



TO: Freddie Mac Sellers

January 16, 2019 | 2019-3

SUBJECT: REVISED GUIDANCE AND REQUIREMENTS RELATED TO THE FEDERAL GOVERNMENT SHUTDOWN

Guide Bulletin 2019-1 provided temporary Seller/Servicer guidance to assist Borrowers who have been impacted by the federal government shutdown (“shutdown”) that began on December 22, 2018. This Bulletin provides revised temporary guidance and notifies Sellers of temporary changes to certain Guide requirements to further assist these Borrowers. The provisions of this Bulletin were developed jointly with Fannie Mae and in consultation with the FHFA.

With the shutdown extending for a longer period than originally anticipated, we are concerned with the impact that continued income interruption may have on a Borrower’s ability to meet a Mortgage payment and other monthly obligations. Therefore, we are adding a minimum reserves requirement, intended to offset the risk associated with the interruption of income as a result of the shutdown.

In addition, we are providing further flexibility in circumstances when, as a result of the shutdown, the Seller is unable to meet the Freddie Mac requirements for a 10-day pre-closing verification of employment (10-day PCV).

The temporary guidance and requirements will automatically terminate when the federal government resumes full operations.

INTERRUPTION IN PAY

Mortgages made to government employees and other workers impacted by the shutdown are eligible for sale to Freddie Mac, even if 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 furlough status but is experiencing an interruption in pay due to the shutdown), provided that all requirements of the Seller’s Purchase Documents are met, as amended below.

RESERVES REQUIREMENTS

For impacted Mortgages with Application Received Dates on or after January 16, 2019, other than Freddie Mac Enhanced Relief Refinance® Mortgages, the Seller must document the greater of:

- Two months reserves, using the monthly payment amount as described in Guide Sections 5501.2 and 5501.3, or
- The minimum reserves for the Mortgage required by Loan Product Advisor® and the Guide, as applicable

VERIFICATION OF INCOME AND EMPLOYMENT

For all impacted Mortgages, regardless of the Application Received Date:

- The Seller should continue to attempt to obtain the 10-day PCV before delivering the Mortgage to Freddie Mac. Our information indicates that verifications of employment for the majority of government employees and other workers impacted by the shutdown continue to be readily available, including from a third-party service provider.
 - If the Seller is unable to obtain the 10-day PCV solely due to the shutdown, the Seller is not required to obtain the 10-day PCV prior to the Delivery Date, provided that the Mortgage file contains a written statement from the Seller documenting the steps the Seller took to meet the requirement and that the requirement could not be met as a direct result of the shutdown
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- The Seller warrants that the Borrower is employed at the time the Mortgage is delivered to Freddie Mac

Note: When the Borrower's 2019 paystub reflects \$0 year-to-date income due to the interruption in pay, a 2018 year-to-date paystub dated no more than 120 days before the Note Date must be obtained in order to accurately calculate income.

GOVERNMENT MORTGAGES

Government funded, guaranteed or insured Mortgages sold to Freddie Mac must meet the requirements of Guide Chapter 4205. Sellers of these Mortgages should look to the requirements issued by those government agencies during the shutdown.

CONCLUSION

We appreciate the understanding and consideration that Sellers extend to Borrowers coping with the hardships imposed by the shutdown.

We will continue to monitor the situation and may revise or revoke the provisions of this Bulletin in the future if deemed necessary.

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,



Christina K. Boyle
Chief Client Officer
Single-Family Business