



Lender Letter (LL-2025-03)

Oct. 1, 2025

To: All Fannie Mae Single-Family Sellers/Servicers Impact of Federal Government Shutdown

Federal employees across the country may be affected by the federal government shutdown, including employees who work for government contractors, vendors, and other businesses that rely on work from government agencies or that offer goods and services to members of the government workforce in their localities.

Effective: We are providing temporary guidance on selling and servicing policies that may be impacted by the federal government shutdown that began Oct. 1, 2025. These temporary policies are effective immediately upon the government shutdown and will automatically expire when the federal government resumes full operations. As a reminder, [Selling Guide B7-3-06, Flood Insurance Requirements for All Property Types](#), and [Servicing Guide B-3-01, Flood Insurance Requirements Applicable to All Property Types](#), contain the policies that lenders and servicers must follow in the event of a lapse of funding for the National Flood Insurance Program.

NOTE: This Lender Letter does not affect lenders' or servicers' obligations to comply with requirements of applicable law, including compliance with "ability to repay" standards in the Truth in Lending Act. Lenders and servicers should consult with legal counsel on such matters.

Selling policies

Employment directly affected by the shutdown

For borrowers employed by the federal government or other individuals whose employment is directly impacted by the shutdown, a loan is not rendered ineligible for purchase or securitization by Fannie Mae solely based upon the shutdown. The following guidance relates to our standard employment policies for such individuals.

Verification of employment: Lenders should continue to attempt to obtain the verbal VOE before delivery of the loan as required in [B3-3.1-07, Verbal Verification of Employment](#). We believe 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.

- If the lender is unable to obtain the verbal VOE due to the shutdown, we will waive the verbal VOE requirement if the lender documents the loan file with a written statement describing:
 - 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.
- The lender warrants that the borrower is employed at the time the loan is delivered to Fannie Mae, unless employment has been validated by the Desktop Underwriter® (DU®) validation service.
- Validation of employment by the DU validation service will result in loans remaining eligible for representation and warranty relief provided the lender complies with the "close by" date in the DU message and the requirements in [B3-2-02, DU Validation Service](#). Otherwise, the standard guidance provided above related to obtaining a VOE will apply.
- For borrowers in the military whose employment is not validated by the DU validation service, the [Selling Guide](#) currently allows for a Leave and Earnings Statement dated within 120 calendar days prior to the note date in lieu of a verbal VOE.



- If a borrower is furloughed, the loan remains eligible for sale, provided the lender has been able to obtain all required income documentation prior to delivery of the loan. Income documentation must continue to meet our *Selling Guide* requirements for age of credit documents in [B1-1-03, Allowable Age of Credit Documents and Federal Income Tax Returns](#).

NOTE: The requirements for temporary leave income in [B3-3.1-09, Other Sources of Income](#), do not apply to borrowers who have been furloughed.

Paystubs: We are waiving the requirement that the paystub be dated no earlier than 30 days prior to the initial loan application date as required by [B3-3.1-02, Standards for Employment Documentation](#). Lenders must continue to comply with all other requirements in that topic, including obtaining the most current paystub that reflects year-to-date earnings.

Financial reserves: If the shutdown extends for a longer period, we will implement the following minimum reserve requirement to compensate for the risk associated with the interruption of the borrower's income. If the government shutdown is still in effect for loans with application dates on or after Nov. 3, 2025, the borrower must have the greater of:

- two months of documented reserves, or
- for loan casefiles underwritten through DU, the amount of reserves required by DU (with overlays as required by the *Selling Guide* for certain transactions); or for manually underwritten loans, the amount of reserves required for the transactions per the [Eligibility Matrix](#) and the *Selling Guide*.

Government verifications

In some instances, we require validation through a government agency, such as the IRS and the Social Security Administration, for certain documentation or information provided by the borrower. During the shutdown, these requests may be delayed or unable to be processed.

IRS transcripts: In the event IRS operations are impacted due to the shutdown, the following policies will apply.

- While we require lenders to have each borrower whose income is being used for qualifying complete and sign an IRS Request for Transcript of Tax Return (Form 4506-C), or an alternative form or process (unless all of a borrower's income has been validated by the DU validation service), we do not require lenders to obtain tax transcripts from the IRS prior to closing. However, we do require the lender to obtain certain IRS documents if the most recent year's tax return is not obtained as outlined in [B1-1-03, Allowable Age of Credit Documents and Federal Income Tax Returns](#), such as proof of e-filing, or an IRS response confirming that no tax transcript is available. In the event the lender is not able to meet these requirements prior to loan delivery, the loan is not eligible for sale to Fannie Mae.
- We require lenders to submit Form 4506-C or an alternative form or process that authorizes the release of comparable tax information to the IRS to request tax transcripts as part of the post-closing quality control processes (unless all borrower income has been validated through the DU validation service) in [D1-3-02, Lender Post-Closing Quality Control Review of Approval Conditions, Underwriting Decisions, and Documentation](#). Because lenders have 90 days to complete a full post-closing QC cycle, we do not expect the government shutdown to impact the lender's ability to obtain the tax transcripts within that timeframe.
- As part of the DU validation service, DU can validate certain income types using tax transcript data obtained from an eligible verification report. As a result of the shutdown, requests for those verification reports may not be fulfilled with the IRS and may remain in pending status until normal operations resume. DU will continue to return validation messages for tax transcript verification reports received before the shutdown, but may not be able to access any new verification reports for validation.

Social Security number validation: When data integrity issues pertaining to the borrower's Social Security number are identified, a lender may be required to validate the Social Security number with the Social Security Administration per [B2-2-01, General Borrower Eligibility Requirements](#). Because these requests may not be processed during the shutdown, we are clarifying



that the lender may obtain the validation prior to delivery of the loan. If the Social Security number cannot be validated prior to delivery, the loan is not eligible for sale to Fannie Mae.

RD-guaranteed Section 502

All RD-guaranteed Section 502 loans purchased or securitized by Fannie Mae must comply with the requirements of the Section 502 Loan Program, including any temporary requirements that may be in place. The loans must also comply with our requirements for government loans as specifically addressed in [B6-1-01, General Government Mortgage Loan Requirements](#) and [B6-1-05, Eligible RD-Guaranteed Mortgages](#).

Servicing policies

The shutdown may impact a borrower's ability to make scheduled mortgage loan payments. To assist borrowers who are unable to make their monthly contractual payment as a result of the shutdown, we are reminding servicers that they are authorized to evaluate the borrower for a forbearance plan in accordance with *Servicing Guide* [D2-3.2-01, Forbearance Plan](#).

A borrower who is currently performing on a repayment plan or a Fannie Mae Flex Modification Trial Period Plan and is impacted by the shutdown may seek consideration for a forbearance plan. If the borrower does convert from a repayment plan or a Trial Period Plan to a forbearance plan, the borrower may subsequently be eligible for a workout option upon successful completion of the forbearance plan.

Lenders may contact their Fannie Mae Account Team if they have questions about this Lender Letter. Servicers who have questions may contact their Fannie Mae Servicing Manager or Fannie Mae's Single-Family Servicer Resource Center at 1-800-2FANNIE (1-800-232-6643).

Have *Guide* questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).