UCD Phase 3 Critical Edits Job Aid: Loan Discount Points and Lender Credits

Contents

Background

The objective of the Uniform Closing Dataset (UCD) Phase 3 critical edits is to enhance data quality in the Closing Cost Details section of the Closing Disclosure (CD), with a focus on fee types and amounts.

The purpose of this document is to review the Loan Discount Points and Lender Credits requirements, as data points related to these items on the CD must be provided in the UCD XML file, even if they are zero. It also outlines how the data in each section should be provided in the UCD file to avoid triggering Phase 3 critical edits, as specified in the UCD Critical Edits Matrix (CEM) available on the Fannie Mae and Freddie Mac UCD webpages.

UCD Data Requirements Associated with Phase 3 Critical Edits

Required Loan Discount Points Component Data

Historically, each GSE's UCD collection solution has ignored or provided warnings when FEE containers only partially met UCD Specification requirements. For example, partial FEE containers might have included only Fee Type and perhaps Integrated Disclosure Section Type but no Fee Actual Payment Amount. With the implementation of Phase 3 critical edits, partial FEE containers are no longer accepted. When a FEE container with a Loan Discount Points Fee Type is delivered in the UCD file, it must include the following data points. If these data points are not provided, an edit with "critical/fatal" severity will be triggered.

FEE
- FEE DETAIL
  - Fee Type = "Loan Discount Points"
  - Integrated Disclosure Section Type = "Origination Charges"
  - Fee Total Percent
  - Fee Paid To Type
  - Fee Paid To Type Other Description (use only when Fee Paid To Type = "Other")
- FEE PAYMENTS
  - FEE PAYMENT
    - Fee Paid By Type
    - Fee Actual Payment Amount

Although not included as critical edits, the following data points required by the UCD Specification must also be provided:
- FEE DETAIL
  - Fee Percent Basis Type = "Original Loan Amount"
  - Regulation Z Points And Fees Indicator
- FEE PAYMENTS
  - FEE PAYMENT
    - Fee Payment Paid Outside Of Closing Indicator (when Fee Payment Paid By Type = "Buyer" OR "Seller")

Loan Discount Points – Frequent Edits

In every file, one instance of a Fee Type of "Loan Discount Points" is required for all loans, even when discount points are not part of the transaction. If Fee Type = "Loan Discount Points" is not provided in the UCD file, the following edit messages will be issued:

Fee Type = "Loan Discount Points"			
Msg Code	**Fannie Mae Feedback Message Text**	**Msg Code**	**Freddie Mac Feedback Message Text**
3542	Loan Discount Points must be provided, even if a $0 value.	DQC2911 CRIT0123	The Loan Discount Points line item must be provided in the Origination Charges section. If there are no discount points with this transaction,

Fee Type = "Loan Discount Points"			
			Loan Discount Points must be delivered with a Paid By Amount of '$0'.

If more than one instance of a Fee Type of "Loan Discount Points is provided in the UCD file, the following edit messages will be issued:

Multiple Instances Fee Type = "Loan Discount Points"			
Msg Code	Fannie Mae Feedback Message Text	Msg Code	Freddie Mac Feedback Message Text
3505	The submission cannot have more than one occurrence of a Fee Type equal to 'LoanDiscountPoints'. Please correct the data and resubmit.	DQC2921 CRIT0124	"The % of Loan Amount (Points) item must be provided only once."

Fee Actual Payment Amount is required for Loan Discount Points and must be provided in the UCD file even when that value is zero. If Fee Type = "Loan Discount Points" is provided, but the Fee Actual Payment Amount is missing, the following edit messages will be issued:

Fee Actual Payment Amount			
Msg Code	Fannie Mae Feedback Message Text	Msg Code	Freddie Mac Feedback Message Text
3506	Fee Actual Payment Amount is required for Loan Discount Points.	DQC2910 CRIT0125	"A Paid By amount is required for a loan with Points in the OriginationCharges Section."

