

# Uniform Closing Dataset (UCD) Critical Edits Transition Quick Guide

This quick guide is intended to answer common questions that lenders and correspondents may have as we implement the two-year critical edits transition. We will update this guide periodically, so if you have more questions in the future be sure to check back to see if your questions have been added.

## Overview

Fannie Mae is implementing a two-year transition to convert a select number of edits in the UCD Collection Solution from “warning” to “critical/fatal.” The transition will begin on July 31, 2021 and is designed to enhance data quality and consistency for single-family loans purchased by the GSEs. Refer to the [recent announcement](#) for more information.

## Timeline

Phase 1 July 31, 2021	Phase 2 TBD	Phase 3 TBD	Phase 4 TBD
<ul style="list-style-type: none"><li>• Closing Information</li><li>• Loan Information</li><li>• Loan Disclosures</li><li>• Escrow Account</li><li>• Loan Calculations</li><li>• GSE Specific</li><li>• Regulation Z &amp; Qualified Mortgage (QM)</li><li>• Payoffs and Payments</li></ul>	<ul style="list-style-type: none"><li>• Loan Terms</li><li>• Projected Payments</li><li>• Cash to Close</li><li>• Summaries of Transactions</li></ul>	<ul style="list-style-type: none"><li>• Loan Costs</li><li>• Other Costs</li><li>• Total Closing Costs (Borrower – Paid)</li><li>• Lender Credits</li></ul>	<ul style="list-style-type: none"><li>• Transaction Information</li><li>• Contacts</li><li>• Cash to Close (Calculations)</li><li>• Summaries of Transaction (Calculations)</li></ul>

## Testing

As you continue to prepare, we recommend you test your UCD XML file for compliance with the critical edit datapoints. All Phase 1 edits are in the test environment as “warning.” As of June 28, Phase 2 edits were added to the test environment with a new severity of “warning-to-fatal.” Review the [UCD Collection Solution Test Environment Overview](#) for additional information.

## General Q&A

### 1. What is meant by ‘Warning-to-Fatal’ in the severity column of the UCD Findings Report?

As of August 6, 2020, Fannie Mae will be introducing a new severity category of ‘Warning-to-Fatal’. If you receive an edit with this new category, it means that the edit is a part of the UCD Critical Edit Phase 2 list of requirements. This does not indicate a different severity from ‘Warning’ but, provides an indication of the next Fatal Transition Phase.

**NOTE:** As we move forward with other phases, this severity category will be an indication of one of the next phases.

### 2. Why is Fannie Mae asking for the Alternate Form for Refinances whenever it is possible to produce and submit it?



This is because the Alternate Form is the only place the Payoffs and Payments table exists. However, since the Consumer Financial Protection Bureau (CFPB) has publicly said it will not enforce the Alternate Form we are not making that fatal in any of the Critical Transition Phases.

- **If the lender provides the Alternate Form**, as requested:
  - We are requiring that a Total Amount be provided in the Payoffs and Payments section. That element must exist although it may be zero (3315 and 3316).
  - We are requiring at least one LIABILITY of type Payoffs and Payments in addition to the Total Payoffs and Payments (3313).
- **If one or more LIABILITY containers of type Payoffs and Payments is provided**, then we require the attribute Liability Secured by Subject Property Indicator to be included (3312).
- **If the lender sends a LIABILITY with an Integrated Disclosure Section of Payoffs and Payments** then we will require a valid Liability Type be included in that LIABILITY. Further, if the Liability type is “Other” then Liability Type Other Description is required (3314).

**NOTE:** *Not providing the Alternate Form for Refinances is not becoming a fatal error in any phase of the Critical Edits Transition.*

## Phase 1 Q&A

### 1. Why is edit 3315 (“For Refinance transactions, total payoffs and payments is required”) firing on my UCD Submission?

Based on the edit criteria, for refinance transactions, the Total Payoffs and Payments is required when:

- LoanPurposeType = "Refinance"
- DocumentType = "Other"
- DocumentTypeOtherDescription = "ClosingDisclosure:AlternateForm"

When using the Closing Disclosure: **Alternate Form** where Section K of the form where the Total of the Payoffs and Payments table is found, the data must exist and is expected in the **INTEGRATED\_DISCLOSURE\_SECTION\_SUMMARY** for ALL loans using the Alternate Form.

As shown above, there are only two required elements within the container:

1. IntegratedDisclosureSectionType=PayoffsAndPayments
2. IntegratedDisclosureSectionTotalAmount must be zero or greater

Lenders and Vendors should refer to page 23 (Section 25.2) of the [Appendix E: UCD Implementation Guide v1.4](#) for these details.

### 2. Why is edit 3027 (“Average Prime Offer Rate Percent is required; Data must be numeric up to 3 digits, with up to 4 decimal places”) firing on my UCD Submissions?

