
Fannie Mae and Freddie Mac Uniform Mortgage Data Program

Uniform Closing Dataset (UCD)
TRID Amendment Impact Memo

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Revision History

Version 2.0 **Dec 11, 2018**
Clarified [Mortgage Insurance Premiums Included in the Escrow Table](#) section with [updated language](#) and [examples](#).

Version 1.0 **Jun 25, 2018**
Original version.

Overview

The Consumer Financial Protection Bureau (CFPB) has finalized an amendment to the TILA/RESPA Integrated Disclosure (TRID) rule which will become mandatory on October 1, 2018. In an effort to address the amendment's changes, Freddie Mac and Fannie Mae (GSEs) have outlined the areas which would affect the Uniform Closing Dataset (UCD) and the updates that will be required to support the changes in the UCD Delivery Specification. These changes will be reflected in the UCD Delivery Specification and supporting documents which is planned for publication in the fourth quarter of 2018.

NOTE: *The UCD Delivery Specification will be updated to include required data points and conditionality offset. To view the changes, refer to the label “Update” throughout the document. Critical messaging will **not** be impacted as a result of TRID changes implemented in the UCD collection solutions.*

Construction Loans

Post Consummation Construction-to-Permanent Fees

Construction loan inspection and handling fees that are collected after consummation are considered Loan Costs under §§ 1026.37(f) and 1026.38(f) and must be disclosed in a separate addendum under the header, “Inspection and Handling Fees Collected After Closing.” They are not counted for purposes of the Calculating Cash to Close table. But they must be included in the “Total of Payments” disclosure under § 1026.38(o)(1) because they are disclosed under Loan Costs, even when they are disclosed on an addendum. See comments 38(f)-2 and app. D-7.vii.

NOTE: *The GSE's will not collect post consummation fees in the UCD.*

Allocation of Finance Charges for Construction-to-Permanent Loans

The CFPB finalized an amendment that states that for construction--to--permanent transactions disclosed as separate transactions, creditors “must allocate to the construction transaction finance charges under § 1026.4 and points and fees under § 1026.32(b)(1) that would not be imposed but for the construction financing.” The final comment states that creditors can allocate in any manner they choose the “charges that are not used to compute the finance charge under § 1026.4 or points and fees under § 1026.32(b)(1)....”

Any fees charged on the Closing Disclosure and collected at closing or paid before closing would be expected to be included in the UCD, as is required today. If the post consummation fees are required to be disclosed on the Closing Disclosure, it would be expected that the fees will be included in the calculation to determine the amount in the *RegulationZTotalPointsAndFeesAmount* data point.

Estimated Taxes, Insurance, and Assessments

The CFPB revised the commentary to clarify that creditors may use the word “Some” to indicate that a portion of the costs disclosed in the Property Taxes and Homeowner’s Insurance line will be paid from the escrow account. The comment already states that “Some” can be used in the “Other” line in this section.

This will be handled in the same way ‘Other’ Escrows are sent in the UCD and displayed on the Closing Disclosure. When there are multiple property taxes or homeowner’s insurance, some of which are escrowed, send multiple instances of ESTIMATED_PROPERTY_COST_COMPONENT container to reflect each

ProjectedPaymentEstimatedTaxesInsuranceAssessmentComponentType that is ‘NotEscrowed’ and ‘Escrowed’. In this situation, “Some” would display on the Closing Disclosure.

Update: Cardinality will be increased in the UCD specification for the **ESTIMATED_PROPERTY_COST_COMPONENT** container.

```
<misimo:ESTIMATED_PROPERTY_COST>
  <misimo:ESTIMATED_PROPERTY_COST_COMPONENTS>
    <misimo:ESTIMATED_PROPERTY_COST_COMPONENT>
      <misimo:ProjectedPaymentEscrowedType>NotEscrowed</misimo:ProjectedPaymentEscrowedType>
      <misimo:ProjectedPaymentEstimatedTaxesInsuranceAssessmentComponentType>PropertyTaxes</misimo:ProjectedPaymentEstimatedTaxesInsuranceAssessmentComponentType>
    </misimo:ESTIMATED_PROPERTY_COST_COMPONENT>
    <misimo:ESTIMATED_PROPERTY_COST_COMPONENT>
      <misimo:ProjectedPaymentEscrowedType>Escrowed</misimo:ProjectedPaymentEscrowedType>
      <misimo:ProjectedPaymentEstimatedTaxesInsuranceAssessmentComponentType>PropertyTaxes</misimo:ProjectedPaymentEstimatedTaxesInsuranceAssessmentComponentType>
    </misimo:ESTIMATED_PROPERTY_COST_COMPONENT>
  </misimo:ESTIMATED_PROPERTY_COST_COMPONENTS>
  <misimo:ESTIMATED_PROPERTY_COST_DETAIL>
    <misimo:ProjectedPaymentEstimatedTaxesInsuranceAssessmentTotalAmount>259.66</misimo:ProjectedPaymentEstimatedTaxesInsuranceAssessmentTotalAmount>
  </misimo:ESTIMATED_PROPERTY_COST_DETAIL>
</misimo:ESTIMATED_PROPERTY_COST>
```

