Non-Delegated Announcement

**Announcement #25-73** **Date:** October 01, 2025

# Guidance Related to the Federal Government Shutdown

Pennymac is providing the following temporary guidance on policies that may be impacted by the federal government shutdown that began October 1, 2025. These temporary policies are effective immediately and will automatically expire when the federal government resumes full operations. The flexibilities outlined below apply only when the impacted requirements cannot be met due to the shutdown. This guidance is subject to revision.

## Verification of Employment, Income, and Financial Reserves

Borrowers who are impacted by the government shutdown, are eligible based on the following:

**Fannie Mae / Freddie Mac (GSEs)**

- 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 received date, provided that the YTD paystub is from the pay period that immediately precedes 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 due to the shutdown, the VVOE requirement may be waived if a written statement is in the file describing the following:
        - 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
    - Fannie Mae programs: Employment validated through DU's validation service remains eligible for representation and warranty relief for employment, provided the note date of the subject transaction is on or before the "close by" date stated in the DU employment validation message.
    - 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.
    - Pennymac believes that VOEs 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.
- **There is no knowledge the borrower will not return to work after the shutdown ends; and**
- **A furlough letter is obtained from the borrower(s) and retained in the file unless the income and employment can be validated through DU Validation Service or LPA's AIM.**

- For military borrowers, a military Leave and Earnings Statement dated no more than 120 days prior to the note date is permitted to meet VVOE requirements.
- For applications dated on or after November 3, 2025, provided the shutdown is still ongoing, borrowers must document reserves meeting the greater of:
  - Two months of documented reserves, or
  - The amount of reserves required per the AUS (with additional reserves as required by the applicable GSE Selling Guide for certain transactions).

**FHA and VA**

- All VOE, VVOE, and reserve requirements per Agency and Pennymac guidance are met; and
- A written statement from the borrower is obtained confirming their intent to return to work, and the intended date of return; and
- A furlough letter generated by the current employer is obtained confirming the borrower's eligibility to return to their current employer after the temporary leave.

**Non-Agency: AUS Jumbo**

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

## Tax Transcripts

The IRS Verification Express Service (IVES) should not be impacted by the Government shutdown. As a reminder, an IRS Form 4506-C, IVES Request for Transcript of Tax Return must be signed by all borrowers at or prior to closing.

- In circumstances where IRS documents are required when the most recent year's tax returns are not obtained, an IRS response confirming proof of e-filing, no tax transcript is available, etc., is required. If these requirements cannot be met prior to the note date of the subject transaction, the loan is ineligible.

**Non-Agency: AUS Jumbo**

- Tax transcript requirements continue to be required where indicated in the program guidelines. There are no changes due to government shutdown at this time.

## Flood Insurance

**GSE and Government Programs**

- Purchase Transactions
  - Private flood insurance is required in Special Flood Hazard Areas (SFHAs), or
  - An acceptable existing flood insurance policy must be transferred from the property seller to the purchaser.

- Refinance Transactions
  - Evidence of an active and acceptable flood policy (which may be an NFIP policy) with an expiration date that extends 30 days beyond the estimated closing date is required.
  - If the borrower has a National Flood Insurance Program (NFIP) policy that expires within 30 days of closing or expires greater than 30 days beyond the closing date but the coverage amount is not sufficient based upon the new refinance transaction, the borrower must obtain a private flood insurance policy.

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  - An acceptable existing flood insurance policy must be transferred from the property seller to the purchaser.
- Refinance Transactions
  - Evidence of an active and acceptable flood policy (which may be an NFIP policy) with an expiration date that extends 30 days beyond the estimated closing date is required.
  - If the borrower has a NFIP policy that expires within 30 days of closing or expires greater than 30 days beyond the closing date but the coverage amount is not sufficient based upon the new refinance transaction, the borrower must obtain a private flood insurance policy.

## Social Security Number (SSN) Validation

**Fannie Mae**

- If data integrity checks pertaining to the borrower's SSN are identified:
  - The SSN must be validated with the Social Security Office using form SSA-89 prior to closing.

**FHA**

- In the event the SSN validation service through FHA Connection (FHAC) is not available, alternative sources such as
  - Lexis-Nexis, or
  - Prior loan documents from a Pennymac serviced transaction must be obtained
  - **Note:** The SSN must be validated through FHAC prior to insuring.

Please contact your Sales Representative with any questions.