

Contents

- Document Purpose 2
- Validations Run Against the UCD 2
- Data Points Extracted..... 2
 - UCD Indicated Loan Category 3
 - Business Context 3
 - Extraction Description..... 3
 - Extraction Pseudocode 4
 - VA Amortization Type 5
 - Business Context 5
 - Extraction Description..... 5
 - Extraction PseudoCode 5
 - ARM attributes (Initial Rate Change Cap, Initial Rate Change Period, Subsequent Rate Change Cap, Subsequent Rate Change Period, LifeTime Rate Ceiling, LifeTime Rate Floor, Margin) 6
 - Business Context 6
 - Extraction Description..... 6
 - Extraction Pseudocode 6
 - Core Loan Information (Closing and Disbursement Dates, Interest Rate, Term, Total Loan Amount) 6
 - Business Context 6
 - Extraction Description..... 7
 - Extraction PseudoCode 7
 - Loan Numbers (Lender and UCD Indicated VA Loan Number) 7
 - Business Context 7
 - Extraction Description..... 7
 - Extraction Pseudocode 7
 - Loan Payment Information (Monthly Payment P&I, Monthly Payment T&I)..... 7
 - Business Context 7
 - Extraction Description..... 8
 - Extraction Pseudocode 8
 - Subject Property Information (State, StreetAddress, ZipCode)..... 8
 - Business Context 8
 - Extraction Description..... 8
 - Extraction PseudoCode 8

VA Funding Fee	9
Business Context	9
Extraction Description.....	9
Extraction Pseudocode	9
Purchase Specific Information (Purchase Price, DownPayment)	11
Business Context	11
Extraction Description.....	11
Extraction Pseudocode	11
Energy Improvement Funds.....	11
Business Context	11
Extraction Description.....	11
Extraction Pseudocode	12
Refinance Loan Payoffs and Payments	12
Business Context	12
Extraction Description.....	13
Extraction Pseudocode	13
Closing Costs	14
Business Context	14
Extraction Description.....	14
Extraction Pseudocode	14
General Lender Credits	16
Business Context	16
Extraction Description.....	16
Extraction Pseudocode	16

[Document Purpose](#)

This document details how LGY extracts information from the Uniform Closing Dataset (“UCD”) submitted with the loan remitted for guaranty. It is meant to foster transparency and certainty in the lending community by:

- Establishing best practices for how to populate the UCD for VA loans,
- Providing the lending community with the knowledge of how that data will be extracted and applied to VA business rules.

[Validations Run Against the UCD](#)

Prior to the extraction of data points from the provided UCD, an XML schema validation is performed against the UCD schema to confirm that the UCD is well formed XML conformant with the UCD XML schema.

[Data Points Extracted](#)

LGY extracts each of the following data points from the UCD provided with a loan Guaranty Remittance. The names of the data points the UCD data is extracted to are from the LGY data model for Guaranty Remittance.

Specifying a particular data point within the UCD/MISMO Reference Model 3.3 is often lengthy due to the long paths in the Reference Model. To assist, the following shorthand paths are established to simplify the paths to the data points and will be used throughout this section.

- LoanPath =
"MESSAGE/DOCUMENT_SETS/DOCUMENT_SET/DOCUMENTS/DOCUMENT/DEAL_SETS/DEAL_SET/DEALS/DEAL/LOANS/LOAN"
- SubjectPropertyPath =
"MESSAGE/DOCUMENT_SETS/DOCUMENT_SET/DOCUMENTS/DOCUMENT/DEAL_SETS/DEAL_SET/DEALS/DEAL/COLLATERALS/COLLATERAL/SUBJECT_PROPERTY"
- DealPath = "MESSAGE/DOCUMENT_SETS/DOCUMENT_SET/DOCUMENTS/DOCUMENT/DEAL_SETS/DEAL_SET/DEALS/DEAL"

UCD Indicated Loan Category

Business Context

The category of the loan being remitted is primarily determined by what the lender did in webLGY/LGY systems to generate the VA loan identification number ("LIN"). Purchase, cashout refinance and construction loans are determined by the type of appraisal ordered for the loan at which time the LIN for the prospective loan was generated. Interest Rate Reduction Refinance Loans (IRRRLs) are generated in webLGY/LGY systems by the specific lender action of ordering an IRRRL on the existing VA loan that is to be refinanced by the IRRRL.

