



Lender Letter LL-2019-02

January 16, 2019

To: All Fannie Mae Single-Family Sellers Impact of Federal Government Shutdown (Selling)

On December 26, 2018, we published Lender Letter [LL-2018-06, Impact of Federal Government Shutdown](#) to provide guidance for borrowers impacted by the federal government shutdown. Lenders may continue to deliver mortgage loans to us for borrowers who, as a result of the shutdown, may not be receiving income at the time of delivery.

With the shutdown extending for a longer period of time, we are concerned about the impact that continued income interruption may have on borrowers' ability to meet their mortgage payment and other monthly obligations. In light of this, we developed this Lender Letter jointly with Freddie Mac and in consultation with FHFA. We are imposing a minimum reserves requirement, which serves as a compensating factor to offset the risk associated with the interruption of income. Additional flexibility is also now available with regard to the verbal verification of employment (VOE) and our paystub age requirements. These temporary requirements apply to borrowers impacted by the shutdown and will automatically expire when the federal government resumes full operations.

Liquid Financial Reserves

For loans other than high LTV refinances with application dates on or after January 16, 2019, the borrower must have the greater of:

- two months of documented reserves; or
- for loan casefiles underwritten through Desktop Underwriter® (DU®), the amount of reserves required by DU (with overlays as required by the *Selling Guide* for certain transactions); or for manually underwritten loans, the amount of reserves required for the transaction per the [Eligibility Matrix](#) and *Selling Guide*.

Verification of Employment and Income

The following policies apply to all impacted loans (without regard to the application date):

- Lenders should continue to attempt to obtain the verbal VOE before delivery of the loan. Based on information we have received, VOEs for the majority of government employees and other workers impacted by the shutdown continue to be readily available from automated systems or third-party service providers.
- If the lender is unable to obtain the verbal VOE due to the shutdown, we will waive the verbal VOE requirement if the lender documents the loan file with a written statement describing:
 - the steps the lender took to obtain the verbal VOE, and
 - that the requirement could not be met as a direct result of the shutdown.
- We are waiving the requirement that the paystub be dated no earlier than 30 days prior to the initial loan application date. Lenders must obtain the most current paystub that reflects year-to-date earnings and may need to obtain the final 2018 year-to-date paystub to accurately calculate income. All other paystub requirements remain unchanged.
- The lender warrants that the borrower is employed at the time the loan is delivered to Fannie Mae.
- The lender must obtain all other employment documentation as required by the *Selling Guide*.



We appreciate the understanding and consideration that lenders extend to borrowers coping with the hardships imposed by the shutdown. We will continue to monitor the situation and may provide additional guidance if the shutdown continues. Lenders who have questions about this Lender Letter should contact their Fannie Mae account team.

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Chief Credit Officer for Single-Family