
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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Fannie Mae and Freddie Mac Launch Joint Effort to Improve Loan and Appraisal Data Collection New Program to Boost Risk Management Capabilities

Washington, DC - The Federal Housing Finance Agency (FHFA) has announced a major new initiative by Freddie Mac and Fannie Mae (the Enterprises) to improve the consistency and quality of data for appraisals and other loan information. This will enhance the depth of collateral, borrower and loan data submitted to the Enterprises. The Uniform Mortgage Data Program is a long-term, joint effort to create improved and uniform data standards and collection processes. The Enterprises have worked with industry participants to develop the uniform standards.

“FHFA directed the Enterprises to undertake the development of the standards to provide greater uniformity in the data they collect,” said FHFA Acting Director Edward J. DeMarco. “This initiative is a major step toward meeting industry requests for uniformity in appraisal and loan data. Improvements in data quality will benefit all mortgage market participants and strengthen the housing finance system.”

A common framework will increase efficiency for lenders while enabling the Enterprises to manage risk more effectively. The common data standards will provide uniformity for appraisers, mortgage lenders and servicers and other information providers in their data submissions to the Enterprises. This data standards program will be deployed by the Enterprises in phases, through a common platform, and provides for continued stakeholder input.

Each of the Enterprises has independently gathered input from seller-servicers, appraisers and other market participants on the need for improved data and consistency in data definitions. This input has been used to drive the uniform standards and the deployment approach and timeline.

With this announcement, the Enterprises will be gathering additional input on the program. The planned changes have been structured to leverage most existing originator and appraiser technologies and to facilitate increased use of electronic-based forms and documents in the mortgage process.

Under the program, data submitted to the Enterprises on loans sold to or guaranteed by them will include more complete and consistent data on:

- loan characteristics;
- borrower information;
- the property securing the loans; and,
- the identity of the parties creating the transaction.

“Fannie Mae and Freddie Mac will continue their own proprietary reviews of appraisal and loan information, using their own unique business models and policies,” said DeMarco. “However, we asked the Enterprises to work together to implement a common data protocol that will ultimately benefit borrowers, lenders and other market participants. Common data definitions, electronic data capture, and standardized data protocols will improve efficiency, lower costs and enhance risk monitoring. The uniform system includes protocols for incorporating new technologies and to meet new legal requirements.”

Attached is a Fact Sheet on the program that provides program information, timelines and details.

Fannie Mae program information may be found at:

<https://www.efanniemae.com/home/index.jsp>

Freddie Mac program information may be found at:

www.FreddieMac.com/sell/secmktg/uniform_mortgage.html

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.

Federal Housing Finance Agency

FACT SHEET ON UNIFORM MORTGAGE DATA PROGRAM

Objective of the Uniform Mortgage Data Program

The program aims to improve the consistency and quality of data for appraisals and other loan delivery information. It will also enhance the depth of collateral, borrower and loan information submitted to Freddie Mac and Fannie Mae (the Enterprises).

Consistent and accurate data is the root of informed decision-making throughout the mortgage origination and secondary sales processes. Joint single-family data standards improve the quality of data and provide consistency in the marketplace, while preserving each Enterprise's unique processes for using the data in risk management and other business decisions.

Objective of the Joint Enterprise Initiative

Fannie Mae and Freddie Mac, under the direction of FHFA, have created common data sets and Enterprise approaches for the electronic submission of appraisal and loan delivery data to

- facilitate industry adoption;
- reduce the amount of work for lenders in implementing requirements; and,
- create efficiencies for all market participants.

Fannie Mae and Freddie Mac will each continue to exercise independent business judgment in evaluating, adopting and maintaining business terms, credit policies and analytics.

Small and Large Lender Benefits

All lenders will benefit from a common approach to the data standards, file formats and data collection processes as this provides a smooth transition to new requirements. It is anticipated that both small and large lenders will benefit from increased operational efficiencies of creating one common delivery file format.

New Appraisal Data Standards and Existing Forms and Processes

The changes to existing appraisal forms are minimal and will improve the quality of data submitted by providing greater clarity in completing forms. The new appraisal data standards will be required for appraiser use beginning January 1, 2011. Appraisers will be able to update their appraisal software to ensure capturing the revised data definitions. Such updating has occurred in the past.

Program Development

The Enterprises met with a cross section of their customer bases—large and small firms, with form vendors, with appraisal industry representatives and with government agencies in working to develop the program. Program development will continue in additional meetings with market participants in the near term and extended interaction during the implementation phase set forth below.

Lender Submission of New Appraisal Data Electronically

The Enterprises have worked together in the creation of a common platform for delivery of appraisal data. More information about this shared platform will be provided by the Enterprises in the next few weeks.

Common Enterprise File for Loan Delivery

The Enterprises have created a common delivery data set to collect more source data at loan delivery utilizing the standard MISMO Version 3.0 file format. Adoption of a commonly understood data set will reduce ambiguities in the type and definition of data required for selling loans to the Enterprises.

Timeline and Effective Dates

Appraisal Data Delivery

- October 2010: Availability of joint system for the electronic delivery of appraisal data.
- January 1, 2011: New data standards for all single-family appraisal forms required on all loan applications.
- April 1, 2011: Electronic delivery of appraisal data required for all loans delivered on April 1 or later with application dates of January 1, 2011 or later.

Loan Delivery Data

- June 2010: New joint GSE data set specifications through MISMO Version 3.0 available.
- September 1, 2011: Required for all loans delivered to the GSEs.

Further announcements about both electronic appraisal data and the loan delivery data sets will be made by the Enterprises in the next few weeks.

Future Changes to Standards and File Formats

These joint data standards and the common electronic appraisal data capture platform will provide a stable and reliable basis for orderly evolution as new market needs come into play. The platform will be able to adapt to new standards and formats. A governance process for maintenance and change has been established by the Enterprises and envisions ongoing consultations with and input from market participants.

More Information

Lenders should use their established, regular primary point of contact at Fannie Mae or Freddie Mac for assistance with the Uniform Mortgage Data Program or refer to the following:

Fannie Mae program information:

<https://www.efanniemae.com/home/index.jsp>

Freddie Mac program information:

www.FreddieMac.com/sell/secmktg/uniform_mortgage.html