

IRS Form 4506 and Mortgage Lenders

Privacy Times reported that mortgage lenders are asking home buyers and refinancers to waive their financial privacy rights.

IRS Form 4506 authorizes third parties access to your tax records. When dated this form is only good for 60 days.

However, consumers are asked to NOT DATE the form or lenders are using a preprinted form that extends the life of an IRS Form 4506 INDEFINITELY.

That's right - at any time - at any whim - who knows who - can access your tax records. Now why do they need that information?

Well at the time of financing your home it is needed to prove financial ability to pay. But that doesn't appear to be good enough any more. One has to question this industry for such a tactic.

Are they planning to raise your interest rate if your income falls below some magic number? Are they planning on watching what stocks you're investing in? What about those that are self employed? Are they going to develop a point score for how your tax returns are prepared? What is the point of this? I can tell you - they think by having more information they will make better decisions. But they are wrong.

It seems the more the banks asks for information - the less they actually know their customers. They're too busy filling out forms and tallying logs.

Now who is to blame for this abuse?

Lenders blame the secondary market - like Freddie Mac.

Freddie Mac says that "is not our policy, and never has been our policy."

And the IRS says they don't care what anyone does.

So What are We do...

1. Make certain that all forms are DATED.
2. Read the Agreement. If you don't understand ASK. I know there are a lot of forms - but this is a VERY big purchase!
3. Work with lenders that are reputable.
4. Ask the lender if they "hold the paper". If they don't, then they will be reselling it to secondary market. There is nothing wrong with this. In fact, most lenders resell the paper, 30 years is a long time to hold a note. However, be aware that this may occur.

For more information on "Privacy Times" click [here](#).

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