Down Payment/Funds From Borrower and Funds For Borrower

The CFPB finalized certain amendments to clarify the Down Payment calculation which is required to be used in Purchase transactions. One of the issues that came to light with the Down Payment calculation after the TRID rule was issued, is that the table did not account for Loan Amounts that were greater than the Sale Price of the property in Purchase transactions. To deal with this issue on the LE and CD, the CFPB finalized changes to the regulatory text to require the use of the Funds for Borrower calculation when the Down Payment calculation yields a negative result, for simultaneous subordinate financing, or loans that involve improvements on the property. The use of the standard Down Payment calculation is provided for loans where the Down Payment calculation is positive.

NOTE: No changes will be needed to the UCD Delivery Specification to support the Down Payment / Funds From Borrower and Funds For Borrower disclosure requirements as articulated in the TRID Amendment.

Mortgage Insurance Premiums Included in the Escrow Table

The CFPB finalized amendments that require mortgage insurance premiums to be included in the calculations of Escrowed and Non--Escrowed Property Costs over Year 1, and the Monthly Escrow Payment in both the Escrow and No--Escrow tables.

The Escrow table, on page 4 of the Closing Disclosure, now includes Mortgage Insurance in its calculations.. Currently, the only data point supporting the Monthly Escrow Payment is *ProjectedPaymentEstimatedEscrowPaymentAmount*. As a result of the updated regulation, two existing data points (*ProjectedPaymentEstimatedEscrowPaymentAmount* and *ProjectedPaymentMIPaymentAmount*) will now support the Monthly Escrow Payment and, to the extent the amounts are escrowed, will need to be summed together to derive the Monthly Escrow Payment. Figure 1 has Mortgage Insurance being paid into the escrow account. Figure 2 has Mortgage Insurance being paid as a pass-through and not into the escrow account.

Projected Payments	
Payment Calculation	Years 1-7
Principal & Interest	\$761.78
Mortgage Insurance	+ 82.35
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13
Estimated Total Monthly Payment	\$1,050.26

Escrow		
Escrowed Property Costs over Year 1	\$3,461.76	Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i> <i>Mortgage Insurance</i>
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$288.48	The amount included in your total monthly payment.

Figure 1

Projected Payments	
Payment Calculation	Years 1-7
Principal & Interest	\$761.78
Mortgage Insurance	+ 82.35
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13
Estimated Total Monthly Payment	\$1,050.26

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i>
Non-Escrowed Property Costs over Year 1	\$2,788.20	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> <i>Mortgage Insurance</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

Figure 2

NOTE: *If there is mortgage insurance but there are no indications of an escrow, the “No Escrow” table would still need to be completed.*

will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

Principal Reductions

The CFPB finalized revisions to the rule to provide clear guidance regarding the disclosure of principal reductions. The CFPB added new commentary to § 1026.38 to clarify how to disclose principal reductions not paid for with closing funds, and those paid for with closing funds. Although the proposed revisions would have allowed creditors to disclose principal reductions in a number of different ways, in response to public comments suggesting that a uniform disclosure method would be beneficial for compliance and consumer understanding,

the final revisions limit the disclosure of principal reductions to the Summaries of Transactions table on the standard CD and to the Payoffs and Payments table on the alternative CD.

