



## Whole Loan Selling Basics (Mandatory Execution) Frequently Asked Questions

The following provides answers to questions frequently asked of Fannie Mae’s Capital Markets Pricing and Sales Desk (1-800-752-0257) about mandatory committing in the Pricing & Execution – Whole Loan™ application (PE – Whole Loan). For more information, refer to the Fannie Mae [Selling Guide](#).

Committing Basics .....	1
ARMs.....	3

### Committing Basics

#### Q1. What is commingling within a commitment?

Commingling is the ability to combine similar products and terms into one commitment (e.g., combine five \$200,000 loans into one \$1,000,000 commitment) provided that the pass-through rate (PTR) of each loan falls into the pass-through range of the commitment. Commingling reduces the number of commitments that need to be managed. In PE – Whole Loan, loans can be commingled only on mandatory commitments.

#### Q2. Can a lender commingle various fixed-rate terms in the same commitment?

Yes, lenders can commingle loans on mandatory commitments as long as the product types (standard, high-balance, HARP >105 LTV, etc.) are compatible and the product term on the commitment is equal to or greater than the actual loan commitment period (e.g., a 20-year fully amortized loan can be delivered against a 30-year commitment). Lenders generally may do this to fulfill a commitment and avoid a pair-off fee. However, it is important to note that generally the price improvement gained by committing the lower-term loan in an exact-term commitment (i.e., 20-year in a 20-year vs. 20-year in a 30-year) and pairing-out of the higher-term commitment could result in a better net execution. It should be noted that the shortest fully amortized term that can be delivered into a fixed-rate commitment is eight years (96 months).

#### Q3. Does a lender have to maintain the same servicing fee on the whole loan commitment for the duration of the commitment?

No. For mandatory commitments, the servicing fee can be changed per the product parameters by calling the Capital Markets Pricing and Sales Desk at 1-800-752-0257 prior to purchase.

#### Q4. Does Fannie Mae purchase delinquent loans?

Fannie Mae will not purchase loans that have had delinquencies of greater than 30 days in the past 12 months. Additionally, we will not purchase a loan on which a payment has not been made 45 days after the last paid installment (LPI).

#### Q5. Can seasoned loans be sold through PE - Whole Loan?

Seasoned mortgages are defined as mortgages that are more than one year old (>12 payments) from the first payment date to the loan purchase date for whole mortgage loans, or the pool issue date for MBS mortgage loans. PE – Whole Loan allows for the sale of 30-, 20-, 15-, and 10-year standard fixed-rate mortgages, including high-balance loans, seasoned up to 24 months on mandatory commitments. Generally, all other mortgage products (including ARMs) that are seasoned up to and including 12 months can be sold through PE - Whole Loan on a mandatory basis.

It is highly recommended that lenders review the Seasoned Mortgages section [B2-1.4-02](#) of the *Selling Guide* and the Seasoned Mortgage Loan Requirements table within that section for additional information prior to executing



any mandatory commitments in PE – Whole Loan. If lenders are not able to meet the requirements, then seasoned mortgages may also be submitted through the [Bulk Transactions process](#).

Reminder: whole loan prices available in PE – Whole Loan do not reflect any applicable loan level price adjustments (LLPAs; see Fannie Mae's [LLPA Matrix](#) for more information) or the Adverse Market Delivery Charge (AMDC), both of which are assessed at the time of delivery.

**Q6. What is the maximum daily commitment amount allowed for whole loan sales via PE – Whole Loan and the Capital Markets Pricing and Sales Desk?**

The daily limit is a combined \$200 million. However, because we do not wish to limit liquidity, any lender seeking to exceed this limit should contact the Capital Markets Pricing and Sales Desk directly at 1-800-752-0257.

**Q7. What is the Fannie Mae loan limit for one- to four-unit properties?**

Please review our documentation on [annual loan limits](#).