Since different rules and regulations apply to the different loan categories, it is important that the category of the loan as closed matches the loan category of record based on appraisal/order IRRRL data. Accordingly, the UCD indicated loan category is extracted from the UCD data so it can be compared against the loan category of record based on the appraisal/order IRRRL data. A difference between the UCD indicated loan category and loan category of record based on appraisal/order IRRRL data will result in an exception being returned in the RemitLoanForGuaranty response.

Extraction Description

The loan category is determined from the UCD/MISMO Reference Model 3.3 (and as a result the closing disclosure) as follows:

Purchase loans – VA Purchase loans are straight forward to determine from the UCD/MISMO Reference Model 3.3. They are determined by:

- A LoanPurposeType = "Purchase" within the Loan/TERMS_OF_LOAN (on the Closing Disclosure this is reflected in the Purpose field of the Loan Information at the top of Page 1), and
- A ConstructionLoanIndicator = false within the Loan/LOAN_DETAIL (on the Closing Disclosure this is reflected in the Purpose field of the Loan Information at the top of Page 1)

Construction loans - VA Construction loans are also straight forward to determine from the UCD/MISMO Reference Model 3.3. They are determined by:

- A LoanPurposeType = "Purchase" within the Loan/TERMS_OF_LOAN (on the Closing Disclosure this is reflected in the Purpose field of the Loan Information at the top of Page 1), and
- A ConstructionLoanIndicator = True within the Loan/LOAN_DETAIL (on the Closing Disclosure this is reflected in the Purpose field of the Loan Information at the top of Page 1)

Refinance loans are straight forward to determine from the UCD/MISMO Reference Model 3.3. They are determined by:

- A LoanPurposeType = "Refinance" within the Loan/TERMS_OF_LOAN (on the Closing Disclosure this is reflected in the Purpose field of the Loan Information at the top of Page 1),

Distinguishing between cashout refinance and IRRRLs is much more nuanced. The general approach is to evaluate other UCD/MISMO Reference Model 3.3 data to see if it aligns with the refinance being an IRRRL and if it does not, then categorize it as a cashout refinance.

IRRRL loans – If the loan is indicated as a refinance in the UCD/MISMO Reference Model 3.3 data the following other things, then are checked to see if it conforms with being an IRRRL:

- The presence of one and only one UCD LIABILITY (on the Closing Disclosure for refinance loans, LIABILITIES are reflected as line items in the Payoffs and Payments section) where the LiabilityType = "FirstPositionMortgageLien". This check is performed since VA IRRRLs can only refinance the existing VA loan.
- The presence of no other UCD LIABILITIES (on the Closing Disclosure for refinance loans, LIABILITIES are reflected as line items in the Payoffs and Payments section) that are not marked as VA Energy Improvements (LiabilityType = "Other" and LiabilityTypeOtherDescription = "EnergyImprovements"). This check is performed since VA IRRRLs can only refinance the existing VA loan. If the IRRRL is refinancing a delinquent VA loan, late payments, late charges and any reasonable costs of legal action to terminate the prior loan are expected to be included within the one and only one FirstPositionMortgageLien liability.
- Subtracting the cash delivered to the borrower at closing in the UCD loan CLOSING_INFORMATION_DETAIL CashToBorrowerAtClosingAmount (on the Closing Disclosure this is reflected in Cash To Close in the Costs at Closing or Calculating Cash to Close where the To Borrower box is marked) from the sum of closing costs paid by the borrower prior to closing extracted from the UCD INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT where the IntegratedDisclosureSubsectionType =

“ClosingCostsSubtotal”, the IntegratedDisclosureSubsectionPaidByType = “Buyer” and the IntegratedDisclosureSubsectionPaymentTimingType = “BeforeClosing” (on the Closing Disclosure this is reflected in Closing Costs Subtotals (D + I) Before Closing column in Total Closing Costs (Borrower-Paid)). If that amount exceeds a threshold value (\$500), the loan is assumed to be a cashout refinance. This check is performed since VA IRRRLs may not return cash to the borrower.