Examples: CD Data and Supporting UCD Data Points for Loan Discount Points

Business Requirements

This scenario focuses on Section A. Origination Charges, with the CD showing that the borrower was charged the following fees: Points and Borrower Application Fee.

Loan Costs 7.0		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
7.1 A. Origination Charges		7.1.1 $660.00				
01 7.2.1 0.25% 7.2 of Loan Amount (Points)		7.2.2 $360.00	7.2.3			
02 7.3 Borrower Application Fee	7.3.1	7.3.2 $300.00	7.3.3			
03						

Technical Requirements

The following table shows an example of how the Origination Charges section heading and fees including loan discount points should be delivered in the UCD file. The fee labels shown on the CD have been mapped to the valid Fee Type enumerations of "Loan Discount Points" and "Application Fee." Text provided by the lender on the CD can be included in the UCD file as a value of the Fee Type attribute, *gse:Display*

This document relates to the Uniform Mortgage Data Program®, an effort undertaken jointly by Fannie Mae and Freddie Mac at the direction of the Federal Housing Finance Agency

Label Text. Data points that are included in Phase 3 critical edits are highlighted in light yellow. Note that additional data points are required for and unique to Fee Type = "Loan Discount Points" which are not used with other Fee Types. These additional data points are shown in red text.

Section A. Origination Charges Heading and Fees as Expected in the UCD File
<INTEGRATED_DISCLOSURE_SECTION_SUMMARIES>   <INTEGRATED_DISCLOSURE_SECTION_SUMMARY>   <INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL>   <IntegratedDisclosureSectionTotalAmount>**660.00**</IntegratedDisclosureSectionTotalAmount>   <IntegratedDisclosureSectionType>**OriginationCharges**</IntegratedDisclosureSectionType>   </INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL>   </INTEGRATED_DISCLOSURE_SECTION_SUMMARY>
Loan Discount Points (line 01)
<FEE>   <FEE_DETAIL>   <FeePaidToType>**Lender**</FeePaidToType>   <FeePercentBasisType>**OriginalLoanAmount**</FeePercentBasisType>   <FeeTotalPercent>**0.2500**</FeeTotalPercent>   <FeeType>**LoanDiscountPoints**</FeeType>   <IntegratedDisclosureSectionType>**OriginationCharges**</IntegratedDisclosureSectionType>   <RegulationZPointsAndFeesIndicator>**true**</RegulationZPointsAndFeesIndicator> <FEE_PAYMENT>   <FeeActualPaymentAmount>**360.00**</FeeActualPaymentAmount>   <FeePaymentPaidByType>**Buyer**</FeePaymentPaidByType>   <FeePaymentPaidOutsideOfClosingIndicator>**false**</FeePaymentPaidOutsideOfClosingIndicator>   <FEE_PAYMENT> <FEE>
Application Fee (line 02)
<FEE>   <FEE_DETAIL>   <FeePaidToType>**Lender**</FeePaidToType>   <FeeType gse:DisplayLabelText **= "Borrower Application Fee"**>**ApplicationFee**</FeeType>   <IntegratedDisclosureSectionType>**OriginationCharges**</IntegratedDisclosureSectionType>   <RegulationZPointsAndFeesIndicator>**true**</RegulationZPointsAndFeesIndicator>   <FEE_DETAIL>   <FEE_PAYMENT>   <FeeActualPaymentAmount>**300.00**</FeeActualPaymentAmount>   <FeePaymentPaidByType>**Buyer**</FeePaymentPaidByType>   <FeePaymentPaidOutsideOfClosingIndicator>**false**</FeePaymentPaidOutsideOfClosingIndicator>   <FEE_PAYMENT> <FEE>

Special Requirements when Loan Discount Points are not Part of the Transaction

This scenario addresses UCD requirements when loan discount points are not part of the transaction. As shown in the CD snippets below, line 01 on the CD can either be blank (first snippet) or provide zeros for the dollar amount (second snippet).

