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 multi-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.

Contents

Overview

Fannie Mae is implementing a multi-year transition to convert a select number of edits in the UCD Collection Solution from "warning" to "critical/fatal." The transition began 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

- Closing Information
- Loan Information
- Loan Disclosures
- Escrow Account
- Loan Calculations
- GSE Specific
- Regulation Z & Qualified Mortgage (QM)
- Payoffs and Payment

Phase 2

March 31, 2022

- Loan Terms
- Projected Payments
- Cash to Close Total
- Summaries of Transactions

Phase 3

May 1, 2023

- Deferred Phase 2 edit: Period Principal and Interest to Estimated Total Period Amount Comparison
- Loan Costs
- Other Costs
- Total Closing Costs

Phase 4

Nov. 6, 2023

- Transaction Information
- Contact Information
- Calculating Cash to Close (Calculations)
- Cash to Close (Deferred Phase 2 edits)
- Summaries of Transactions (Calculations)

Testing

As you continue to prepare, we recommend you test your UCD XML file for compliance with the critical edit datapoints. 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?

On August 6, 2020, Fannie Mae introduced 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 an upcoming UCD Critical Edit Phase requirement. 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 LIABILTY 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:** *Providing the Alternate Form for Refinances is not required by the CFPB. There are no fatal errors in any phase of the Critical Edits transition when the Alternate Form is not submitted for Refinances.*

Phase 1 – July 31, 2021, 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** in Section K, 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 <u>two</u> 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.

> **N O T E :** *The RegulationZTotalLoanAmount is calculated starting with the Note Amount/Original Loan Amount and then it is reduced based on the finance charges. Therefore, it should not exceed the Note Amount/Original Loan Amount.*

Phase 2 – March 31, 2022, Q&A

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 edit 3119 to fire:

A) If neither elements are there (CashToBorrower nor CashFromBorrower); or

B) If either value provided is a negative, as the value must be greater than or equal to zero.

2. 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_ITEM_DETAIL even if SellerCredit is zero. Review the *Critical Edit Impacts on the UCD v1.5 Specification* section in the UCD Specification Update Impact Memo for additional details. The section from the UCD sample files is as follows:

```
<CLOSING_ADJUSTMENT_ITEM>
<CLOSING_ADJUSTMENT_ITEM_DETAIL>
<ClosingAdjustmentItemAmount>0.00</ClosingAdjustmentItemAmount>
<ClosingAdjustmentItemPaidOutsideOfClosingIndicator>true</ClosingAdjustmentItemPaidOutsideOfClosingIndicator>
<ClosingAdjustmentItemType>SellerCredit</ClosingAdjustmentItemType>
<IntegratedDisclosureSectionType>PaidAlreadyByOrOnBehalfOfBorrowerAtClosing</IntegratedDisclosureSectionType>
```

```
</CLOSING_ADJUSTMENT_ITEM_DETAIL></CLOSING_ADJUSTMENT_ITEM>
<CLOSING_ADJUSTMENT_ITEM>
```

> **N O T E :** *Replace the 0.00 entry with the appropriate amount.*

3. How do I clear 'Warning-to-Fatal' Edit 3422 "When Loan Purpose Type is equal to Purchase, Closing Cost Fund UCD Section Type of PaidAlreadyByOrOnBehalfOfBorrowerAtClosing is required"?

We now require a Deposit CLOSING_COST_FUND even if the Deposit is zero. Review the *Critical Edit Impacts on the UCD v1.5 Specification* section in the UCD Specification Update Impact Memo for additional details. The section from the UCD sample file is as follows:

```
<CLOSING_COST_FUNDS>
<CLOSING_COST_FUND>
<ClosingCostFundAmount>2800.00</ClosingCostFundAmount>
<FundsType>DepositOnSalesContract</FundsType>
<IntegratedDisclosureSectionType>PaidAlreadyByOrOnBehalfOfBorrowerAtClosing</IntegratedDisclosureSectionType>
</CLOSING_COST_FUND>
</CLOSING_COST_FUNDS>
```

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.