DU® Specification MISMO V3.4 Updates, URLA Borrower Component and URLA Instructions Correction, and Updated FAQs Publication

March 19, 2020

Fannie Mae published changes to the DU Specification MISMO V3.4 (DU Spec) document as part of the continued effort to support implementation of the redesigned Uniform Residential Loan Application (URLA) Form 1003 and DU Spec by the required adoption date of November 1, 2020. Fannie Mae has also published an update to the URLA Borrower component in Section 4 for a field name correction, and updated FAQs in response to the SOFR announcement on March 10, 2020. Details regarding each of the changes are included in the announcement below.

DU Spec change to remove "PriorFHA" value

Following consultation with FHA, Fannie Mae and Freddie Mac (the GSEs) have decided to remove the value of "PriorFHA" from the *GovernmentRefinanceType* enumerated list to ensure that FHA refinance loans receive an accurate FHA Total Scorecard evaluation. This change, which applies only to FHA loans, is in response to a defect found in the *GovernmentRefinanceType* enumerated list when testing for FHA refinance loans. The list includes the value of "PriorFHA," which will not pass validation if submitted.

Please refer to the items below for specific instructions for future FHA refinance loan submissions.

- To identify a loan being paid off as an FHA loan, the submission should include the new liability data point *MortgageType* (Unique ID 6.0205) with the supported enumeration of "FHA." This new data point will be conditionally required only for FHA refinance transactions. Refer to Figure 1 below for a visual representation of how the liability will be identified on the redesigned Form 1003.

Section 3: Financial Information — Real Estate. This section asks you to list all properties you currently own and what you owe on them. ☐ *I do not own any real estate*

3a. Property You Own   If you are refinancing, list the property you are refinancing FIRST.

Address
Street 5209 Noosh way   Unit #   City Louisville   State KY   ZIP 40207

Property Value	Status: Sold, Pending Sale, or Retained	Monthly Insurance, Taxes, Association Dues, etc. *if not included in Monthly Mortgage Payment*	For Investment Property Only	
			Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
$ 237,000	Retained	$ 224	$	$

Mortgage Loans on this Property   ☐ *Does not apply*

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit *(if applicable)*
First Mortgage Co.	456789	$ 1,084	$ 145,000	☑	FHA	$
		$	$	☐		$

Figure 1

- Users will also need to include an ArcRole to associate the FHA liability with the subject property. The MISMO schema supports MortgageType in the LIABILITY_DETAIL container so integrators can implement this change immediately. Test Case FHA02 will be updated to include the MortgageType = FHA for the liability (see Figure 2).

```
<ASSET SequenceNumber="5" xlink:label="ASSET_5">
  <OWNED_PROPERTY>
    <OWNED_PROPERTY_DETAIL>
      <OwnedPropertyDispositionStatusType>Retain</OwnedPropertyDispositionStatusType>
      <OwnedPropertyLienUPBAmount>145000.00</OwnedPropertyLienUPBAmount>
      <OwnedPropertyMaintenanceExpenseAmount>224.00</OwnedPropertyMaintenanceExpenseAmount>
      <OwnedPropertySubjectIndicator>true</OwnedPropertySubjectIndicator>
    </OWNED_PROPERTY_DETAIL>
    <PROPERTY>
      <ADDRESS>
        <AddressLineText>5209 Noosh Way</AddressLineText>
        <CityName>Louisville</CityName>
        <PostalCode>402071234</PostalCode>
        <StateCode>KY</StateCode>
      </ADDRESS>
      <PROPERTY_DETAIL>
        <PropertyCurrentUsageType>PrimaryResidence</PropertyCurrentUsageType>
        <PropertyEstimatedValueAmount>237000.00</PropertyEstimatedValueAmount>
        <PropertyUsageType>PrimaryResidence</PropertyUsageType>
      </PROPERTY_DETAIL>
    </PROPERTY>
  </OWNED_PROPERTY>
</ASSET>
```

