

## Prepare for UCD Critical Edits Phase 3 Transition on May 1, 2023

Feb. 28, 2023

Are you ready for the Uniform Closing Dataset (UCD) critical edits Phase 3 transition? Fannie Mae and Freddie Mac (the GSEs) published new and updated UCD critical edits resources to help lenders and software partners/technology solution providers prepare for the UCD Phase 3 critical edits transition. On May 1, 2023, specified edits in each GSE's UCD collection solution will convert from "warning" to "critical/fatal." As a reminder, the UCD critical edits improve data quality and consistency for single-family loans that the GSEs purchase.

### Available Resources for Transition Preparation

Resources are available on the [Freddie Mac UCD page](#) and [Fannie Mae UCD page](#) to help you prepare. New and updated resources are listed below:

- **Joint GSE UCD Phase 3 Critical Edits Job Aids** focusing on sections of the Closing Disclosure (CD) and showing how the data should be provided in the UCD XML file to avoid triggering Phase 3 critical edits:
  - **Loan Discount Points and Lender Credits – NEW**  
Focuses on the Loan Discount Points and Lender Credits requirements as these must always be included in the UCD XML file.
  - **Escrows – NEW**  
Reviews the requirements for the Initial Escrow Payment at Closing section as the data points related to these items on the CD must be provided in the UCD XML file.
  - **Qualified Mortgage Short Reset ARM APR Percent – NEW**  
Focuses on the requirements for the Qualified Mortgage (QM) Short Term Reset adjustable-rate mortgages (ARMs) Annual Percentage Rate (APR) data point specifically calculated for short term reset ARMs.
- **Joint GSE UCD Phase 3 Critical Edits Feedback Message Mapping Document – Updated**  
Added the QM Short Term Reset ARM APR data point feedback messages and made updates to reflect changes to each GSE's collection solution to prepare for the Phase 3 critical edits transition.
- **UCD Critical Edits Matrix v. 5.3 – Updated**  
Correction to the *QM Short Term Reset ARM* tab; refer to the *Read Me* tab in the file.

The GSEs encourage users to test their UCD XML files early and often to fully resolve potential critical issues before the Phase 3 transition on May 1, 2023. The respective GSE UCD collection solution test and production environments are available for testing of the Phase 3 UCD critical edits.

NOTE: The data provided in the UCD XML file must match the data on the PDF of the CD provided to the borrower. The Phase 3 UCD critical edits focus on ensuring the quality and completeness of data supporting the Closing Disclosure Closing Cost Details section (fee, prepaid and escrow line items and section totals). Refer to the [UCD FAQs](#) for more details.

### Additional Information

Visit the [Fannie Mae UCD page](#) and the [Freddie Mac UCD page](#) for more information on UCD and the critical edits transition. If you need further assistance, please contact your GSE account representative or submit your questions to our UCD mailboxes: [UCD@FannieMae.com](mailto:UCD@FannieMae.com) and [UCD@FreddieMac.com](mailto:UCD@FreddieMac.com).