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What's happening with the URLA?

Rebecca Chase, Regional Trainer
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Agenda

- Why do we need a new URLA (1003)?
- When will the HMDA changes take effect?
- When will we start using the new application?
- What do the new forms look like?
- Questions



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Acronyms

- HMDA Home Mortgage Disclosure Act
- URLA Uniform Residential Loan Application
- UMDP Uniform Mortgage Data Program
- ULDD Uniform Loan Delivery Dataset
- ULAD Uniform Loan Application Dataset
- GSE Government Sponsored Enterprise
- FHFA Federal Housing Finance Agency
- CFPB Consumer Financial Protection Bureau



How did we get here?



- July, 2014
 - Amendments proposed by CFPB to implement Dodd - Frank
- Known as the new 2015 HMDA rule
 - GSEs decided to review the 1003
- December, 2015
 - GSEs announce a new loan application would be designed
- August, 2016
 - New loan application introduced to allow for implementation planning
- September, 2016
 - CFPB issued final ruling amending Reg C to incorporate HMDA changes
 - CFPB also issued approval of redesigned URLA
- January, 2018 or now
 - Use of Demographic Information Addendum



HMDA Data Collection



- New collection data requirements as of Jan 1, 2018
- Demographic Information Addendum
- Beginning 2018, enhanced reporting of HMDA
 - Up to 48 data points
 - Freddie available as of 2/26/18 (subject to change)

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

Hispanic or Latino

Mexican Puerto Rican Cuban

Other Hispanic or Latino – Print origin: _____

For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

Not Hispanic or Latino

I do not wish to provide this information

Sex

Female

Male

I do not wish to provide this information

Race: Check one or more

American Indian or Alaska Native – Print name of enrolled or principal tribe: _____

Asian

Asian Indian Chinese Filipino

Japanese Korean Vietnamese

Other Asian – Print race: _____

For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

Black or African American

Native Hawaiian or Other Pacific Islander

Native Hawaiian Guamanian or Chamorro Samoan

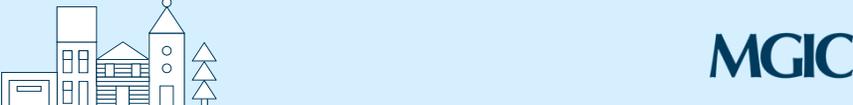
Other Pacific Islander – Print race: _____

For example: Fijian, Tongan, and so on.

White

I do not wish to provide this information

Remaining sections on next slide...



To Be Completed by Financial Institution (for application taken in person):

Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES

Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES

Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

The Demographic Information was provided through:

Face-to-Face Interview (includes Electronic Media w/ Video Component) Telephone Interview Fax or Mail Email or Internet

Borrower Name: _____

Uniform Residential Loan Application
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Revised 09/2017

Effective January 1, 2018

cfpb Consumer Financial Protection Bureau

Summary of Reportable HMDA Data – Regulatory Reference Chart^a

This chart is intended to be used as a reference tool for data points required to be collected, recorded, and reported under Regulation C, as amended by the HMDA Rule issued on October 15, 2015. The relevant regulation and commentary sections are provided for ease of reference. This chart does not provide data fields or enumerations used in preparing the HMDA loan/application register (LAR). For more information on preparing the HMDA LAR, please see <http://www.consumerfinance.gov/hmda>.

Data Point	Status ^b	Description	Regulation C References
(1) Legal Entity Identifier (LEI)	Modified	Identifier issued to the financial institution (FI) by a utility endorsed by the Global LEI Foundation or LEI Regulatory Oversight Committee	§ 1003.4(a)(1)(i)(A)
(2) Universal Loan Identifier (ULI)	Modified	Identifier assigned to identify and retrieve a loan or application that contains the FI's LEI, an internally generated sequence of characters, and a check digit	§ 1003.4(a)(1)(i), Comments 4(a)(1)(i)-1 through -5, and appendix C
(3) Application Date	Existing	Date the application was received or the date on the application form	§ 1003.4(a)(1)(ii), Comments 4(a)(1)(ii)-1 through -3
(4) Loan Type	Existing	Whether the loan or application is insured by the Federal Housing Administration, guaranteed by the Veterans Administration, Rural Housing Service, or Farm Service Agency	§ 1003.4(a)(2), Comment 4(a)(2)-1
(5) Loan Purpose	Modified	Whether the transaction is for home purchase, home improvement, refinancing, cash-out refinancing, or another purpose	§ 1003.4(a)(3), Comments 4(a)(3)-1 through -5

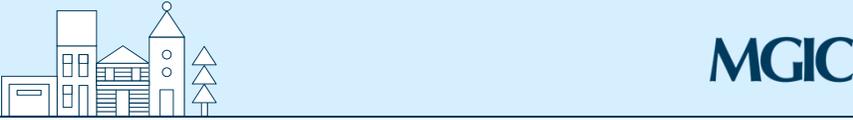


Legal Entity Identifier

The Legal Entity Identifier (“LEI”) is a unique 20-character code that identifies entities which engage in financial transactions

Including Parent companies and subsidiaries.

