date of April 17, 2018 and after, Participating Lenders will be required to obtain signed federal tax returns or IRS tax transcripts for all occupying Borrowers and Non-Borrowing Spouses covering the tax years of 2017, 2016 and 2015.

If an occupying Borrower or Non-Borrowing Spouse was not obligated to file a federal tax return, NIFA requires section III of the Household Verification Affidavit (Form A) to be completed.

Please feel free to let us know if you have any questions.