The AveragePrimeOfferRatePercent must be provided and a value of 0.00 is an invalid value. Correct the datapoint and resubmit the UCD XML file.

### 3. Why is edit 3029 (“Regulation Z Total Loan Amount is required; data must be numeric up to 9 digits, with up to 2 decimal places”) firing on my UCD Submissions?



The RegulationZTotalLoanAmount must be provided and a value of 0.00 is an invalid value. Correct the datapoint and resubmit the UCD XML file.

**NOTE:** *The RegulationZTotalLoanAmount is calculated starting with the Note Amount/Original Loan Amount and then it is reduced based on the finance charges and therefore, it should not exceed the Note Amount/Original Loan Amount.*

## Phase 2 Q&A

These warning-to-fatal messages are **early** warnings of edits coming in Phase 2 of the Critical Edits Transition project. Phase 2 does not yet have an implementation date, but we remain committed to providing guidance and providing the industry sufficient time to respond when the implementation date is established. Refer to the [Critical Edits Transition Resources](#) page on Fannie Mae site for additional information.

### 1. How do I clear edit 3119, either Cash From Borrower At Closing Amount or Cash To Borrower at Closing Amount is required?

There are two scenarios that would cause the edit to fire. A) If neither elements are there (CashToBorrower nor CashFromBorrower). B) If CashToBorrowerAtClosingAmount is a negative, the edit will fire until the value is a positive and it is referring to CashFromBorrowerAtClosingAmount.

### 2. How do I clear ‘Warning-to-Fatal’ Edit 3411 “When Integrated Disclosure Cash To Close Item Type of CashToClose is provided, The Integrated Disclosure Cash To Close Item Final Amount is required”?

Currently, Edit 3411 will fire when the **IntegratedDisclosureCashToCloseItemEstimatedAmount** and **IntegratedDisclosureCashToCloseItemFinalAmount** are in separate containers. We’re in the process of turning off this edit. When the edit logic has been corrected we will turn the edit back on. This edit is ‘Warning-to-Fatal’ and will be part of the Phase 2 Critical Edit Transition, but the Fatal date is still TBD.

Example of XML when 3411 will fire:

```
<mismo:CASH_TO_CLOSE_ITEM>
  <mismo:IntegratedDisclosureCashToCloseItemEstimatedAmount>32759.00</mismo:IntegratedDisclosureCashToCloseItemEstimatedAmount>
  <mismo:IntegratedDisclosureCashToCloseItemType>CashToCloseTotal</mismo:IntegratedDisclosureCashToCloseItemType>
</mismo:CASH_TO_CLOSE_ITEM>
<mismo:CASH_TO_CLOSE_ITEM>
  <mismo:IntegratedDisclosureCashToCloseItemFinalAmount>28953.32</mismo:IntegratedDisclosureCashToCloseItemFinalAmount>
  <mismo:IntegratedDisclosureCashToCloseItemType>CashToCloseTotal</mismo:IntegratedDisclosureCashToCloseItemType>
</mismo:CASH_TO_CLOSE_ITEM>
```

### 3. How do I clear ‘Warning-to-Fatal’ Edit 3417 “When Loan Purpose Type is equal to Purchase, and Loan Closing Adjustment Item Section Type of PaidAlreadyByOrOnBehalfOfBorrowerAtClosing is provided, the Closing Adjustment Item Type of SellerCredit is required”?

We now require a seller Credit CLOSING\_ADJUSTMENT\_ITEMS even if SellerCredit is zero. The section from the UCD sample files is as follows:

```
<mismo:CASH_TO_CLOSE_ITEM>
  <mismo:IntegratedDisclosureCashToCloseItemAmountChangedIndicator>true</mismo:IntegratedDisclosureCashToCloseItemAmountChangedIndicator>
  <mismo:IntegratedDisclosureCashToCloseItemChangeDescription>See Seller Credits in Section L</mismo:IntegratedDisclosureCashToCloseItemChangeDescription>
  <mismo:IntegratedDisclosureCashToCloseItemEstimatedAmount>0.00</mismo:IntegratedDisclosureCashToCloseItemEstimatedAmount>
  <mismo:IntegratedDisclosureCashToCloseItemFinalAmount>-2500.00</mismo:IntegratedDisclosureCashToCloseItemFinalAmount>
  <mismo:IntegratedDisclosureCashToCloseItemType>SellerCredits</mismo:IntegratedDisclosureCashToCloseItemType>
</mismo:CASH_TO_CLOSE_ITEM>
```



**NOTE:** Replacing the 0.00 with the appropriate amount.

## Help and Support

For more information on UCD, visit the Fannie Mae [UCD page](#). If you have questions or need further assistance, please contact your GSE account representative or submit your questions to our UCD mailbox: [UCD@FannieMae.com](mailto:UCD@FannieMae.com).