Cashout refinance loans – If the loan is marked as a refinance loan in the UCD and it fails any of the IRRRL criteria it is a UCD indicated cashout refinance loan.

Extraction Pseudocode

// Determine the number of first position mortgage lien liabilities and any other non-energy improvement liabilities before the main logic of determining the loan category

CountofFirstPositionMortgageLienLiabilities = 0;

CountofNonEnergyImprovementNonFirstPositionMortgageLienLiabilites = 0;

For Each LIABILITY in DealPath/LIABILITIES

 If LIABILITY/LIABILITY_DETAIL/LiabilityType = "FirstPositionMortgageLien" Then

 CountofFirstPositionMortgageLienLiabilities = CountofFirstPositionMortgageLienLiabilities + 1;

 Else If

 Else If LIABILITY/LIABILITY_DETAIL/LiabilityType = “Other” AND LIABILITY/LIABILITY_DETAIL/LiabilityTypeOtherDescription != “EnergyImprovements” Then

 CountofNonEnergyImprovementNonFirstPositionMortgageLienLiabilites =
CountofNonEnergyImprovementNonFirstPositionMortgageLienLiabilites + 1

 Else If LIABILITY/LIABILITY_DETAIL/LiabilityType is != “Other” Then

 CountofNonEnergyImprovementNonFirstPositionMortgageLienLiabilites =
CountofNonEnergyImprovementNonFirstPositionMortgageLienLiabilites + 1

 End If

End For // liability loop to determine counts of liability types

//Determine cash to borrower after subtracting out closing costs paid before closing

CashToBorrowerAtClosing = LoanPath/CLOSING_INFORMATION/CLOSING_INFORMATION_DETAIL/CashToBorrowerAtClosingAmount

PreClosingBorrowerPaidClosingCosts = 0;

For Each INTEGRATED_DISCLOSURE_SECTION_SUMMARY in LoanPath/
DOCUMENT_SPECIFIC_DATA_SETS/DOCUMENT_SPECIFIC_DATA_SET/INTEGRATED_DISCLOSURE/INTEGRATED_DISCLOSURE_SECTION_SUMMARIES/

For Each INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT in INTEGRATED_DISCLOSURE_SECTION_SUMMARY/
INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS

If INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT/IntegratedDisclosureSubsectionType = “ClosingCostsSubtotal” AND
INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT/IntegratedDisclosureSubsectionPaidByType = “Buyer” AND
INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT/ IntegratedDisclosureSubsectionPaymentTimingType = “BeforeClosing” Then

 PreClosingBorrowerPaidClosingCosts = PreClosingBorrowerPaidClosingCosts + INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT/
IntegratedDisclosureSubsectionPaymentAmount

End If

End For // integrated disclosure subsection payments

End For // integrated disclosure section summaries

//Main loan category determining logic

```

If LoanPath/TERMS_OF_LOAN/LoanPurposeType = "Purchase" AND LoanPath/LOAN_DETAIL/ConstructionLoanIndicator = false Then
    NewLoan.UCDIndicatedLoanCategory = "Purchase"

Else If LoanPath/TERMS_OF_LOAN/LoanPurposeType = "Purchase" AND LoanPath/LOAN_DETAIL/ConstructionLoanIndicator = true Then
    NewLoan.UCDIndicatedLoanCategory = "Construction"

Else If LoanPath/TERMS_OF_LOAN/LoanPurposeType = "Refinance" AND CountofFirstPositionMortgageLienLiabilities = 1 AND
CountofNonEnergyImprovementNonFirstPositionMortgageLienLiabilites = 0 AND CashToBorrowerAtClosing –
PreClosingBorrowerPaidClosingCosts < 500 THEN
    NewLoan.UCDIndicatedLoanCategory = "IRRRRL"

Else
    NewLoan.UCDIndicatedLoanCategory = "Cashout Refinance"

End If

```

VA Amortization Type

Business Context

The amortization type of the loan is extracted both as core loan data for the loan remitted for guaranty and as an input into the determination of whether a refinance loan provides a net tangible benefit to the Veteran.

