

Bulletin

NUMBER: 2013-19

TO: Freddie Mac Sellers and Servicers

October 7, 2013

SUBJECT: GUIDANCE RELATED TO THE FEDERAL GOVERNMENT SHUTDOWN

This Bulletin provides temporary guidance and notifies Sellers and Servicers of temporary changes to certain requirements in the *Single-Family Seller/Servicer Guide* (“Guide”) to assist Borrowers who have been impacted by the federal government shutdown (“shutdown”) that began on October 1, 2013.

In addition, we are reminding Servicers of forbearance options currently available in the Guide to assist impacted Borrowers.

EFFECTIVE DATE

This guidance is effective **October 8, 2013** and assumes that the shutdown will be temporary. The temporary guidance will terminate when the federal government resumes full operations. It supersedes any other temporary guidance previously communicated that relates to Freddie Mac requirements and the shutdown.

Freddie Mac will continue to monitor the situation and may revise or revoke this temporary guidance if the shutdown extends for a prolonged period of time.

SELLER GUIDANCE

Mortgages eligible for sale to Freddie Mac

Mortgages made to government employees and other workers directly impacted by the shutdown are eligible for sale to Freddie Mac, including when the Borrower is not receiving pay at the time the Mortgage is delivered to Freddie Mac (for example, the Borrower is on furlough or is exempt from the furlough status but is experiencing an interruption in pay due to the shutdown), provided that:

- All Freddie Mac income and employment documentation requirements of the Seller’s Purchase Documents are met, including the requirement that a written or verbal verification of employment (VOE) is obtained no more than 10 days before the Note Date or after the Note Date but prior to the Delivery Date;
- The Seller has no knowledge that the Borrower will not be returning to work after the shutdown ends; and
- All other requirements of the Seller’s Purchase Documents are met

Note: With respect to the requirements for a written or verbal VOE, our information indicates that verification of employment for government employees can often be obtained from a third-party service provider that continues to provide VOEs for government employees, including those on furlough.

Processing of Internal Revenue Service (IRS) Form 4506-T

We require IRS Form 4506-T, *Request for Transcript of Tax Return*, as applicable, to be *signed* by the Borrower prior to closing; we do not require that this form be *processed* by the IRS prior to closing. However, we require that the actual Form 4506-T information be obtained as part of a Seller's in-house quality control program.

The shutdown should not impact a Seller's ability to comply with these requirements.

SERVICER GUIDANCE

Servicers are reminded of the forbearance options that are currently available in the Guide to assist government employees and other workers directly impacted by the shutdown, including:

- Short-term forbearance
- Short-term unemployment forbearance
- Extended unemployment forbearance

Refer to Guide Sections A65.20, *Short-Term Forbearance Requirements*, A65.27, *Short-Term Unemployment Forbearance*, and A65.28, *Extended Unemployment Forbearance*, and related Guide sections for additional information.

Solely for purposes of the shutdown, although the Borrower may remain employed, government employees and other workers directly impacted by the shutdown and not receiving pay (for example, the Borrower is on furlough or is exempt from furlough status but is experiencing an interruption in pay due to the shutdown) are eligible for short-term and long-term unemployment forbearance as long as the Borrower meets all other eligibility requirements.

Credit suppression for Borrowers impacted by the shutdown

Servicers must not report Borrowers who are on a forbearance plan as a result of the shutdown to the credit repositories.

Late charges

If a Borrower enters into a forbearance agreement, Servicers are reminded that they must not accrue or collect late charges from the Borrower during the short-term forbearance period, or any subsequent repayment plan period, if the Borrower is paying as stipulated in the applicable agreement.

FHA/VA and Rural Housing Service (RHS) Mortgages

Servicers of FHA, VA and RHS Mortgages should look to the requirements issued by those government agencies during the shutdown.

Processing of IRS Forms 4506T-EZ and 4506-T

Section 65.18, *Borrower Income Documentation*, requires that, in certain circumstances, a Servicer that is evaluating a Borrower for a workout option must submit the Borrower's executed IRS Form 4506T-EZ, *Short Form Request for Individual Tax Return Transcript*, or IRS Form 4506-T, as applicable, to the IRS for processing. In the event the Servicer is unable to obtain a tax transcript from the IRS through electronic processing of an executed Form 4506T-EZ or 4506-T, the Servicer must obtain a copy of the Borrower's most recent federal income tax return, when required.

CONCLUSION

We appreciate the understanding and consideration that Freddie Mac Seller/Service providers extend to Borrowers coping with the hardships imposed by the shutdown.

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,

A handwritten signature in black ink that reads "Laurie A. Redmond". The signature is written in a cursive style with a light blue background behind it.

Laurie A. Redmond
Vice President
Offerings Effectiveness