This consumer tax tip was brought to you by the Taxpayer Advocate Service. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. If you believe you are eligible for TAS assistance, you can reach TAS by calling the TAS toll-free case intake line at 1–877–777–4778 or TTY/TDD 1–800–829–4059.

For more information about obtaining a Home Mortgage visit the Federal Reserve Website at:

http://www.federalreserve.gov/consumerinfo/mortgages.htm

This site contains helpful information on a variety of issues dealing with the process of obtaining a mortgage.
**What Is Mortgage Verification?**

When closing on a loan for real property (house or home equity line of credit), many lenders require borrowers to complete and sign Form 4506-T, Request for Transcript of Tax Return. Once signed, this form allows the lender or investor to get copies of return transcripts from the IRS, summarizing your income and tax data, for as many as four years. Once you sign and date the form, the lender can use it during the 60-day period following the date of signing.

Income verification allows lenders to ensure that they are giving a loan based on an accurate picture of the borrower’s income, which can help protect both the lender and the borrower from default.

**What Should You Do if Asked to Sign a Blank Form?**

Before signing any documents in connection with a loan, make sure the documents are complete and that you read them carefully. Lenders will usually include Form 4506-T, Request for Transcript of Tax Return in with the documents to be signed when closing on your loan (Form 4506, Request for Copy of Tax Return and Form 8821, Tax Information Authorization may also be used in place of Form 4506-T).

**If you are given a blank form to sign:**

- **(Line 5)** Include the name of the lender you are authorizing to access your information.
- **(Line 6)** Include the tax form number.
- **(Line 9)** Fill in the tax years you are giving the lender permission to access.
- **(Sign Here)** Sign the form.
- **(Date)** Finally, be sure to date the authorization – once the authorization is dated, the lender has only 60 days during which to access your information.

**What are the Potential Problems with Mortgage Verification?**

The problem with mortgage verification is that many borrowers are asked to sign blank forms which do not specify who will have access to their tax information and which years the lender can access. Additionally, many borrowers are asked to sign, but not date the form – allowing lenders to use the form for longer than 60 days.

**Caution!** You may not be aware that by signing an undated form on which the third party is not identified, your information may be obtained by any number of entities with access to that form, at any time in the future.

**How Can You Prevent Possible Misuse of Your Tax Information?**

The best way to prevent misuse of your tax information is to limit who has access to this information.

You should NEVER sign an incomplete form. Always fill in all blanks completely and date the form before signing.

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**For Privacy Act and Paperwork Reduction Act Notice, see page 2.**

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