



Buying a Home After Revoking the Election to File Federal Income Taxes

For Americans who have lawfully revoked their election to be treated as federal income tax filers under 26 U.S.C. § 6013(g)(4)(A), the financial and legal landscape changes—including the mortgage lending process. This guide outlines what to expect when purchasing a home post-Revocation of Election (ROE), how to prepare, and what options are available.

Understanding the Mortgage Industry’s Standard Practice

The mainstream mortgage lending industry—i.e., banks, credit unions, and federally regulated institutions—operates under strict guidelines imposed by federal regulators. These guidelines include documentation requirements that are nearly universal across traditional lenders.

One of the most common verification tools used by mortgage underwriters is IRS Form 4506-T (or its updated counterpart, 4506-C). This form allows lenders to request tax return transcripts directly from the IRS to verify the income stated by borrowers. In most cases, if a borrower cannot provide federal income tax returns for the prior 1–2 years, the loan application is automatically flagged or denied.

The Implications of the ROE for Traditional Lending

If you have completed the Revocation of Election process—or intend to do so—and you are no longer filing federal income taxes, your ability to qualify for a traditional mortgage will be affected.

Mainstream lenders rely heavily on tax return transcripts because they:

- Are easy to verify directly with the IRS
- Provide a consistent and federally accepted method of proving income
- Allow underwriters to avoid personal liability by relying on government documentation

Without federal tax filings, these protections disappear. As a result, most mainstream lenders will either:

- Require additional documentation (which may be insufficient or unavailable), or
- Deny the application outright.

Timing Is Key:

If you’re planning to purchase a home this year using a mainstream lender, and you still have federal income tax returns from the past one to two years, now is the time to act. Most lenders

base loan approval on your most recent filings, so even if you've already begun—or recently completed—the Revocation of Election, you may still qualify using the documentation you already have on file.

If homeownership is on your short-term horizon, don't wait. Lock in your mortgage now, while your existing tax records are still valid in the eyes of traditional lenders.

Alternatively, if you completed the Revocation of Election process a year or more ago, you've still got options.

Alternative & Non-Traditional Lending Options

There is a growing marketplace of alternative mortgage lenders, hard money lenders, and private financiers who:

- Do not require federal income tax returns
- Accept bank statements, asset verification, or alternative documentation of income
- Have higher tolerance for non-traditional financial situations

These loans are often referred to as “bank statement loans,” “asset-based loans,” or “no-doc mortgages.” They tend to:

- Require higher credit scores
- Come with higher interest rates
- Require larger down payments (often 20–30%)

However, they are 100% legal, available in all 50 states, and increasingly popular among:

- Entrepreneurs
- American Nationals
- Crypto traders
- Investors
- Self-employed professionals

Preparing Financially: Use Your Federal Tax Savings Wisely

If you have completed the Revocation of Election process or intend to do so and anticipate buying a home in the future—perhaps 3 to 5 years or longer—we strongly encourage you to begin setting aside your federal income tax savings now.

The average American pays between \$7,000 and \$10,000 per year in federal income taxes. That money, once preserved through the lawful ROE process, can and should be redirected into a designated savings account earmarked for a future home purchase. Over time, these savings can form the foundation of a substantial down payment, allowing you to work with a broader range of lenders and secure favorable terms even without traditional tax documentation.

Looking Ahead: The Mortgage Landscape Is Changing

It's also worth noting that the mortgage industry, like the broader economy, is in a state of transition. President Trump has made it clear that one of his key objectives is to eventually abolish the IRS and in the meantime, eliminate federal income taxes on tips, overtime, and retirement income. If those policies are enacted, the reliance on federal income tax returns as a basis for mortgage underwriting will necessarily change.

Forward-thinking Americans are already preparing for this shift. Non-traditional lending may become the new norm, and by planning ahead now, you can position yourself to take full advantage of emerging opportunities in real estate and finance.