



# Servicing Guide Announcement (SVC-2025-05)

Aug. 13, 2025

The *Servicing Guide* has been updated to include changes to the following:

- [Updates to policies for mortgage loans subject to a temporary interest rate buydown plan](#): provides instructions for the application of interest rate buydown funds in connection with workout options and clarifies borrower notice requirements related to pending interest rate increases associated with mortgage loans subject to an interest rate buydown plan
- [Update to the requirements for sending a Payment Reminder Notice](#): provides flexibility to servicers regarding the requirements for sending a payment reminder notice to a borrower by extending the time to send such notices from the 17<sup>th</sup> day of delinquency to the 20<sup>th</sup> day of the month
- [Miscellaneous updates](#):
  - Clarification on transfer of property into an *inter vivos* trust
  - Loan Modification Agreement

View the list of [impacted topics](#).

## Updates to policies for mortgage loans subject to a temporary interest rate buydown plan

We updated the *Servicing Guide* to:

- require servicers to apply interest rate buydown funds to reduce the arrearages to be capitalized in connection with a Fannie Mae Flex Modification, subject to the terms of the buydown agreement;
- instruct servicers that they must not apply interest rate buydown funds to reduce the delinquency amount in connection with a reinstatement, repayment plan, or payment deferral unless required by the terms of the buydown agreement;
- require servicers to ensure that the borrower waives reimbursement of any interest rate buydown funds in connection with a Mortgage Release; and
- clarify that, for mortgage loans subject to a temporary interest rate buydown plan, servicers must send notification to the borrower detailing a pending interest rate increase 90 days prior to the payment change.

Additionally, we revised the *Loan Modification Agreement* ([Form 3179](#)) instructions to require the inclusion of an alternate provision to reflect the application of interest rate buydown funds to reduce the arrearages in connection with a Fannie Mae Flex Modification.

**Effective:** Servicers are encouraged to implement these changes immediately but must do so by Nov. 1, 2025.

## Update to the requirements for sending a payment reminder notice

We updated the *Servicing Guide* to require the servicer of a first-lien mortgage loan to send a payment reminder notice to the borrower no later than the 20<sup>th</sup> day of the month if the payment has not been received (subject to the existing exceptions).

**Effective:** Servicers are encouraged to implement this change immediately but must do so by Dec. 1, 2025.



## Miscellaneous updates

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**Clarification on transfer of property into an *inter vivos* trust:** We clarified the allowable exemption for transfers of property into an *inter vivos* trust.

**Effective:** Servicers are encouraged to implement the clarification immediately.

**Loan Modification Agreement:** To align our language with the 2021 updates to the Uniform Security Instruments, we revised the [Form 3179](#) instructions regarding the treatment of repayment of escrow shortages or deficiencies. We have also revised [Form 3179](#) to update the definition of “Property”.

**Effective:** Servicers are encouraged to implement these changes immediately but must do so for all Loan Modification Agreements sent to the borrower for signature on and after Nov. 1, 2025.

See the *Servicing Guide* for details about these updates.

Servicers who have questions about this Announcement should 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](#).



## Impacted Topics

Section of the Announcement	Updated <i>Servicing Guide</i> Topics and Related Documents (Dated Aug. 13, 2025)
Updates to policies for mortgage loans subject to a temporary interest rate buydown plan	<ul style="list-style-type: none"><li>▪ <a href="#">A4-1-02, Establishing Custodial Bank Accounts</a></li><li>▪ <a href="#">C-1.1-02, Processing Payment Shortages or Funds Received When a Mortgage Loan Modification Is Pending</a></li><li>▪ <a href="#">C-1.2-03, Processing Payments in Full</a></li><li>▪ <a href="#">C-2.1-02, Notifying the Borrower Regarding Interest Rate and/or Payment Changes</a></li><li>▪ <a href="#">C-3-01, Responsibilities Related to Remitting P&amp;I Funds to Fannie Mae</a></li><li>▪ <a href="#">D2-3.2-02, Repayment Plan</a></li><li>▪ <a href="#">D2-3.2-04, Payment Deferral</a></li><li>▪ <a href="#">D2-3.2-05, Disaster Payment Deferral</a></li><li>▪ <a href="#">D2-3.2-06, Fannie Mae Flex Modification</a></li><li>▪ <a href="#">D2-3.3-01, Fannie Mae Short Sale</a></li><li>▪ <a href="#">D2-3.3-02, Fannie Mae Mortgage Release (Deed-in-Lieu of Foreclosure)</a></li><li>▪ <a href="#">E-3.2-08, Processing Reinstatements During Foreclosure</a></li><li>▪ <a href="#">F-1-03, Establishing and Implementing Custodial Accounts</a></li><li>▪ <a href="#">F-1-09, Processing Mortgage Loan Payments and Payoffs</a></li><li>▪ <a href="#">F-1-27, Processing a Fannie Mae Flex Modification</a></li><li>▪ <a href="#">F-2-10, Fannie Mae's Workout Hierarchy</a></li></ul>
Update to the requirements for sending a payment reminder notice	<ul style="list-style-type: none"><li>▪ <a href="#">D2-2-03: Sending a Payment Reminder Notice</a></li></ul>
Clarification of Transfer of Property into an <i>Inter Vivos Trust</i>	<ul style="list-style-type: none"><li>▪ <a href="#">D1-4.1-02, Allowable Exemptions Due to the Type of Transfer</a></li></ul>