



Servicing Execution Tool Frequently Asked Questions and How-to Links for Sellers

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

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General

Q1. What is the Servicing Execution Tool?

The Servicing Execution Tool, or SET committing option available in PE – Whole Loan, offers upfront loan-level pricing and all-in funding for the purchase of your loan and servicing asset at the same time. SET provides an easy and efficient way for servicers to compete for your business through an auction platform. SET utilizes a standardized Servicing Purchase and Sale Agreement (PSA) which eliminates the need to manage individual agreements with each participating servicer. Beginning December 4, 2017, all loans delivered are bifurcated – selling reps/warrants stay with the seller.

Q2. Who is eligible to participate in the SET, servicing-released option available in PE – Whole Loan?

All Fannie Mae-approved sellers are eligible for the servicing-released option available through PE – Whole Loan committing platform. Please note, all transfers of servicing must comply with Fannie Mae’s *Selling Guide* and *Servicing Guide* and all applicable laws. See the [Getting Started](#) information available on the [Servicing Execution Tool page](#) for more information and contact your Fannie Mae account team to initiate the set-up process.

Q3. What whole loan executions are available through SET?

The SET functionality is available for loan-by-loan committing, on either a best efforts or mandatory basis.

Q4. Are there any volume limits (minimum or maximum) associated with PE – Whole Loan/SET commitments?

Fannie Mae does not impose any PE – Whole Loan/SET volume limits. Participating servicers may establish their own volume limits depending on their specific business requirements. We suggest that PE – Whole Loan/SET registered sellers directly contact the participating servicer(s) to review any potential volume limits for their servicing sales.

Q5. What products are eligible for purchase?

All products that are eligible for purchase by Fannie Mae may be eligible via SET. There are no servicer overlays. However, servicers may adjust pricing based on a variety of loan characteristics and, in some cases, not bid on certain products.



Q6. Can SET be used to commit on a “bulk” mandatory basis?

No. At this time, SET supports only single loan commitments where the commitment is associated with a single loan for a specific borrower and property. However, you may commit multiple loans at once via the Eligible Loans pipeline in PE – Whole Loan. See “Working with Eligible Loans Pipeline” section in the [PE – Whole Loan job aids](#).

Q7. Can seasoned loans be sold through PE – Whole Loan?

No. SET is designed for new production loans, where the borrower’s first payment is due to the winning servicer.

Q8. Can high-balance loans (HBL) be committed/delivered through SET?

Yes, specific 15- and 30-year fixed-rate HBL products are available to accommodate high-balance loans. However, HBLs with 10- or 20-year fixed-rate mortgage (FRM) terms or products such as ARMs, 105% thru 125% LTV, or over 125% LTV Refi Plus™ products are not currently eligible for committing or delivery against a SET commitment. The amortization term on the delivered loan needs to match the term of the product selected.

NOTE: Refer to the [High-Balance Loan Feature Matrix](#) for more detail.

Process

Q9. Can a user change the product, note rate, and/or other loan parameters within the same SET commitment in PE – Whole Loan?

Yes. Many of the characteristics of a SET servicing-released commitment, including the product, note rate, and commitment amount, can be updated without incurring additional fees. The PE – Whole Loan application will re-price the commitment when, for example, either the product and/or note rate is changed. Changes to loan data may also impact the servicing-released premium pricing. See the “Modifying a SET Commitment” section under “Managing SET Commitments” in the [PE – Whole Loan job aids](#) for information on making changes to a commitment.

Q10. What does the error message “Unable to process your servicing-released request” mean?

The message indicates that there is no SRP available from any of the participating servicers for the specific commitment/loan parameters (e.g. “No Cross-Sell” was indicated on the commitment). Try modifying the commitment parameters and re-run the pricing request to get an SRP bid.

Q11. Can a user get an indicative servicing-released price before locking a loan with Fannie Mae?

Yes. Through the “Browse Prices” features, enter commitment parameters and indicate you are searching for servicing-released pricing. The results of the browse prices request will include the pass-through price for the loan and servicing released premium (SRP). See the “Browsing Prices for SET Commitments” section under “Browsing Prices” in the [PE – Whole Loan job aids](#) for more on this capability.

Q12. How soon after a loan is put in “closed” status can it be accessed in Loan Delivery?

Generally, a loan will be available in Loan Delivery within 15 to 20 minutes of being placed in “closed” status in PE – Whole Loan.