Extraction Description

The VA Amortization type is extracted from the UCD/MISMO Reference Model 3.3 data according to the following mapping rules

VA "Fixed Rate" loans – determined when the UCD loan AMORTIZATION_RULE AmortizationType = "Fixed" (Reflected on the Closing Disclosure in the Product field of the Loan Information at the top of Page 1)

VA "Traditional ARM" loans – determined when the UCD loan AMORTIZATION_RULE AmortizationType = "AdjustableRate" (Reflected on the Closing Disclosure in the Product field of the Loan Information at the top of Page 1) and loan INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE FirstRateChangeMonthsCount = 12 (Reflected on the Closing Disclosure in the Limits on Interest Rate - Change Frequency - First Change section)

VA "Hybrid ARM" loans – determined when the UCD loan AMORTIZATION_RULE AmortizationType = "AdjustableRate" (Reflected on the Closing Disclosure in the Product field of the Loan Information at the top of Page 1) and loan INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE FirstRateChangeMonthsCount != 12 (Reflected on the Closing Disclosure in the Limits on Interest Rate - Change Frequency - First Change section)

VA "GEM" loans - determined when the UCD loan AMORTIZATION_RULE AmortizationType = "GEM" (Reflected on the Closing Disclosure in the Product field of the Loan Information at the top of Page 1)

VA "GPM" loans - determined when the UCD loan AMORTIZATION_RULE AmortizationType = "GPM" (Reflected on the Closing Disclosure in the Product field of the Loan Information at the top of Page 1)

TODO – What todo with UCD Step and GraduatedPaymentARM loans?

Extraction PseudoCode

```

IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "Fixed" Then NewLoan.AmortizationType = "Fixed Rate"

ELSE IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "AdjustableRate" AND LoanPath/
/ADJUSTMENT/INTEREST_RATE_ADJUSTMENT/INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE/FirstRateChangeMonthsCount = 12 Then
NewLoan.AmortizationType = "Traditional ARM"

ELSE IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "AdjustableRate" Then NewLoan.AmortizationType = "Hybrid
ARM"

ELSE IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "GPM" Then NewLoan.AmortizationType = "GPM"

ELSE IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "GEM" Then NewLoan.AmortizationType = "GEM"

ELSE IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "GraduatedPaymentARM" Then NewLoan.AmortizationType =
"?" //Error?

ELSE IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "Step" Then NewLoan.AmortizationType = "?" //Error?

```

ARM Attributes (Initial Rate Change Cap, Initial Rate Change Period, Subsequent Rate Change Cap, Subsequent Rate Change Period, LifeTime Rate Ceiling, LifeTime Rate Floor, Margin)

Business Context

With Guaranty Remittance, LGY will start collecting more detailed characteristics about adjustable rate VA-guaranteed loans. This information will allow LGY to better understand both how their portfolio is impacted by changing interest rate environments and how specific Veterans will be impacted by upcoming payment resets.

Extraction Description

In the UCD/MISMO Reference Model 3.3, the characteristics describing how/when adjustable rate mortgage payment resets occur are modeled in two INTEREST_RATE_PER_CHANGE_ADJUSTMENT_RULES, one rule for the first adjustment and one rule for subsequent adjustments (reflected in the Closing Disclosure in the Adjustable Interest Rate Table Change Frequency and Limits on Interest Rate Changes).

Additionally, lifetime ARM characteristics are modeled in the UCD/MISMO Reference Model 3.3 as attributes in an INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE (reflected in the Closing Disclosure in the Adjustable Interest Rate Table Index + Margin and Minimum/Maximum Interest Rates)

TODO – Confirm with LOB that we do not need to capture the index because it is assumed to be FRB rate