As of October 2017 many financial institutions have not obtained their unique Legal Entity Identifier (LEI)



The LEI could gather all the data from the financial institution's multiple entities to identify possible discriminatory lending patterns and identify whether financial institutions are serving the housing needs of their communities. [§ 1003.5(a)(3)]

[Where do you go to get your LEI? If you Google LEI:](#)
[Global LEI Foundation www.gleif.org](#) or
[LEI Regulatory Oversight Committee www.leiroc.org](#)

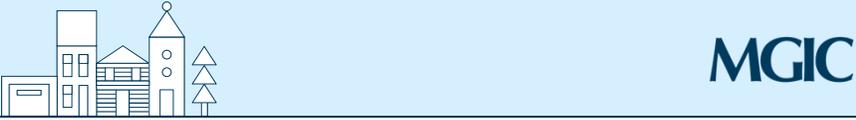


More questions?

Please see the Federal Register or the CFPB's website

There is new information coming out as the 1/1/2018 draws closer. For example:

October 2, 2017 In the Federal Register
October 16, 2017 The CFPB Website



- **When will we start using the new 1003?**
 - Initially announced as Jan 1, 2018
 - Now...

URLA Effective Dates

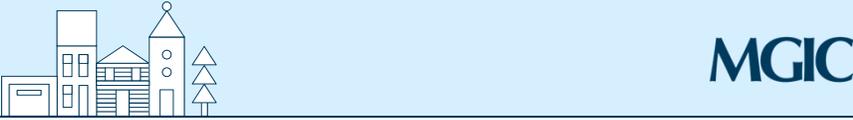
The industry may begin using the redesigned URLA starting **July 1, 2019**. The GSEs will require the use of the redesigned URLA for all *new* loan applications in **February 2020**.

Important Note: FHFA's Request for Input on Improving Language Access in Mortgage Lending and Servicing may result in requiring the GSEs to add a borrower language preference question to the URLA or to an addendum to the URLA, and to collect the data in our AUS specifications. If this occurs it would be reflected in the 2017 updates to the published documents.

Fannie Mae will publish updated versions of the redesigned URLA, the DU Specification, and supporting documents by the end of 2017.



- **Why do we need a new loan application (1003)?**
 - **Efficiency**
 - Clearer upfront instructions
 - Easier to navigate
 - **Transparency**
 - Separate borrower and lender sections
 - Consistent and simplified organization
 - **Certainty**
 - Remove obsolete fields
 - Meets new HMDA reporting requirements



We are honored to share that the interactive version of our redesigned URLA has won a 2017 [ClearMark Award of Distinction](#) from the Center for Plain Language. The redesign – the first in more than two decades – aimed to provide greater clarity as well as an easier, more consumer-friendly loan application experience. This ClearMark award, which recognizes the best plain language communication written for consumers, proves that it did just that.



FORM TESTER FEEDBACK

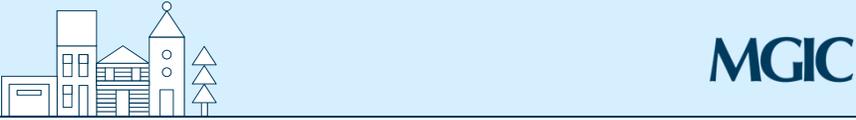
“Surprise – it took less time to complete than expected!”
~ Anonymous borrower

“Will speed up origination process and allow more loans to be processed and less back and forth with the borrower.”
~ Anonymous lender



URLA Sections

- **Section 1**
 - Borrower Information
- **Section 2**
 - Financial Info – Assets and Liabilities
- **Section 3**
 - Financial Info – Real Estate
- **Section 4**
 - Loan and Property Information
- **Section 5**
 - Declarations
- **Section 6**
 - Acknowledgements and Agreements
- **Section 7**
 - Demographic Information
- **Section 8**
 - Loan Originator Information



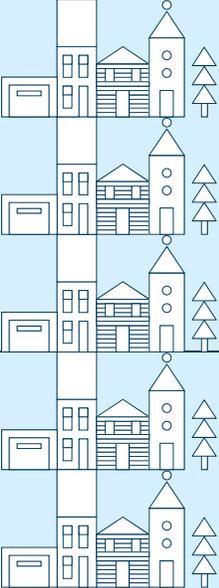
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- Let's take a look...
- Pull out sample purchase application



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Questions?



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Thanks for joining us today!