

Lender Letter (LL-2020-10)

Jul. 01, 2020

To: All Fannie Mae Single-Family Sellers Usage of Redesigned Form 1003

This Lender Letter provides information about the use of the redesigned Form 1003, including:

- [Background](#): a summary of the timeline for implementation of the Form
- [Use of the redesigned Form 1003 during the Limited Production Period](#): describes the eligibility for use before the Jan. 1, 2021 effective date on the Form
- [Use of the redesigned Form 1003 for manually underwritten loans](#): describes the eligibility for use on and after Jan. 1, 2021

Background

We have been working with Freddie Mac for many years to update and implement the redesigned Uniform Residential Loan Application (Fannie Mae Form 1003) and are very close to the start of its usage. This project also includes the implementation of updates to our automated underwriting system to support the redesigned Form based on the Mortgage Industry Standards Maintenance Organization (MISMO) v3.4 data specification.

Based on the current [timeline](#):

- Beginning August 1, 2020, there will be a Limited Production Period (LPP). This can be thought of as a “test and learn” period for a limited number of participants.
- On Jan. 1, 2021, all lenders may begin using the redesigned Form 1003 and updated data specification. This aligns with the 1/2021 effective date in the footer of the Form and is referred to as the Open Production Period.
- On Mar. 1, 2021, all lenders are required to submit new loan casefiles in the MISMO v3.4 format to Desktop Underwriter® (DU®) and must use the redesigned Form 1003 for those loans. We are providing a transition period for prior loan submissions. Loan casefiles and loan applications in the prior data format and on the prior Form 1003 (rev. 6/09) may continue to use the legacy formats until Mar. 1, 2022, at which time we will be retiring the previous versions.

For additional information about the redesigned Form 1003, including links to the Form, instructions, and implementation of the Form and data specification, refer to our [URLA webpage](#).

NOTE: *Later this year, we will be introducing a new DU user interface, have updates to DU messages and rules, and also have minor updates to the Selling Guide in support of the redesigned Form and data specification.*

Use of redesigned Form 1003 during the Limited Production Period

The LPP is designed for lenders who are ready to submit actual loan files in production using the redesigned Form 1003 and the updated [DU Specification MISMO V. 3.4](#) before the Open Production Period that begins on Jan. 1, 2021. Participation will be on a limited and controlled basis. Lenders who are approved to sell loans to us (“Fannie Mae-approved lenders”) that wish to participate in the LPP must meet certain prerequisites. Lenders who are approved to participate will be notified by their Fannie Mae account representative or our LPP intake team. Lenders may also be approved by Freddie Mac to participate in their LPP. For additional information, including the prerequisites, see [Participating in the URLA Limited Production Period](#).



While the LPP is considered a “test and learn” period, LPP-approved lenders may use the redesigned Form 1003 with their borrowers. Those loans are eligible for sale to us without regard to the 1/2021 effective date.

If a lender is approved to participate in the LPP with us:

- The lender may sell loans to us with the redesigned Form 1003 before Jan. 1, 2021. The lender may also continue to use the current Form 1003 for loans using the legacy automated underwriting system format.
- The lender may sell LPP loans to another lender who is not in the LPP. That lender may sell the loan to us with the redesigned Form 1003 before Jan. 1, 2021 if they are a Fannie Mae-approved lender.

If a lender is approved to participate in the LPP with Freddie Mac but does not apply to participate with us, the lender may sell loans to us with the redesigned Form 1003 before Jan. 1, 2021 if they are a Fannie Mae-approved lender.

Use of redesigned Form 1003 for manually underwritten loans

The following applies to use of the redesigned Form 1003 for manually underwritten loans:

- Lenders may begin using it for loans with application dates on and after Jan. 1., 2021, but are not required to do so.
- It is required for manually underwritten loans with application dates on and after Mar. 1, 2021.

Lenders may contact their Fannie Mae Account Team if they have questions about this Lender Letter. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).