

MPF Announcement:

2025-86

Date:

October 29, 2025

Alert:

Clarification

New Policy

Policy Update

Reminder

Training Information

Audience:

Compliance/Legal

Program Management

Origination

Quality Control

Servicing

Underwriting

Product:

MPF Government MBS

MPF Traditional

MPF Xtra[®]

Effective Date:

Immediately (*unless otherwise noted within*)

MPF Program - Policy Guidance Related to Federal Government Shutdown

As the Government shutdown continues, the MPF Program is providing updates to the guidance provided in [MPF Announcement 2025-79](#) to assist borrowers impacted by the government shut down (noted in red below).

This temporary guidance, which only applies to **MPF Traditional conventional loans and** to borrowers affected by the federal government shutdown, is effective immediately, and will automatically expire when the federal government resumes full operations. Unless specifically mentioned in this MPF Announcement, all MPF Guide selling and servicing requirements must be met, including employment documentation requirements.

PFIs and Servicers originating, delivering or servicing:

- MPF Traditional Government loans and MPF Government MBS loans must follow relief policies and guidance issued by Ginnie Mae and the applicable Government Agencies.
- MPF Xtra loans must follow relief policies and guidance issued by [Fannie Mae Lender Letter \(LL-2025-03\)](#).

In addition, PFIs and Servicers are expected to abide by any/all federal or state laws. This MPF Announcement does not affect PFI's or Servicers' obligations to comply with requirements of applicable law, including compliance with "ability to repay" standards in the Truth in Lending Act. PFIs and Servicers should consult with legal counsel on such matters.

Servicers under the **Scheduled/Scheduled** remittance option are expected to continue to make P&I advances as required.

Reference:

For guidance regarding MPF Xtra, please refer to [Fannie Mae Lender Letter \(LL-2025-03\)](#).

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the MPF Website to review and register for upcoming complimentary [MPF Webinars](#).

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MPF Traditional (conventional loans):**Selling:**

Because certain validation requests may not be processed during the shutdown (e.g. Social Security numbers), we are clarifying that PFI may obtain the validation prior to delivery of the loan. If a validation cannot be obtained prior to delivery, the loan is not eligible for delivery to the MPF Program.

Financial Reserves:

A minimum reserves requirement is being imposed for loans with application dates on or after November 3, 2025, to compensate for the interruption of income of **borrowers employed by the federal government or other individuals whose employment is directly impacted by the shutdown.** For loans other than high LTV refinances with application dates on or after the date of this announcement, the borrower must have the greater of:

- two months of documented reserves; or
- for loans underwritten through Desktop Underwriter® (DU®) or Loan Product Advisor® (LPA), the amount of reserves required by DU or LPA; or for manually underwritten loans, the amount of reserves required for the transaction per the MPF Guide.

Verbal VOE:

Flexibility is being provided with regard to the verbal verification of employment (VOE) **for borrowers employed by the federal government or other individuals whose employment is directly impacted by the shutdown.** PFIs must continue to attempt to obtain the verbal VOE required by the Guides. **It is believed that VOEs will continue to be readily available for these borrowers from automated systems or third-party service providers,** however, if a verbal VOE cannot be obtained due to the shutdown, the verbal VOE requirements are waived if the PFI documents the loan file with a written statement describing:

- the steps taken to obtain the verbal VOE, and
- that the requirement could not be met as a direct result of the shutdown.

NOTE: Temporary leave income guidance does not apply to borrowers who have been furloughed.

PFIs are reminded that they warrant that the borrower(s) is (are) employed at the time the Mortgage Loan is delivered to the MPF Program.

Paystubs:

Our current requirement states that a paystub be dated no earlier than 30 days prior to the initial loan application date. **For borrowers employed by the federal government or other individuals whose employment is directly impacted by the shutdown,** PFIs must obtain the most current paystub that reflects year-to-date earnings (dated no more than 120 days before the Note Date). All other paystub requirements remain unchanged.

IRS Transcripts:

Requirements remain unchanged.

Flood Insurance:

~~Requirements remain unchanged.~~

During the lapse in National Flood Insurance Program (NFIP) funding due to the shutdown, PFIs may deliver a loan to the MPF Program where flood insurance is otherwise required without an active flood insurance policy provided the requirements below are met.

During the lapse, PFIs must have a process in place to identify properties securing loans sold to us without proper evidence of active flood insurance on the conditions that the borrower must provide acceptable evidence of:

- a completed application for NFIP flood insurance and proof of the premium payment or the final settlement statement reflecting payment of the initial premium, or
- the assignment of an existing NFIP flood insurance policy from the property seller to the purchaser.

PFIs must continue to make flood determinations, provide timely, complete and accurate notices to borrowers in accordance with applicable laws, and comply with all other flood insurance requirements. PFIs must also take all steps (as permitted by applicable law) necessary to facilitate the issuance of coverage once the lapse has ended. Documentation to support acceptable evidence of flood insurance must be retained in the mortgage file.

In the case of refinance loans secured by properties where flood insurance is required, these properties typically already have acceptable flood insurance coverage in place at the time of closing. PFIs must ensure the following:

- If the refinance loan has acceptable flood insurance coverage in place at the time of closing that does not expire prior to the delivery to the MPF Program, the PFI must be accurately reflected as the mortgagee named on the policy
- If the refinance loan has a flood insurance policy that expires during the lapse and before the delivery to the MPF Program, the PFI must follow guidance in this announcement related to a renewal.
- If the refinance loan requires more coverage as a result of the refinance, the PFI may sell a loan on the condition that the borrower provides acceptable evidence of an endorsement request and proof of the additional premium payment.

Representations and Warranties:

When delivering loans originated pursuant to the provisions of this announcement, the PFI warrants that the mortgage loan meets all MPF Program requirements (including that the borrower is employed) at the time the loan is delivered to the MPF Bank.

Servicing:

Forbearance:

Servicers are reminded they are authorized to offer the Borrower a forbearance plan that would reduce or suspend the Borrowers

payments in increments, not to exceed a cumulative term of 12 months for borrowers whose income is affected by the shutdown. See MPF Traditional Servicing Guide Chapter 9 and section 9.2.1 Forbearance Plans.

Late Charges:

Servicers are encouraged, but not required to waive late charges for borrowers, impacted by the federal government shutdown.

Credit Reporting:

Servicers are encouraged, but not required, to suspend credit reporting for borrowers impacted by the federal government shutdown, during the duration of the shutdown. Servicers will continue to be responsible for complying with all applicable laws when reporting a mortgage loan status to credit repositories.

Flood Insurance:

~~Requirements remain unchanged.~~

During the lapse in National Flood Insurance Program (NFIP) funding due to the shutdown, Servicers are required to:

- Collect flood insurance premiums and remit payment to the appropriate insurance company when the NFIP has been reauthorized.
- Track properties securing mortgage loans for which a new policy, an increase in coverage, or renewal of an existing policy would have occurred during the lapse.
- Take all steps (as permitted by applicable law) necessary to facilitate the issuance of coverage once the lapse has ended.

For questions or assistance, please contact the MPF Service Center by using one of the following options:

- [MPF Customer Service Portal](#)
- Email: MPF-Help@fhlbc.com
- Phone: (877) 345-2673

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