This asset is the Subject Loan

```
<LIABILITIES>
  <!--Liability related to Property owned by the borrower-->
  <LIABILITY SequenceNumber="1" xlink:label="LIABILITY_1">
    <LIABILITY_DETAIL>
      <LiabilityAccountIdentifier>456789</LiabilityAccountIdentifier>
      <LiabilityMonthlyPaymentAmount>1083.78</LiabilityMonthlyPaymentAmount>
      <LiabilityPaymentIncludesTaxesInsuranceIndicator>false</LiabilityPaymentIncludesTaxesInsuranceIndicator>
      <LiabilityPayoffStatusIndicator>true</LiabilityPayoffStatusIndicator>
      <LiabilityType>MortgageLoan</LiabilityType>
      <LiabilityUnpaidBalanceAmount>145000.00</LiabilityUnpaidBalanceAmount>
      <MortgageType>FHA</MortgageType>
    </LIABILITY_DETAIL>
    <LIABILITY_HOLDER>
      <NAME>
        <FullName>1st Mortgage Co</FullName>
      </NAME>
    </LIABILITY_HOLDER>
  </LIABILITY>
```

ArcRole

```
<RELATIONSHIPS xsi:type="RELATIONSHIPS">
  <!-- Linking Liability to Assets-->
  <RELATIONSHIP SequenceNumber="6" xlink:from="ASSET_5" xlink:to="LIABILITY_1"
    xlink:arcrole="urn:fdc:mismo.org:2009:residential/ASSET_IsAssociatedWith_LIABILITY"/>
```

Figure 2

DU Spec change supports SOFR implementation announcement

As described in the March 10, 2020 UMDP Announcement, the "30DayAverageSOFR" value was added to the DU Spec *IndexSourceTypeOtherDescription* enumeration list and its conditionality changed to "optional." The implementation date for DU readiness for use of the SOFR ARM index will be determined later this year and will not impact the implementation timeline for the redesigned URLA and DU Spec. The SOFR-related DU Spec update was combined with this round of changes to give customers as much notice as possible for SOFR implementation.

DU Spec change to DU:VerificationReportSupplierType

The current DU Data Point Format for the DU:VerificationReportSupplierType (Unique ID 4.0316) is Enumerated. We are changing this format from Enumerated to String 35. When a data point format is enumerated, DU limits the accepted values to only those listed in the DU Supported Enumerations. By changing the format to String 35, DU will accept any string value for the DU:VerificationReportSupplierType. Additionally, the DU_ExtensionV3_4.xsd file will be updated to remove the list of enumerated values for DU:VerifcationReportSupplierType. This will give lenders the flexibility to add additional verification provider names without requiring a DU Spec change.

Update to the borrower information component of the URLA Form 1003 in Section 4a. for "county" vs "country"

The GSEs updated the Interactive Borrower component of the redesigned URLA Form 1003 on January 29, 2020. The form had incorrectly listed the field name "Country" for the Property Address in Section 4a. Loan and Property Information, rather than "County." A corrected form was published on the Fannie Mae URLA web page and the Freddie Mac URLA web page.

Update to the URLA Instructions

The URLA Instructions has been updated to correct a missing reference for "special assessments" in 3a. Property You Own for the Monthly Insurance, Taxes, Association Dues, etc. field. The instructions for Refinance Program under L1. Property and Loan Information has also been updated to correct a missing reference for FHA for "Full Documentation" and Streamlined without Appraisal.

Updated FAQs in support of the SOFR ARM announcement on March 10, 2020

Fannie Mae has published updated FAQs in support of the SOFR ARM announcement on March 10, 2020. The updated FAQs can be found on the Fannie Mae URLA web page.

Reference materials and Additional Support

The DU Specification MISMO V. 3.4 Test Case Suite was updated to include populated Form 1003 PDFs for each test case scenario. Customers are encouraged to use the sample Form 1003s in their test case validation efforts.

The DU Spec documents referenced in this announcement, as well as other supporting materials, can be accessed on Fannie Mae's Technology Integration web page.

If you have any questions about the DU Spec or other supporting documents, please contact your Fannie Mae representative or email ULAD@FannieMae.com.