

Uniform Closing Dataset Critical Edits Implementation Timeline

August 11, 2020

Freddie Mac and Fannie Mae (the GSEs) are implementing a two-year transition to convert certain edits in their Uniform Closing Dataset (UCD) collection solutions from “warning” to “critical/fatal.” The transition will begin in May 2021 and is designed to enhance data quality and consistency for single-family loans purchased by the GSEs.

Transition Rollout

The GSEs solicited industry feedback over the past year to develop the two-year timeline. In recognition of the feedback received and competing priorities for lenders and technology solution providers (TSPs) (e.g., the ULAD/AUS mandate), the GSEs have developed a phased implementation approach to transition UCD edits from “warning” to “critical/fatal” to provide additional time for implementation.

Transition Timeline

The rollout approach consists of the transitioning of edits from “warning” to “critical/fatal” in four phases that closely align with the various sections of the Consumer Financial Protection Bureau’s Closing Disclosure.

The effective date of each edit transition to “critical/fatal” is identified by phases 1-4 (see *Fig. 1*). The GSEs will publish the complete list of edits known to-date for any lenders who wish to implement the required technical changes all at once or ahead of schedule.

| | Phase 1 | Phase 2 | Phase 3 | Phase 4 |
|-----------------------------|--|--|--|--|
| Implementation Dates | May 31, 2021 | September 30, 2021 | March 31, 2022 | September 30, 2022 |
| Closing Disclosure Sections | <ul style="list-style-type: none"> • Closing Information • Loan Information • Loan Disclosures • Escrow Account • Loan Calculations • GSE Specific • GSE Regulation Z • Payoffs and Payments | <ul style="list-style-type: none"> • Loan Terms • Projected Payments • Cash to Close • Summaries of Transactions | <ul style="list-style-type: none"> • Loan Costs • Other Costs • Total Closing Costs (Borrower – Paid) • Lender Credits | <ul style="list-style-type: none"> • Transaction Information • Contacts • Cash to Close (Calculations) • Summaries of Transaction (Calculations) |

Fig. 1

NOTE: Lenders and TSPs should be aware that while the GSEs have made every effort to produce a complete list of critical edits and an associated implementation timeline, changes may be required in the future. If additions, deletions, or modifications are identified, advanced notice will be provided to inform lenders and TSPs of the details and effective date(s) of any such change.

Transition Preparation

The GSEs recommend taking the following steps so that lenders and TSPs can ensure they are prepared for the transition:

- **Review “warning” messages.** Each GSE’s respective UCD collection system currently issues a “warning” message if the data provided is missing, inconsistent, or incorrect according to the UCD specification. In preparation for the transition to “critical” edits, lenders should review all feedback messages returned by the UCD collection systems and resolve any issues, particularly those relating to future “critical” edits.
- **Test your UCD XML file.** Each GSE will provide opportunities for lenders to test their UCD XML files to resolve potential critical issues prior to the phased releases. Look out for additional information on test environment availability.
- **Review the updated UCD Critical Edits Matrix 2.0.** The GSEs are publishing updates to the matrix, which contains the edits and associated datapoints for all phases. Lenders are encouraged to familiarize themselves with the matrix prior to implementation.
- **Publish UCD Critical Edits - Implementation Guide.** This guide was created to provide guidance on the transition to these specific edits. Portions of the Closing Disclosure are used throughout the guide to illustrate data elements identified as “critical” by highlighting those in bold font. *Figure 2* (below) includes an example of the Closing Disclosure that highlights the required data for the first phase.
- **GSE Specific Feedback Messages.** Each GSE will publish a list of feedback messages for phase 1 of the UCD Critical Edits for their respective UCD collection solutions. Refer to the [Freddie Mac UCD page](#) and the [Fannie Mae UCD page](#) for more information.

| | | | | | | | | | | | |
|--|--|---|----------|---|----------|--|----------|---|----------------|---|---------|
| <p>1.0 Closing Information</p> <p>1.1 Date Issued 4/7/2018 1.2 Closing Date 4/15/2018 1.3 Disbursement Date 4/15/2018 1.4 Settlement Agent Epsilon Title Company 1.5 File # 12-3456 1.6 Property 456 Somewhere Ave. Anytown, NJ 12345 1.7 Sale Price \$180,000</p> | <p>3.0 Loan Information</p> <p>3.1 Loan Term 30 Years 3.2 Purpose Purchase 3.3 Product Fixed Rate 3.4 Loan Type <input type="radio"/> Conventional <input type="radio"/> FHA <input type="radio"/> VA <input type="radio"/> _____ 3.5 Loan ID # 123456789 3.6 MIC#</p> | | | | | | | | | | |
| <p>Loan Disclosures</p> <p>17.1 Assumption</p> <p>If you sell or transfer this property to another person, your lender</p> <p><input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms.</p> <p><input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.</p> <p>17.3 Late Payment</p> <p>If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.</p> | <p>18.0 Escrow Account</p> <p>For now, your loan</p> <p>18.1 <input checked="" type="checkbox"/> will have an escrow account (also called an “impound” or “trust” account) to pay the property costs listed below. Without an escrow account, you would pay them directly possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.</p> <p>Loan Calculations</p> <table border="1"> <tr> <td>Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.</td> <td>21.1 \$1</td> </tr> <tr> <td>Finance Charge. The dollar amount the loan will cost you.</td> <td>21.2 \$1</td> </tr> <tr> <td>Amount Financed. The loan amount available after paying your upfront finance charge.</td> <td>21.3 \$1</td> </tr> <tr> <td>Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.</td> <td>21.4 1%</td> </tr> <tr> <td>Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td> <td>21.5 1%</td> </tr> </table> | Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled. | 21.1 \$1 | Finance Charge. The dollar amount the loan will cost you. | 21.2 \$1 | Amount Financed. The loan amount available after paying your upfront finance charge. | 21.3 \$1 | Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate. | 21.4 1% | Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount. | 21.5 1% |
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| Finance Charge. The dollar amount the loan will cost you. | 21.2 \$1 | | | | | | | | | | |
| Amount Financed. The loan amount available after paying your upfront finance charge. | 21.3 \$1 | | | | | | | | | | |
| Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate. | 21.4 1% | | | | | | | | | | |
| Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount. | 21.5 1% | | | | | | | | | | |

Fig. 2

NOTE: No new data has been added to the UCD Delivery Specification v.1.5, nor have elements been removed.

Additional Information

Please contact your account representative for assistance or submit your questions to our UCD mailboxes: UCD@FreddieMac.com or UCD@FannieMae.com.

For more information on UCD, visit the sidebar links for the [Freddie Mac UCD page](#) or the [Fannie Mae UCD page](#).