**Q8. What is LPMI (servicing fee)?**

Lender-paid mortgage insurance (LPMI) is mortgage insurance coverage for a conventional mortgage that the lender pays for by using its own funds (via the servicing cash-flow stream), rather than requiring the borrower to include periodic accruals for such coverage as part of his or her mortgage payment. When committing a loan on PE – Whole Loan that has LPMI that is paid for out of the gross note rate, the LPMI percentage will need to be factored in to the total servicing fee. For example, a 5.0 percent gross note rate that is sold with 25 basis points (bps) of servicing and 50bps of LPMI will result in a 4.25 percent pass-through rate (5.0 percent – .25 percent servicing – .50 percent LPMI = 4.25 percent PTR).

**Q9. What is a pair-off/over-delivery/extension?**

Detailed explanations of pair-offs, over-deliveries, and extensions can be found in the [Pricing & Execution – Whole Loan Mandatory Process Overview](#) document.

**Q10. Can loans with pass-through rates higher/lower than what is posted on PE – Whole Loan be sold to Fannie Mae?**

Yes; however, the loans cannot be sold on PE - Whole Loan. They must be sold on a negotiated basis by calling the Capital Markets Pricing and Sales Desk at 1-800-752-0257.

**Q11. What is the “master agreement” number as found on the Make Commitment section of PE – Whole Loan?**

The master agreement is an agreement to deliver to Fannie Mae an agreed-upon dollar amount of volume over a specified period of time. It also designates any product variations that the lender has negotiated and the ability to commit/deliver to Fannie Mae. If you have specific questions regarding your master or if you wish to inquire about the necessity of a master, please contact your Customer Engagement Account Team.

**Q12. Does a lender need a master agreement to commit loans to Fannie Mae?**

No. Standard products do not require a master agreement. Applying the master for standard product commitments is optional, but advised. However, certain products require a master to originate and sell to Fannie Mae.



**Q13. What is the “minimum pass-through”?**

All mandatory commitments on PE – Whole Loan contain a “flex-range” of pass-through rates for added delivery flexibility. The flex range will be a maximum of 50bps up from the minimum pass-through that you select. For example, if you selected 4.5 percent as the minimum pass-through, assuming PE – Whole Loan was pricing to 5.0 percent, you would be able to deliver anywhere from a 4.5 percent to 5.0 percent pass through rate.

**Q14. What time can pair-offs, over-deliveries, and extensions be executed in PE – Whole Loan?**

- Lenders have the ability to execute pair-offs and over-deliveries within PE – Whole Loan for mandatory commitments when live market prices are available – currently Monday through Friday between 8:15 a.m.– 5:00 p.m. ET.
- Lenders have the ability to exercise extensions within PE – Whole Loan seven days a week from 8:00 a.m.– 10:00 p.m. ET.

**Q15. Are prices available for viewing in PE – Whole Loan after the close of business – currently 5:00 p.m. ET?**

Lenders have the ability to view prices for any eligible products within PE – Whole Loan after the close of business – currently Monday through Friday between 5:00 p.m. – 8:00 p.m. ET. The prices represent the final levels available at the market close. These close-of-business prices may not be used to execute any commitments.

**Q16. In PE – Whole Loan, what are the distinctions among an “open,” “satisfied,” and a “completed” commitment?**

- **Open:** The commitment’s remaining balance has not been satisfied and it is prior to the commitment’s current expiration date.
- **Satisfied:** The commitment has been fulfilled by purchasing loans or through a pair-off prior to the current expiration date.
- **Completed:** The commitment already has been fulfilled by purchasing loans or through a pair-off and the commitment is currently past expiration. This occurs through the normal progression of a commitment (i.e., the commitment will automatically move from Satisfied to Completed status the calendar day following the current expiration date).

## **ARMs**

**Q17. What are the features on Fannie Mae’s standard ARM plans?**

Please consult the [Selling Guide](#) and the [Standard ARM Plan Matrix](#) for more information.

**Q18. When committing ARM loans on PE – Whole Loan, what is the gross margin?**

The gross margin is the margin listed on the mortgage note.