Loan Costs	7.0	Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
7.1 A. Origination Charges		7.1.1 $**300.00**				

This document relates to the Uniform Mortgage Data Program®, an effort undertaken jointly by Fannie Mae and Freddie Mac at the direction of the Federal Housing Finance Agency

01 7.2.1 __%	7.2	of Loan Amount (Points)		7.2.2	$	7.2.3			
02 7.3	Borrower Application Fee		7.3.1	7.3.2	$300.00	7.3.3			

Loan Costs	7.0		Borrower-Paid		Seller-Paid		Paid by Others
			At Closing	Before Closing	At Closing	Before Closing	
7.1 A. Origination Charges			7.1.1 $300.00				
01 7.2.1 0% 7.2 of Loan Amount (Points)			7.2.2 $0.00 7.2.3				
02 7.3 Borrower Application Fee		7.3.1	7.3.2 $300.00 7.3.3				
03							

The following table shows an example of how the Fee Type = Loan Discount Points" is delivered in the UCD file when it is either blank or provided as "0" on the CD. Because the value for Fee Actual Payment Amount is "0.00," the only additional component data point required is Integrated Disclosure Section Type = "Origination Charges."

Loan Discount Points when Fee Actual Payment Amount = "0"

```<FEE>```
  ```<FEE_DETAIL>```
    ```<FeeType>```**LoanDiscountPoints**```</FeeType>```
    ```<IntegratedDisclosureSectionType>```**OriginationCharges**```</IntegratedDisclosureSectionType>```
  ```<FEE_DETAIL>```
  ```<FEE_PAYMENTS>```
    ```<FEE_PAYMENT>```
      ```<FeeActualPaymentAmount>```**0.00**```</FeeActualPaymentAmount>```
    ```<FEE_PAYMENT>```
  ```<FEE_PAYMENTS>```
```<FEE>```

Required TOTAL CLOSING COSTS and Lender Credit Item Component Data

The Lender Credits item and amount are required on all loans, even when the transaction has no lender credits. When there are lender credits, the tolerance cure amount is also required, even when its value is zero.

The Lender Credits line item data is provided in the UCD file using Integrated Disclosure Section and Subsection data points (NOT FEE data points). For this reason, and because MISMO v3.3's structure does not allow subsection line items to repeat, two instances of Integrated Disclosure Section Type = "Total Closing Costs" are required. The first instance captures the section heading and total along with the subsection and subtotal amounts. The second instance captures the same section heading to indicate form location along with lender credit line item data. This is illustrated graphically below, with yellow highlighting indicating data points that are under Phase 3 critical edits.

(1 of 2) INTEGRATED_DISCLOSURE_SECTION_SUMMARY				
		Gray Bar Total		
	1:1 INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL	IntegratedDisclosureSectionTotalAmount	IntegratedDisclosureSectionType = TotalClosingCosts	IntegratedDisclosureSubsectionType = ClosingCostsSubtotal
	1:1 INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS			
		1:5 INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT	IntegratedDisclosureSubsectionPaidByType	IntegratedDisclosureSubsectionPaymentAmount	IntegratedDisclosureSubsectionPaymentTimingType
(2 of 2) INTEGRATED_DISCLOSURE_SECTION_SUMMARY				
		Lender Credits Line Item		
	1:1 INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL	IntegratedDisclosureSectionType = TotalClosingCosts	IntegratedDisclosureSubsectionType = LenderCredits	LenderCreditToleranceCureAmount
	1:1 INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS			
		1:1 INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT	IntegratedDisclosureSubsectionPaidByType	IntegratedDisclosureSubsectionPaymentAmount	IntegratedDisclosureSubsectionPaymentTimingType

When the INTEGRATED DISCLOSURE SECTION SUMMARY container with the Integrated Disclosure Subsection Type of "Lender Credits" is delivered in the UCD file, it must include the following data points. If these data points are not provided, an edit with "critical/fatal" severity will be triggered.

