

Servicing Notice

July 9, 2014

Adjustment to Modification Interest Rate and Updates to Fannie Mae Forms

This Notice discusses the upcoming modification interest rate adjustment as well as updates to several Fannie Mae forms.

Fannie Mae Standard and Streamlined Modifications Rate Adjustment

The terms of Fannie Mae Standard and Streamlined Modifications for conventional mortgage loans require that the modified interest rate be set to the rate established by Fannie Mae. As noted in the *Servicing Guide*, Part VII, Section 602.02.05: Conventional Mortgage Loan Modification Terms, Fannie Mae reviews this loan modification rate periodically and may adjust it based on market conditions.

With this Notice, Fannie Mae is adjusting the required interest rate for Fannie Mae Standard and Streamlined Modifications. Servicers are required to implement the new loan modification rate for all Fannie Mae mortgage loans approved for Fannie Mae Standard or Streamlined Modifications on or after July 14, 2014. The “approved” date is the date on which the servicer completes its evaluation of the borrower and has determined the borrower will be offered a Standard or Streamlined Modification Trial Period Plan, as applicable.

Servicers are reminded that the interest rate used for the permanent loan modification must be the same interest rate reflected in the borrower’s Trial Period Plan.

NOTE: *Loan modification requests previously approved at the prior modification rate are not eligible to be resubmitted for approval under the new modification rate.*

Designated Custodian Master Custodial Agreement

Fannie Mae has updated the title of the recipient at Fannie Mae to which the executed *Designated Custodian Master Custodial Agreement* ([Form 2010](#)) must be addressed. Servicers must begin using the updated Form 2010 immediately.

Loan Modification Agreement

Fannie Mae has updated its *Loan Modification Agreement* ([Form 3179](#)) to include a provision authorizing the servicer to share certain borrower information with third parties authorized to provide mortgage assistance and other support services related to the borrower’s loan. The update also removed the language relating to the Expanded Approval™ Timely Payment Rewards™ (EA/TPR™) program.

Servicers are encouraged to begin using the updated Form 3179 immediately; however, servicers must begin using it on and after September 1, 2014.

As reminder, Form 3179 can only be modified as authorized in its document summary and as required by applicable law.