The amended regulation states that, for principal reductions on the Model Form, the following items must be disclosed:

1. The amount of the principal reduction (**MISMO Data Point:** *ClosingAdjustmentItemAmount*)
2. The words *Principal Reduction* (**MISMO Data Point:** *ClosingAdjustmentItemType / ClosingAdjustmentItemTypeOtherDescription*)
Update: The *PrincipalReduction* enumeration will be added to the *ClosingAdjustmentItemTypeOtherDescription* data point
3. Whether the principal reduction was paid using closing funds or funds outside of closing (**MISMO Data Point:** *ClosingAdjustmentItemPaidOutsideOfClosingIndicator*)
4. The payor must also be disclosed if funds outside of closing were used (**MISMO Data Point:** *FullName*)
Update: Conditionality will be updated to include, “IF *ClosingAdjustmentItemPaidOutsideOfClosingIndicator* = TRUE” include CLOSING_ADJUSTMENT_ITEM_PAID_BY/INDIVIDUAL/NAME

Summaries of Transactions		Use this table to see a summ
BORROWER'S TRANSACTION		
K. Due from Borrower at Closing		
01	Sale Price of Property	
02	Sale Price of Any Personal Property Included in Sale	
03	Closing Costs Paid at Closing (J)	
04		
Adjustments		
05	\$500.00	Principal Reduction for exceeding legal limits P.O.C. Lender
06		

Summaries of Transactions		Use this table to see a sumr
BORROWER'S TRANSACTION		
K. Due from Borrower at Closing		
01	Sale Price of Property	
02	Sale Price of Any Personal Property Included in Sale	
03	Closing Costs Paid at Closing (J)	
04		
Adjustments		
05	Principal Reduction	\$5,000.00
06		

Principal reductions disclosed on the Alternate Form must have the following items disclosed:

1. The amount of the principal reduction (**MISMO Data Point:** *ClosingAdjustmentItemAmount*)
2. The words *Principal Reduction* (**MISMO Data Point:** *ClosingAdjustmentItemTypeOtherDescription*)
3. The payee (**MISMO Data Point:** *FullName*)
4. Whether the principal reduction was paid using closing funds or funds outside of closing (**MISMO Data Point:** *ClosingAdjustmentItemPaidOutsideOfClosingIndicator*)
Update: Include *ClosingAdjustmentItemPaidOutsideOfClosingIndicator* as form field 25.1.

5. The payor must also be disclosed if funds outside of closing were used (**MISMO Data Point: *FullName***)
Update: Conditionality will be updated to include, “IF *ClosingAdjustmentItemPaidOutsideOfClosingIndicator* = TRUE” include *CLOSING_ADJUSTMENT_ITEM_PAID_BY/INDIVIDUAL/NAME*

The regulation also requires that the Closing Disclosure indicates if the Principal Reduction is being used as a tolerance cure. This can be accommodated using *DisplayLabelText*.

Payoffs and Payments		Use this table to see a summary of your payoffs and payments to others from your loan amount.
TO		AMOUNT
01	Ficus Bank to pay off existing loan	\$20,000.00
02	Principal Reduction for exceeding legal limits to Consumer P.O.C. Lender \$5,000.00	

Payoffs and Payments		Use this table to see a summary of your payoffs and payments to others from your loan amount.
TO		AMOUNT
01	Ficus Bank to pay off existing loan	\$20,000.00
02	Principal Reduction to Consumer	\$1,000.00

Simultaneous Subordinate-Lien Loans

The CFPB amended commentary to clarify that creditors may use the optional alternative tables for simultaneous subordinate financing in purchase transactions if the first lien Closing Disclosure will record the entirety of the seller’s transaction. The CFPB also added guidance regarding the disclosure of the seller’s contributions to the subordinate financing transaction, if any. In addition, the CFPB added guidance regarding when the settlement agent is required to provide the seller a CD for the simultaneous subordinate financing transaction.

If there is a simultaneous subordinate lien being closed on a refinance transaction, using the Alternate Form, then both the total loan amount (disclosed as a positive value) and the proceeds should be disclosed in Section K – Payoffs and Payments (disclosed as a negative value).

Update: The *TotalSubordinateFinancingAmount* will be used to support the total loan amount and the *ProceedsOfSubordinateLiens* will be added to the enumerations, for *ClosingAdjustmentItemType*, to support the amount of the proceeds applied to the first lien transaction.

The TRID Amendment now provides additional guidance and conditions for the simultaneous subordinate lien when it is being disclosed on the Model and Alternate Forms. The GSEs are not planning on making any updates to the UCD Specification to support these options.

Additional Information

Should you require assistance, please contact your account representative or submit your questions to our UCD mailboxes: UCD@FreddieMac.com and UCD@FannieMae.com. For more information on UCD, visit the [Freddie Mac UCD page](#) or [Fannie Mae UCD page](#).