- INTEGRATED_DISCLOSURE_SECTION_SUMMARY
  - INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL
    - Integrated Disclosure Section Type = "Total Closing Costs"
    - Integrated Disclosure Subsection Type = "Lender Credits"
    - Lender Credit Tolerance Cure Amount
  - INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS
    - INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT
      - Integrated Disclosure Subsection Payment Amount

Although not included as critical edits, the following data points required by the UCD Specification must also be provided with the lender credits payment amount:
- INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT
  - Integrated Disclosure Subsection Paid By Type = "Buyer"
  - Integrated Disclosure Subsection Payment Timing Type = "At Closing"

This document relates to the Uniform Mortgage Data Program®, an effort undertaken jointly by Fannie Mae and Freddie Mac at the direction of the Federal Housing Finance Agency

Lender Credits – Frequent Edits

If Integrated Disclosure Subsection Type = "Lender Credits" is not provided in the UCD file, the following edit messages will be issued:

Integrated Disclosure Subsection Total Amount = "Lender Credits"			
Message Code	Fannie Mae Feedback Message Text	Message Code	Freddie Mac Feedback Message Text
3603	An Integrated Disclosure Subsection Type of 'LenderCredits' is required in the submission, even if a $0 value.	DQC1416 CRIT0090	"Lender Credits must be delivered in the Total Closing Costs Section."

If Integrated Disclosure Subsection Type = "Lender Credits" is provided in the UCD file but is NOT equal to zero and the Lender Credit Tolerance Cure Amount is not provided, the following edit messages will be issued:

Lender Credit Tolerance Cure Amount			
Message Code	Fannie Mae Feedback Message Text	Message Code	Freddie Mac Feedback Message Text
3656	A Lender Credit Tolerance Cure Amount must be provided even if $0 when an Integrated Disclosure Subsection Type of Lender Credits exists and does not equal $0.	DQC647 CRIT0093	"The tolerance cure amount must be provided when the Lender Credits amount is not $0."

Examples: CD Data and Supporting UCD Data Points for Lender Credits

Business Requirement

This scenario focuses on Section J. Total Closing Costs (Borrower-Paid) and the lender credits and tolerance cure data. The tolerance cure amount is provided at position 9.3.1 (below) with no identifying label.

	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
9.1 **J. TOTAL CLOSING COSTS (Borrower-Paid)**	9.1.1 **$500.00**				
01 9.2 Closing Costs Subtotals (D + I).	9.2.2 **$1,000.00**	9.2.3			
02 9.3 Lender Credits 9.3.1 **50.00**	9.3.2 **$-500.00**				

Technical Requirements

The following table provides an example of how the lender credits and tolerance cure data shown in the CD snippet above should be delivered in the UCD file. Data points that are included in Phase 3 critical edits are highlighted in light yellow.

Lender Credits
<INTEGRATED_DISCLOSURE_SECTION_SUMMARY>   <INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL>   <IntegratedDisclosureSectionType>**TotalClosingCosts**</IntegratedDisclosureSectionType>   <IntegratedDisclosureSubsectionType>**LenderCredits**</IntegratedDisclosureSubsectionType>   <LenderCreditToleranceCureAmount>**50.00**</LenderCreditToleranceCureAmount>   </INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL>   <INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS>   <INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT>   <IntegratedDisclosureSubsectionPaidByType>Buyer</IntegratedDisclosureSubsectionPaidByType>   <IntegratedDisclosureSubsectionPaymentAmount>**-500.00**</IntegratedDisclosureSubsectionPaymentAmount>   <IntegratedDisclosureSubsectionPaymentTimingType>AtClosing</IntegratedDisclosureSubsectionPaymentTimingType>   </INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT>   </INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS> </INTEGRATED_DISCLOSURE_SECTION_SUMMARY>

Special Requirements when Lender Credits are not Part of the Transaction

This scenario describes how to provide the lender credits line item when lender credits are not part of the transaction.

