VERSION 3.4 SUPPORTS A NEW GSE INITIATIVE

The Origination Workgroup has been instrumental in defining new terms and definitions in version 3.4 for the mortgage industry.

On February 1, 2016 MISMO announced and introduced a new model, version 3.4, in support of multiple regulatory and industry reporting requirements including the new Uniform Loan Application Dataset (ULAD).

The GSEs have a project underway to update and redesign the Uniform Residential Loan Application (URLA) (Fannie Mae form 1003/Freddie Mac form 65) and develop a corresponding standardized dataset, the ULAD.

The loan application data included in the ULAD will enhance eligibility determination, underwriting and data quality in the loan manufacturing process.

Fannie Mae’s automated underwriting system, Desktop Underwriter® (DU®), currently supports MISMO version 2.3.1 and Freddie Mac’s automated underwriting system, Loan Prospector® (LP®), supports version 2.4. These older MISMO standards are document type definition (DTD) based and are no longer supported by MISMO. The MISMO DTD version 2.3.1 and version 2.4 standards are not aligned with the MISMO version 3.0 standard utilized by loan delivery – Uniform Loan Delivery Dataset (ULDD), and THE MAIN OBJECTIVES OF THE ULAD PROJECT ARE:

1. Update the URLA to collect loan information that is relevant and useful to the industry in making a loan underwriting decision;

2. Redesign the physical format and layout of the URLA form to make it more consumer friendly, enhance collection, and improve usability; and

3. Publish a data specification for each GSE’s respective automated underwriting service in order to collect information in the updated URLA form. The AUS specification will conform to the MISMO data standard version 3.4.

“…BY ENCOURAGING INDUSTRY INPUT VIA THE COLLABORATIVE, NEUTRAL ENVIRONMENT OF MISMO, THEY [THE GSES] GAINED A BROADER PERSPECTIVE OF THEIR PROPOSED FRAMEWORKS, ALIGNING THEM WITH REAL-WORLD INDUSTRY PROCESSES AND CONCERNS.”

The publication of the version 3.4 Reference Model, is a key milestone for this project, which is a Federal Housing Finance Agency (FHFA) scorecard objective to support mortgage data standardization.
the MISMO version 3.3 standard utilized by closing disclosure – Uniform Closing Dataset (UCD). Implementing ULAD in MISMO version 3.4 will continue to improve the MISMO data standards and ensure consistency in the data collection throughout the loan manufacturing process for the industry.

Upgrading the current versions of DU and LP to version 3.4 will allow lenders and vendors to build solutions that benefit from a schema-based reference standard. For example, through the use of arcrole relationships, lenders will have the ability to create a relationship in the submission file linking each borrower’s income type (base, bonus, etc.) to the corresponding employer.

The GSEs conducted in-depth analysis to identify new data fields to support the GSE and government agency requirements, including those published by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture-Rural Development (USDA-RD), and the Consumer Finance Protection Bureau (CFPB).

After the new data fields were identified, the GSEs’ ULAD teams and the MISMO Origination Workgroup (OWG), which is comprised of business and technology mortgage industry experts representing a wide array of organizations, collaborated to build data terms and definitions in MISMO version 3.4 in support of the ULAD. In addition, the MISMO Property and Valuation Workgroup and the Title Insurance Workgroup provided valuable input related to property and title sections in the ULAD.

According to Stephanie Berger of Ellie Mae, co-chair of the OWG, “Fannie Mae and Freddie Mac have long participated actively in the OWG and the expansion of the MISMO Reference Model, and brought great benefit to the industry by framing their Uniform Mortgage Data Program around the MISMO standards foundation. The most recent example of this positive benefit is the development of the ULAD. Fannie Mae, Freddie Mac, FHFA and CFPB have all recognized the core advantage of building their requirements upon existing industry standards, and by encouraging industry input via the collaborative, neutral environment of MISMO, they gained a broader perspective of their proposed frameworks, aligning them with real-world industry processes and concerns.”

The GSEs are targeting publication of the revised URLA, the corresponding dataset (ULAD), and updates to their AUS specifications in the summer of 2016.

If you are interested in learning more about the MISMO version 3.4 model, ULAD, or participating in the MISMO Origination Workgroup, please send an email to INFO@MISMO.ORG.