

## Age of Tax Return Requirements and Form SSA-89

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### Purpose

This announcement includes the following topic:

- ✓ Requirements
  - ✓ Transcripts
  - ✓ Self-employed Income
  - ✓ SSA-89 version 12-2020
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### Requirements

Per [Freddie Mac Bulletin 2021-2](#) to help ensure that the most recently filed tax returns are obtained and analyzed when determining Borrower's stable monthly income, the following specificity has been given:

- ✓ The most recent federal income tax return is the last tax return, individual and/or business, that was filed with the IRS by the Borrower, and, if applicable, the Borrower's business. It is always encouraged to confirm with the Borrower that the tax returns provided are the tax returns most recently filed with the IRS
  - ✓ Stable monthly income must be determined, which may require additional documentation and analysis
  - ✓ At a minimum, the following date and documentation requirements must be met, based on the Application Received date and the Note date of the mortgage (See Table on following page)
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## Age of Tax Return Requirements and Form SSA-89, Continued

| Application Received Date             | Note Date   | Age of tax returns and other documentation requirements   |
|---------------------------------------|---|---|
| <b>Before:</b><br>April 15, 2021      | <b>Before:</b><br>May 31, 2021  | <ul style="list-style-type: none"> <li>Most recent federal income tax return(s) filed with the IRS</li> <li>The most recent tax return(s) must be no older than 2019</li> </ul>   |
| <b>On or after:</b><br>April 15, 2021 | <b>Before:</b><br>May 31, 2021  | If the Borrower has filed 2020 tax return(s) with the IRS: <ul style="list-style-type: none"> <li>2020, or 2020 and 2019, federal income tax return(s), as applicable, in accordance with Guide Topic 5300</li> </ul>   |
| <b>All</b>                            | <b>On or after:</b><br>May 31, 2021<br><br><b>Before:</b><br>November 1, 2021 | If the Borrower has not filed 2020 tax return(s) with the IRS: <ul style="list-style-type: none"> <li>Evidence of completed IRS tax filing extension(s) for the 2020 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable);</li> <li>IRS confirmation verifying transcripts are not yet available for the 2020 tax year; and</li> <li>2019, or 2019 and 2018, federal income tax returns, as applicable, in accordance with Topic 5300</li> </ul> |
| <b>All</b>                            | <b>On or after:</b><br>November 1, 2021                                       | <ul style="list-style-type: none"> <li>2020, or 2020 and 2019, federal income tax returns, as applicable, in accordance with Topic 5300. Use of a tax filing extension for the 2020 tax year is not permitted.</li> </ul>   |

**Tax Transcripts** IRS confirming verifying transcripts are not yet available for the prior calendar year are always recommended and, in certain instances, are required, as shown above.

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## Age of Tax Return Requirements and Form SSA-89, Continued

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**Self-employed  
income stability  
when tax  
returns are older**

The following guidance has been provided in determining continued income stability when the most recent calendar year of business and/or individual tax return(s) is not yet available:

- ✓ If the Borrower's federal individual and/or business income tax returns for the most recent calendar year, or fiscal year as applicable, are not available (e.g. Borrower and/or Borrower's business filed an IRS extension or tax returns are not yet filed with the IRS), examples of factors and documentation to consider when using older tax returns to determine continued income stability include, but are not limited to, the following:
  - Business review and analysis of current business activity through a review of the most recent financial statement(s) that cover the period since the last tax return filing(s)
  - Business review and analysis of current business activity through a review of at least the most recent three months of business bank statements
  - Signed IRS Form 941, *Employer's Quarterly Federal Tax Return*, for the prior calendar year and current calendar year quarter(s) that support wages and other compensation documented on the most recent business tax return
  - Review of tax liability reported with IRS tax filing extension(s) (e.g. IRS form 4868, IRS form 7004) to determine consistency with tax liability reported on prior year(s) tax return(s)
  - Review of W2's, 1099s and/or K-1s from the most recent calendar year, if available.

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## Age of Tax Return Requirements and Form SSA-89, Continued

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**Self-employed  
income stability  
when tax  
returns are  
older, continued**

If the continued stability of the income cannot be determined, then the Borrower's federal individual and/or business income tax returns from the most recent calendar year may need to be obtained to make the determination.

**Note:** The information above is guidance only; it does not contain new requirements. The existing requirement to determine income stability has not changed. The expanded guidance consists of potential steps that may be helpful to ensure continued income stability when the tax returns are older.

This guidance does not replace the COVID-19 temporary requirements in [Bulletin 2020-44](#); the requirements and guidance remain in effect until further notice.

**Reminder**

Financial statements for the business may be used to assist in evaluating and determining various components of self-employment analysis, including, but not limited to, business liquidity, income stability when tax returns are on extension, evaluation of a newer business and the impact of business fund withdrawals.

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**SSA-89 Version  
12-2020**

The Social Security Administration (SSA) has published a revised version of Form SSA-89 (12-2020), authorization for the SSA to release Social Security Number (SSN) Verification.

FSM will require this document in loan files with applications dated June 1, 2021 but can start using immediately.

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## Age of Tax Return Requirements and Form SSA-89, Continued

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**Effective Date** As Noted

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**Questions** Retail – Please contact your Manager with any questions  
Mod Corr – Please contact Brent Wilder, National Account Executive, at  
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