

Announcement # 25-85**Date:** August 28, 2025

Fannie Mae and Freddie Mac Interested Party Contribution and Lender Incentive Updates

Fannie Mae and Freddie Mac (the “GSEs”) have updated requirements for interested party contributions and lender incentives to provide greater specificity. These changes are effective with note dates on and after September 3, 2025. Pennymac is aligning with the changes.

Interested Party Definition

An Interested Party is any interested person or entity with a vested interest in the transaction (e.g., parties who may benefit from the property selling at the highest possible price; and can influence the sales price or other terms of the transaction). Interested parties to a transaction include, but are not limited to:

- Property seller
- Builder or developer
- Real estate agent or broker
- Any contributing party (e.g., seller, originating lender, employer, municipality, nonprofit organization or related person) affiliated¹ with any of the above individuals or entities.

¹An affiliation exists when the two parties are owned or controlled by a common third party or when one of the parties has ownership or control over the other.

Note: A lender or employer is not considered an interested party to a sales transaction unless it is the property seller or is affiliated with the property seller or another interested party to the transaction.

Interested Party Contributions (IPCs) are funds used to cover costs that are typically the buyer’s responsibility. IPCs may include financing or sales concessions.

Sales concessions are IPCs that take the form of non-realty items and may be paid prior to, at or after closing of the transaction. The following have been added to the list of sales concession examples outlined in the GSEs’ Selling Guides:

- Rebates, such as Realtor rebates which are not credited toward the transaction
- Incentives from a lender who is, or is affiliated with, an interested party

Financing concessions are financial contributions towards the loan transaction from interested parties. Financing concessions are acceptable when they are contributed towards

- Borrower closing costs, including prepaids; or
- Borrower homeowners’ association (HOA) assessments covering any period after the settlement date (limited to no more than 12 months).

Important: Loans with any type of payment abatement are not eligible even if they are disclosed on the settlement statement (e.g., funds provided to a lender or third party by an interested party, non-profit down payment assistance program, to pay or reimburse in whole or in part a certain number of monthly payments of principal, interest, taxes, insurance and/or other assessments on the borrower's behalf in excess of prepaid/escrows).

IPC Exclusions

The following have been added to the list of contributions not subject to IPC contribution requirements in the GSEs' Selling Guides:

- Real estate tax credits: A legitimate pro-rated real estate tax credit in places where real estate taxes are paid in arrears; and
- Builder forward commitment costs: Standby commitment agreements between a builder and lender for blanket interest rate coverage that are executed prior to signing a sales contract with a borrower (excluded as they are not attributable to the specific loan transaction).

Lender Incentives

Lender incentives are defined as a cash or cash like contribution (e.g., gift card) or other item of value provided by the lender or third-party that is not a lender credit towards the transaction and does not require repayment. The GSEs have updated their requirements on this topic to include:

- The removal of the \$500 limit and requirement and that lender incentives must be documented in the loan file.
- Lender incentives may not be funded through the transaction (e.g., premium pricing)
- The borrower must qualify without consideration of the incentive (e.g., source of funds for down payment, closing costs or reserves)

Note: Lender incentives must be treated as a sales concession if the originating lender is, or is affiliated with, an interested party to the transaction.

For full information on the changes, refer to the applicable GSE Selling Guides, Fannie Mae SEL 2025-03, Fannie Mae SEL 2025-05 and Freddie Mac Bulletin 2025-6.

Please contact your Sales Representative with any questions.