

Announcement # 26-25

Date: March 10, 2026

GSE and Non-Agency Guidance Related to the Partial Federal Government Shutdown

Pennymac is providing the following temporary guidance for policies subject to impacts due to the federal government shutdown that began February 14, 2026. These temporary policies are effective immediately for new loans and loans in progress **and will automatically expire when the federal government resumes full operations**. This guidance is subject to revision.

Verification of Employment, Income, and Financial Reserves

If a borrower is impacted due to the government shutdown, the loan remains eligible provided all required documentation has been obtained prior to the note date and continues to meet GSE requirements for the age of credit documents. The following temporary guidance applies:

Employment and Income

- All income and employment documentation requirements, including the 10-day pre-close VVOE, are met except as stated in this section.
 - Year-to-date (YTD) paystubs may be dated more than 30 days before the application date, provided that the YTD paystub is from the pay period immediately preceding the shutdown-related payroll interruption.
- An attempt to obtain the 10-day pre-close VVOE is still required for all borrowers impacted by the shutdown.
 - If the VVOE cannot be obtained solely due to the shutdown, the 10-day VVOE requirement may be waived if a lender-provided written statement is provided documenting:
 - The steps taken to meet the requirement, and
 - The requirement could not be met as a result of the shutdown.
 - **The client must R&W that:**
 - *The borrower is employed at the time the loan is delivered to and purchased by Pennymac, unless employment has been validated by DU Validation Service or LPA's AIM, and*
 - *The client has no knowledge the borrower will not return to work after the shutdown ends.*
 - Fannie Mae programs: Employment validated through the DU validation service remains eligible for representation and warranty relief for employment, provided the close-by date in the DU message and all other standard DU requirements have been met.
 - Freddie Mac programs: Employment validated through LPA's AIM (using employment data) remains eligible for representation and warranty relief for employment, provided that the

note date of the subject transaction is on or before the “close-by” date stated on the last feedback certificate.

Note: Pennymac believes that VEOs for the majority of government employees and other workers impacted by the shutdown will continue to be readily available from automated systems or third-party service providers.

- For military borrowers, a Leave and Earnings Statement, dated no more than 120 days prior to the note date is permitted to meet VVOE requirements.

Reserve Requirements

- For applications dated on or after March 16, 2026, provided the shutdown is still ongoing, impacted borrowers must document reserves meeting the greater of:
 - Two months of documented reserves, or
 - The amount of reserves required by the AUS (with additional reserves as required by the applicable GSE Selling Guide for certain transactions).

Non-Agency: AUS Jumbo and Non-QM

- Income impacted by the government shutdown may not be used for qualification purposes, except for active-duty military.
- All reserve requirements remain in effect.

Please contact your Sales Representative with any questions.