	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
9.1 J. TOTAL CLOSING COSTS (Borrower-Paid)	9.1.1 **$1000.00**				
01 9.2 Closing Costs Subtotals (D + I).	9.2.2 **$1,000.00**	9.2.3			
02 9.3 Lender Credits 9.3.1	9.3.2 **$0.00**				

The following table provides an example of how the lender credit data shown in the CD snippet above should be delivered in the UCD file, including providing the required zero value for lender credits. Notice that because there are no lender credits, Lender Credits Tolerance Cure Amount is not provided. In the INTEGRATED DISCLOSURE SUBSECTION PAYMENT container, The 'Paid By Type' and 'Payment Timing Type' also are not required. Data points included in the Phase 3 Critical Edits are highlighted in light yellow.

Lender Credits
<INTEGRATED_DISCLOSURE_SECTION_SUMMARY>   <INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL>   <IntegratedDisclosureSectionType>TotalClosingCosts</IntegratedDisclosureSectionType>   <IntegratedDisclosureSubsectionType>LenderCredits</IntegratedDisclosureSubsectionType>   </INTEGRATED_DISCLOSURE_SECTION_SUMMARY_DETAIL>   <INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS>   <INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT>   <IntegratedDisclosureSubsectionPaymentAmount>0</IntegratedDisclosureSubsectionPaymentAmount>   </INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT>   </INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS> </INTEGRATED_DISCLOSURE_SECTION_SUMMARY>

Resources

Resource	Fannie Mae Link	Freddie Mac Link
UCD Critical Edits Timeline	https://singlefamily.fanniemae.com/revised-ucd-critical-edits-transition-timeline	https://sf.freddiemac.com/tools-learning/uniform-mortgage-data-program/ucd
Critical Edits Matrix	https://singlefamily.fanniemae.com/media/document/xlsx/uniform-closing-dataset-critical-edits-matrix	https://sf.freddiemac.com/content/_assets/resources/xls/other/ucd-critical-edits-matrix.xlsx
UCD Critical Edits Implementation Guide	https://singlefamily.fanniemae.com/media/document/pdf/ucd-critical-edits-implementation-guide	https://sf.freddiemac.com/content/_assets/resources/pdf/other/ucd-critical-edits-implementation-guide_.pdf
Specification Update Impact Memo	https://singlefamily.fanniemae.com/media/document/pdf/ucd-specification-update-impact-memo	https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/specification-update-joint-impact-memo.pdf
UCD Feedback Messages	https://singlefamily.fanniemae.com/media/document/xlsx/ucd-feedback-messages	https://sf.freddiemac.com/docs/xlsx/joint_gse_ucd_critical_edits_phase_3_feedback_message_mapping_document.xlsx
Joint GSE UCD Critical Edits Phase 3 Feedback Message Mapping	https://singlefamily.fanniemae.com/media/document/xlsx/joint-gse-ucd-critical-edits-phase-3-feedback-message-mapping	https://sf.freddiemac.com/content/_assets/resources/xls/other/joint-gse-ucd-phase-3-critical-edits-feedback-message-mapping-document.xls
UCD Phase 3 Critical Edits Job Aid: Fees	https://singlefamily.fanniemae.com/media/document/pdf/ucd-phase-3-critical-edits-job-aid-fees	https://sf.freddiemac.com/content/_assets/resources/doc/fact-sheet/ucd-joint-gse-job-aid-guide-fees.docx

Additional Information

For more information on UCD, visit the Fannie Mae UCD page or the Freddie Mac UCD page.
If you have questions or need further assistance, please contact your GSE account representative or submit your questions to our UCD mailboxes: UCD@FannieMae.com or UCD@FreddieMac.com.

This document relates to the Uniform Mortgage Data Program®, an effort undertaken jointly by Fannie Mae and Freddie Mac at the direction of the Federal Housing Finance Agency