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**TO: Freddie Mac Sellers and Servicers**

January 3, 2019 | 2019-1

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## **SUBJECT: GUIDANCE RELATED TO THE FEDERAL GOVERNMENT SHUTDOWN**

This Guide Bulletin provides temporary Seller/Servicer guidance to assist Borrowers who have been impacted by the federal government shutdown ("shutdown") that began on December 22, 2018.

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

### **EFFECTIVE DATE**

This guidance is effective immediately and will automatically terminate once the federal government resumes full operations.

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

### **SELLER GUIDANCE**

Mortgages made to government employees and other workers directly impacted by the shutdown are eligible for sale to Freddie Mac, even if the Borrower is not receiving pay when 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 10-day pre-closing verification (10-day PCV) is obtained no more than 10 Business 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 return 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 10-day PCV, our information indicates that verification of employment for government employees can often be obtained from a third-party service provider that continues to provide employment verification for government employees, including those on furlough.

### **Processing of Internal Revenue Service Form 4506-T**

We require Internal Revenue Service (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 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.

\*Note: This is not required under certain circumstances for automated income assessment with Loan Product Advisor®. Refer to Guide Chapter 5901 for complete details.

### **Eligibility for sale of Mortgages that require flood insurance**

After an announced shut down of the National Flood Insurance Program (NFIP) on December 26, 2018, the program resumed normal operations on December 28, 2018 and is considered operational since

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December 21, 2018 with no interruption; therefore, Freddie Mac requirements on flood insurance remain unchanged.

## **SERVICER GUIDANCE**

### **Forbearance**

To assist Borrowers directly impacted by the shutdown, Servicers can offer forbearance to such Borrowers in accordance with Chapter 9203.

As a reminder, if a Borrower enters into a forbearance agreement, the Servicer must not accrue or collect late charges from the Borrower during the term of the forbearance plan or any subsequent repayment plan period if the Borrower is complying with the terms of such agreements.

### **FHA, VA and 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**

If the Servicer is unable to obtain a tax transcript from the IRS through electronic processing of an executed Form 4506T-EZ, *Short Form Request for Individual Tax Return Transcript*, or 4506-T per the Guide, the Servicer must obtain a copy of the Borrower's most recent complete and signed individual federal income tax return, when required.

### **Servicing Mortgages requiring flood insurance**

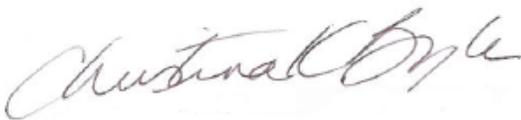
As mentioned above in the [Eligibility for sale of Mortgages that require flood insurance](#) section of this Bulletin, the NFIP has not lapsed. Servicers are reminded that Guide Section 9206.12(12) requires Servicers to obtain and/or renew a flood insurance policy in accordance with Section 8202.10 if the Mortgaged Premises is located in a Special Flood Hazard Area (SFHA) at the time of a loan modification.

## **CONCLUSION**

We appreciate the understanding and consideration that Seller/Servicers 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 the Customer Support Contact Center at 800-FREDDIE.

Sincerely,



Christina K. Boyle  
Chief Client Officer  
Single-Family Business