



# Announcement

## Announcement # 19-09

**Date:** January 18, 2019

**Topic:** Fannie Mae LL-2019-02 & Freddie Mac Bul-2019-02: Impact of Federal Government Shutdown

In light of the recent Federal Government shutdown, both Fannie Mae and Freddie Mac, in consultation with FHFA, have jointly provided additional guidance for borrowers impacted by the partial Federal Government shutdown.

PennyMac is aligning with all updates mentioned in these announcements. PennyMac defines impacted borrowers as employees and/or contract workers of the Federal Government who receive pay from the Federal Government. Updates to the policy are highlighted below:

### Liquid Financial Reserves

Effective with loan applications on or after January 16, 2019, impacted borrowers must have the greater of:

- Two months of documented reserves; or
- For loan casefiles underwritten through DU or LPA, the amount of reserves required by the AUS

### Verification of Employment and Income

Effective immediately for impacted borrowers, the verbal verification of employment requirements have been updated to reflect the following:

- Correspondents should continue to attempt to obtain the verbal VOE before delivery of the loan. Based on information received, VOE's for the majority of workers impacted by the shutdown continue to be readily available from automated systems or third-party service providers.
- If the VOE cannot be obtained due only to the shutdown, PennyMac is aligning with the VOE waiver allowed by Fannie Mae and Freddie Mac. The file must be documented with a written statement (eg. Processor certification) describing:
  - The steps taken to obtain the verbal VOE, and
  - That the requirement could not be met as a direct result of the shutdown.
- The Fannie Mae requirement that the paystub be dated no earlier than 30 days prior to the initial loan application date is temporarily waived. Correspondents must continue to obtain the most current paystub reflecting year-to-date earnings, regardless of AUS used, and may need to obtain the final 2018 year-to-date paystub to accurately calculate income. All other paystub requirements remain unchanged.



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- Correspondent warrants that the borrower is employed at the time the loan is delivered to PennyMac
- All other employment documentation as required by the Fannie Mae, Freddie Mac, and PennyMac.

These temporary guidelines apply to borrowers impacted by the shutdown only, and will automatically expire once operations fully commence with the Federal Government.

**Please contact your Sales Representative with any questions.**