



Seller Guide Update



SEL-2023-017: UCD Critical Edit Transition Phase 3-4 Timeline

March 24, 2023

- Correspondent Lending
- Housing Finance Agency (HFA)

Summary

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" type="checkbox"/>	Conv. (Freddie)
<input checked="" type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

As a reminder, Fannie Mae and Freddie Mac (the GSEs) [published](#) new and updated Uniform Closing Dataset (UCD) critical edits resources to help lenders and software partners/technology solution providers prepare for Phase 3.

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 transition is designed to improve data quality and consistency for single-family loans that the GSEs purchase.

Phase 3 and 4 implementation dates are as follows:

- Phase 3 is May 1, 2023, and
- Phase 4 transition is on November 6, 2023.

PHASE 3	PHASE 4
<ul style="list-style-type: none"> • Deferred Phase 2 edit: Period Principal and Interest to Estimated Total Period Amount Comparison • Loan Costs • Other Costs • Total Closing Costs 	<ul style="list-style-type: none"> • Transaction Information • Contact Information • Calculating Cash to Close (Calculations) • Cash to Close (Deferred Phase 2 edits) • Summaries of Transactions (Calculations)

Preparing for Phase 3 Implementation

In order to assist lenders in preparing for the upcoming implementation of Phase 3, please review this Seller Guide Update which contains the following information:

- Phase 3 Implementation Edits
- Transition Preparation
- Fannie Mae and Freddie Mac Resources
- Reminders
- Questions



Phase 3 Implementation Edits

The following [critical edits](#) are included in the Phase 3 Implementation:

Phase 3: Implementation Date – May 1, 2023		
Closing Disclosure Sections	<ul style="list-style-type: none"> • Loan Costs • Other Costs 	<ul style="list-style-type: none"> • Loan Terms & Projected Payments
Fields Related to Critical Messages		
Loan Costs	<ul style="list-style-type: none"> • Origination Charges • Services Borrower <u>Did Not</u> Shop For 	<ul style="list-style-type: none"> • Services Borrower <u>Did</u> Shop For • Total Loan Costs
Other Costs	<ul style="list-style-type: none"> • Taxes and Other Government Fees • Prepays • Initial Escrow Payment at Closing 	<ul style="list-style-type: none"> • Other • Total Other Costs (Borrower-Paid) • Total Closing Costs (Borrower-Paid)
Total Closing Costs	<ul style="list-style-type: none"> • Total Closing Costs (Borrower-Paid) 	
Loan Terms & Projected Payments	<ul style="list-style-type: none"> • Period Principal & Interest Estimated Total Period Amount 	

Transition Preparation

The GSEs recommend lenders and software partners/technology solution providers (TSPs) take the following steps to prepare for the transition:

- **Review GSE-specific feedback messages.** 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. Each GSE published a list of feedback messages for Phase 3 of the UCD Critical Edits for their respective UCD collection systems. Currently, each GSE’s respective UCD collection system issues a “warning” message if the data provided is missing, inconsistent, or incorrect according to the UCD specification.
- **Test your UCD XML files.** The respective GSE UCD collection system testing environments are available for testing for Phase 3 UCD Critical Edits. Test your UCD XML files to resolve potential critical issues prior to the Phase 3 transition on May 1, 2023.
- **Plan implementation with the updated UCD Critical Edits Implementation Guide.** The GSEs have updated the UCD Critical Edits Implementation Guide to provide additional clarity on certain critical edits.
 - [Review the UCD Critical Edits - Implementation Guide.](#)
- **Review the UCD Critical Edits Matrix (Document Version 5.3; 2/13/23).** The GSEs published the matrix, which contains the edits and associated datapoints for all phases. Lenders are encouraged to familiarize themselves with the matrix prior to implementation.
- **Review the Transition Timeline.** The rollout approach consists of transitioning 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 for remaining phases 3-4.

Reminders

- Conventional conforming loans must meet the GSEs' UCD requirements as well as U.S. Bank-specific UCD requirements to be eligible for purchase as outlined in the Correspondent Seller and HFA Lending Guides.
 - For Correspondent, this includes evidence of a successful UCD submission response from **both** of the GSEs (Fannie Mae and Freddie Mac) that is required in the closed loan package with the exception of Correspondents who deliver as an approved Easy D™ Seller; loans delivered under Easy D delivery only require the Freddie Mac Feedback Certificate.
 - For HFA, the HFA may sell the loan to Fannie Mae or Freddie Mac. Therefore, the UCD file must be submitted to the specific Agency that the HFA will ultimately deliver the loan to with evidence of a successful UCD submission contained in the closed loan submission package.
- As a reminder, for Phase 3 implementation edits, loans submitted to AUS prior to 5/31 will return as 'warning' messages; if the loan is resubmitted to AUS after 5/1, they will reflect 'critical' messages.

Additional Resources

Additional resources provided by Fannie Mae and Freddie Mac include:

Item	Fannie Mae	Freddie Mac
UCD Resources	Uniform Closing Dataset Fannie Mae	Uniform Closing Dataset - Freddie Mac Single-Family

Questions



Correspondent: Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.
