

MISMO License Initiative Briefing Deck

March 2018

Important Points

- ❑ Standards reduce costs for everyone in mortgage, including government participants and consumers
- ❑ License changes will only affect standards and collateral (collectively referred to as MISMO products) released after 12/31/2017
 - Existing license structures apply for versions published to date (e.g., V3.4, V3.3, v3.0, v2.6, etc.)
- ❑ License program is structured to:
 - Retain access to standards for anyone who wants to use them (fees may apply)
 - Expand awareness of MISMO across the industry
 - Incent those who benefit from the standards to support MISMO
 - Enable MISMO to connect with non-member users
 - Provide insight into the use and adoption of the standards
- ❑ License fee waiver to be available for organizations where the fee is a financial hardship
- ❑ MISMO licenses will cover standards and collateral, collectively referred to as MISMO products (e.g. Implementation Guides)

License Types

There will be two types of MISMO licenses. Both apply for MISMO products issued on or after January 1, 2018.

- **2018 End-User License** – Is appropriate for organizations that download MISMO products or develop technology that incorporates MISMO products where the MISMO products are used for internal company use when the organization does not make the MISMO product available to customers or external partners.
- **2018 Distributor License** – Is appropriate for organizations that develop technology that incorporates MISMO products and makes that technology available to customers or external partners.

Both types of licenses may be broken down into usage types based on how organizations use and share MISMO standards and data formats.

Notes:

- (1) License changes apply to items published after 12/31/2017. The existing 2004 End User License continues to apply for items released prior to 1/1/2018.
- (2) Version 3.5 of the MISMO XML Reference Model will be grandfathered into remaining under the 2004 End User License terms and conditions.

Who Must Have a License?

You do need a **2018 End-User License**, just like today, if you:

- Download MISMO standards or collateral. Any person or entity that downloads a MISMO product will, as they always have, need a license.
- Develop software or technology that incorporates MISMO products (standards or collateral) for internal use (e.g., build internal database or exchange data between internal systems using the standards).

You do need a **2018 Distributor License** (*new scenario*) if you:

- Develop software or technology that incorporates MISMO products and make it available to third parties (e.g., LOS vendor, MI data exchange, or other B2B exchange)

You do not need a License if you:

- Use software or technology purchased from a vendor that has a Distributor License; however, your vendor does need a License (e.g., lender using third party LOS software to access the standards).

Note: The scenarios above assume that the MISMO product(s) being used were released after December 31, 2017.

License as a Benefit of Membership

Scenario #	Scenario Name	Scenario Description	Type of License Required	Annual Fee	
				Member	Non-Member
1	Third Party Software	Purchased software or technology from a third party vendor that uses MISMO standards or collateral	No license required	NA	NA
2	Pre-1/1/2018 Publish Date (1)	Download or use of standards published prior to 1/1/2018	2004 End User License	NA	NA
3	Read only	Downloads the XML Schema /LDD published after 12/31/2017 but doesn't plan to build anything	2018 End User License	\$0	\$0
4	Internal Use Only	Builds software/technology using the standards published after 12/31/2017 and only uses it internally (e.g., internal database)	2018 End User License	\$0	\$1,500
5	B2B Exchange	Builds software / technology using the standards published after 12/31/2017 and uses it for B2B exchange (e.g., MI data exchange)	2018 Distributor License	\$0	\$1,500
6	Commercial Sale	Builds software or technology using the standards published after 12/31/2017 and makes it available to customers for sale (e.g. LOS vendor, Doc Vendor)	2018 Distributor License	\$0	\$2,250

1. Version 3.5 of the MISMO XML Reference Model will be grandfathered into remaining under the 2004 End User License terms and conditions.
2. License fee waiver will be available for small businesses (see p.7 for details)
3. MISMO corporate membership fee is \$2500
4. The MISMO XML Schema and Logical Data Dictionary (LDD) will remain available to non-members for download without fee.

Key Points – License Fee Waiver

A license fee waiver will be available upon application for small lender / vendor organizations for whom the license fee represents a financial hardship

- ❑ License fees will be waived for:
 - Lenders originating < \$500 ML or fewer than 1,000 loans
 - Organizations with 10 or fewer employees
- ❑ Application required for license fee waiver
 - Enables MISMO to encourage participation in standards development process
 - Provides MISMO with information about standards use
- ❑ Is NOT a waiver of the license
 - Fee waiver does not exempt lenders or vendors from having to have a license
 - Fee waiver does not exempt lenders or vendors from having to follow the terms and conditions of the applicable license (i.e. this is a waiver of the fee, not of the license)

Key Points – Use of the Standards

- ❑ Existing standards published under the current end user license will remain freely available under the terms and conditions of use from the 2004 End User License.
- ❑ Standards published under the new license structures, which will include standards and collateral released after December 31, 2017, will be subject to the terms and conditions of the new license structures.⁽¹⁾
- ❑ Lenders and others accessing the standards via third party tools (e.g., lenders using an LOS for FHA reporting) do not have to have a license but their vendor does.

(1) Version 3.5 of the MISMO XML Reference Model will be grandfathered in under the 2004 End-User License.

Additional Information

2018 End-User License:

- License holders will be asked to include appropriate language to acknowledge that the product uses MISMO standards. *This requirement is unchanged from today's license requirement.*

2018 Distributor License:

- In addition to the End User notice that the product uses MISMO, these license holders will be asked to make commercially reasonable efforts to encourage end users to register as MISMO product users.
- MISMO will publish a registry of Distributor Licensees at www.mismo.org

Effective Date:

- 1/1/2018 is the effective date for the new licenses to take effect