



## CPA Letter for Verification of Self Employment

CPA Letter for Verification of Self Employment is a document issued by the loan applicant's CPA or Tax Preparer who affirms that they prepared the applicant's tax returns and that the applicant is self-employed. The primary purpose of the letter is to independently verify the self-employment status of the loan applicant(s).

### Contents of the Letter

1. Content: The letter should contain:
  - a. Applicant's name
  - b. Applicant's business name, address, and phone number
  - c. Nature of business
  - d. Number of years the applicant has been in this business
  - e. Percentage of ownership
  - f. Time since when the CPA has prepared the applicant's tax returns
  - g. Fact that the applicant reviewed the tax returns prior to their filing by the CPA
2. Signature: The letter should be signed by the CPA.
3. CPA Active License Number Listed (this will be verified by the lender)
4. Letterhead: The letter should be on the CPA's letterhead.

### Considerations for the Loan Applicant

The applicants should obtain a copy of the letter and ensure that it contains the elements listed above and any additional information required by the lender. Also, ensure the accuracy of the information in the letter.

### Considerations for the Lender

#### Document Review

The review of the letter is generally performed by the processing or the underwriting department of the lender. The lender's review of the letter may include the following.

1. Content: The letter contains information listed above and any other information that the lender requires.
2. Independent Verification: Verify the CPA License for the State in which the CPA is licensed.
3. Comparison with Tax Returns: The CPA's information in the letter should be compared to the information in the tax returns that were provided by the loan applicant. Ideally, the CPA's information on the two documents should match.

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4. Delivery: The letter should be received directly from the CPA. Do not accept letters forwarded by the broker or the loan applicant(s).

## Considerations for CPAs and Tax Preparers

Prior to issuing any letters, tax preparers and CPAs must consider the scope of their relationship with the borrower. Only affirm factual information and do not provide any forward looking statements, projections, or opinions. It is advisable to make it clear in the letter that the CPA is not providing any assurance as to the creditworthiness of the borrower. The lender assumes has to perform its own due diligence and the letter does not create any legal relationship or obligation of the CPA.

Tax Preparers and CPAs are recommended to check their professional code of conduct and standards before issuing such letters.

## Document Summary

Purpose	The letter is issued by the loan applicant's CPA or Tax Preparer who affirms that he/she prepared the applicant's tax returns and that the applicant is self-employed.
Use in Mortgages	The letter is used as a means of independent verification of self-employment.
Other Names	CPA Letter
Type	Letter
Provided By	Loan applicant's CPA
Provided To	Lender
Notarization Required	No
Signed By	CPA or tax preparer issuing the letter
Life Cycle Stage	Origination, as part of underwriting
Recordkeeping	The letter must be maintained in the loan file while the loan is outstanding.
Model Form	None
Applicable Laws	None

If you have a loan scenario email us at [processing@pmccanhelp.com](mailto:processing@pmccanhelp.com)!