

## The GSEs Announce Future Updates to the URLA

December 8, 2015

Freddie Mac and Fannie Mae (the GSEs) are excited to announce we are revising and redesigning the Uniform Residential Loan Application (URLA) (*Fannie Mae Form 1003* or *Freddie Mac Form 65*) and developing a corresponding standardized dataset, the Uniform Loan Application Dataset (ULAD). The revised URLA form will provide lenders and borrowers with greater clarity and an easier, more consumer-friendly loan application.

Given the mortgage industry's many changes over the years, along with the GSEs' changes to underwriting policies and eligibility requirements, the time is right to redesign the form to better address industry needs. The URLA redesign effort is a component of the **Uniform Mortgage Data Program (UMDP)**, and aligns with the UMDP's focus on enhancing data quality, consistency, and clarity to strengthen the loan manufacturing process.

The GSEs have the following three objectives for the project:

1. Update the URLA to collect information that is relevant and useful to the industry and provides lenders the information needed to make an underwriting decision;
2. Redesign the format and layout of the URLA to make it more consumer friendly, enhance collection, and improve usability; and
3. Define a MISMO compliant dataset that supports the URLA.

### A Revised URLA Form

The URLA is jointly owned by the GSEs and has not undergone a major revision for over 20 years. The GSEs are reorganizing the layout of the URLA form to make it more consumer-friendly and updating the terminology to make it easier for borrowers and industry stakeholders to understand. In addition, the GSEs are adding new data fields to support both the GSEs' and government requirements, such as those published by the Federal Housing Administration (FHA), the U.S. Department of Veteran Affairs (VA), the U.S. Department of Agriculture–Rural Development (USDA-RD), and the Consumer Financial Protection Bureau (CFPB).

### Industry Feedback Is Important

The GSEs have collaborated with many industry stakeholders, including lenders, technology solution providers, mortgage insurers, trade associations, housing advocates, and consumer groups. In addition, the GSEs have conducted several usability studies with underwriters, mortgage processors, loan officers and, most importantly, consumers. These studies have helped us understand how applicants and lenders navigate and complete the form, identify areas of confusion, and determine elements of the form redesign that are working well or need additional work.

### Summary of URLA Form Updates

Following are some of the updates being made to the URLA and corresponding ULAD:

- Removed a number of fields including (but not limited to) property legal description, automobile owned, year built, and net worth.
- Updated borrower contact information, such as cell phone number and email address.

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- Added a new military service section to assist veterans seeking and qualifying for VA loan opportunities.
  - Made it easier to identify employer and self-employment information.
  - Included fields to collect more detailed information about the property and loan purpose, including refinance types, energy improvements, and project types.
  - Added amortization types and loan features describing the mortgage and loan terms.
  - Updated the acknowledgement, agreement, and authorization sections to benefit the consumer and industry participants who use the loan application (e.g., mortgage insurers).
  - Revised government monitoring information (ethnicity and race) in accordance with the new Home Mortgage Disclosure Act requirements issued by CFPB.

### **Next Steps**

The GSEs are targeting the summer of 2016 to publish the final redesigned URLA with the corresponding dataset (ULAD), and updates to each GSE's automated underwriting system specifications. Given the industry is working to comply with recent regulatory changes, there are no immediate plans to begin collecting the redesigned URLA or ULAD in 2016. The GSEs are currently planning the implementation timeline and will provide additional information in 2016.

If you have questions, please contact your Fannie Mae or Freddie Mac representative.