Q13. Do the SET servicing buyers have standard fees such as tax service or transaction fee or funding fee?

Yes; each servicer in the SET solution establishes their own fees (e.g. tax service, administration, etc.). The winning servicer's fees, from the SET loan auction, are itemized on the Commitment Detail screen.

Q14. When does the user find out who won the servicing auction?

At the time of making a commitment, you will find out the winning servicer's name and number along with a breakdown of your servicing-released premium pricing and processing fees.

Q15. May a seller designate a preferred servicing buyer in the SET auction?

Yes. You may indicate on your registration form whether you want to establish a preferred servicer in the SET auction. Along with setting a servicer preference, you also may provide a pricing threshold that can be set to ensure the preferred servicer wins the auction as long as their SRP bid is within the established range.

Q16. Can a user remove a specific servicer from bidding on their servicing?

Yes. You may remove a servicing buyer from your servicing auction by completing the [Servicer Activation/Deactivation request form](#). The deactivation of a servicer will prevent the servicer from bidding on any of your new loans. However, if there are any outstanding commitments in your pipeline associated with this servicer, you must fulfill your obligations to deliver those loans to the servicer.

NOTE: You may re-activate a servicing buyer at any time utilizing the same Servicer Activation/Deactivation request form.

Q17. How is a SET seller paid for the servicing rights portion of their whole loan sale proceeds?

A seller will receive a single all-in funding from Fannie Mae within 48 hours of good loan delivery, including Fannie Mae whole loan price and net funding SRP, which is the seller's servicing-released premium net of servicer's fees and borrower escrows.

Q18. Can the winning servicer change for a commitment?

Yes. Some data changes may result in a new servicer. Sellers can choose to accept or reject the new bid. For detailed information on data changes, see the "Modifying a SET Commitment" section under "Managing SET Commitments" in [PE – Whole Loan job aids](#).

Q19. Does Fannie Mae's net funding include the borrower escrows or must the seller send the escrows directly to the servicer?

Escrows are included in the net funding SRP, so you do not need to send the escrows to the servicers in a separate transaction.

Q20. How does the seller provide loan data information to the winning servicer on the loan?

Once the winning servicer is determined, there are additional loan data elements that you must provide using the Servicer Required Fields ("SRF") file. Sellers must upload the SRF file to PE – Whole Loan separately; the date will be added to the associated loan record. We recommend that sellers upload the



SRF data as soon as they have the final data from the loan closing with the borrower, but it must be uploaded within three (3) days of the Fannie Mae loan purchase. Once the loan is purchased by Fannie Mae, the servicer has the ability to access the loan data, including the SRF file data and initiate the boarding of the loan in their servicing system. The SRF specifications files may be found on the [SET portal page](#).

Q21. Where does the borrower send their first scheduled mortgage payment?

The SET process assumes that the winning servicer receives the borrower's first scheduled payment. The seller is responsible for ensuring that all RESPA requirements for borrower notification of the servicing transfer are satisfied. See [servicer specific Transfer Instructions](#) on the [SET portal page](#).

Q22. Can the servicing-released premium be recaptured on a loan that pays off?

Yes. Under the [terms of the SET Purchase and Sale Agreement](#) within the Selling Guide, the servicer has the right to recapture their servicing-released premium for loans that pay off within 120 days.

How-to Links

Import and commit multiple loans at the same time in SET

See "Working with Eligible Loans Pipeline" section in the [PE – Whole Loan job aids](#).

Extend a loan commitment

See the "Executing an Extension" section under "Managing SET Commitments" in the [PE – Whole Loan job aids](#).

Update a loan amount

See the "Modifying a SET Commitment" section under "Managing SET Commitments" in the [PE – Whole Loan job aids](#).

Change the product, note rate, and/or other loan parameters within the same SET commitment

See the "Modifying a SET Commitment" section under "Managing SET Commitments" in the [PE – Whole Loan job aids](#).

Review an indicative servicing-released price before locking a loan

See the "Browsing Prices for SET Commitments" section under "Browsing Prices" in the [PE – Whole Loan job aids](#) for more on this capability.

Change loan status from "committed" to "closed"

See the "Modifying a SET Commitment" section under "Managing SET Commitments" in the [PE – Whole Loan job aids](#).

Accept or reject a bid

See the "Modifying a SET Commitment" section under "Managing SET Commitments" in [PE – Whole Loan job aids](#).