Extraction Pseudocode

```
IF LoanPath/AMORTIZATION/AMORTIZATION_RULE/AmortizationType = "AdjustableRate" Then

    //Loop through the interest rate adjustment rules to separate out the rules for the first and subsequent adjustments

    For Each InterestRateAdjustmentRule in
    LoanPath//ADJUSTMENT/INTEREST_RATE_ADJUSTMENT/INTEREST_RATE_PER_CHANGE_ADJUSTMENT_RULES/

        If InterestRateAdjustmentRule/AdjustmentRuleType = "First" Then

            NewLoan.ARMInitialRateChangeCap = InterestRateAdjustmentRule/PerChangeMaximumIncreaseRatePercent

            NewLoan.ARMInitialRatePeriod =
            InterestRateAdjustmentRule/PerChangeRateAdjustmentFrequencyMonthsCount

            End If

            If InterestRateAdjustmentRule/AdjustmentRuleType = "Subsequent" Then

                NewLoan.ARMPerChangeRateCap = InterestRateAdjustmentRule/PerChangeMaximumIncreaseRatePercent

                NewLoan.ARMSubsequentRateChangeFrequency =
                InterestRateAdjustmentRule/PerChangeRateAdjustmentFrequencyMonthsCount

                End If

            End For

            // Get Lifetime ARM characteristics, RateCeiling, RateFloor, Margin

            NewLoan.ARMLifetimeRateCeiling = LoanPath/
            ADJUSTMENT/INTEREST_RATE_ADJUSTMENT/INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE/CeilingRatePercent

            NewLoan.ARMLifetimeRateFloor = LoanPath/
            ADJUSTMENT/INTEREST_RATE_ADJUSTMENT/INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE/FloorRatePercent

            NewLoan.ARMMargin = LoanPath/
            ADJUSTMENT/INTEREST_RATE_ADJUSTMENT/INTEREST_RATE_LIFETIME_ADJUSTMENT_RULE/MarginRatePercent

        End If //ARM Data Mapping
```

Core Loan Information (Closing and Disbursement Dates, Interest Rate, Term, Total Loan Amount)

Business Context

Core loan data including the closing and disbursement dates, the interest rate and term of the loan and total loan amount are extracted from the UCD to establish core data on the loan to be guaranteed.

Extraction Description

The closing and disbursement dates of the loan are extracted from the CLOSING_INFORMATION_DETAIL in the UCD/MISMO Reference Model 3.3 (reflected in the Closing Disclosure in the Closing Information at the top of page 1)

The interest rate and total loan amount are extracted from the TERMS_OF_LOAN in the UCD/MISMO Reference Model 3.3 (reflected in the Closing Disclosure in the Loan Terms section on page 1)

The term of the loan is modeled in the maturity rule in the UCD/MISMO Reference Model 3.3 (reflected in the Closing Disclosure in Loan Information at the top of page 1)

Extraction PseudoCode

```
//Extract the closing date for the loan
```

```
NewLoan.ClosingDate = LoanPath/CLOSING_INFORMATION/CLOSING_INFORMATION_DETAIL/ClosingDate
```

```
//Extract the disbursement date for the loan
```

```
NewLoan.DisbursementDate = LoanPath/CLOSING_INFORMATION/CLOSING_INFORMATION_DETAIL/DisbursementDate
```

```
//Extract the interest rate for the loan
```

```
NewLoan.InterestRate = LoanPath/TERMS_OF_LOAN/NoteRatePercent
```

```
//Extract the total amount financed by the lender (aka Total Loan Amount)
```

```
NewLoan.TotalAmountFinancedByLender = LoanPath/TERMS_OF_LOAN/NoteAmount
```

```
//Extract the term of the loan
```

```
NewLoan.Term = LoanPath/MATURITY/MATURITY_RULE/LoanMaturityPeriodCount
```

Loan Numbers (Lender and UCD Indicated VA Loan Number)

Business Context

The lender loan number is extracted from the UCD so it can be stored with LGY data on the loan and facilitate lender identification of the loan when viewing it in webLGY.

The VA loan number is extracted from the UCD as a check against the VA Loan Number provided in the API request to confirm that those numbers are the same. If they differ the API response will return an exception.

Extraction Description

Loan Numbers, both lender assigned and VA assigned, are modeled in the UCD/MISMO Reference Model 3.3 as individual LOAN_IDENTIFIERS of type LenderLoan and AgencyCase respectively (reflected in the Closing Disclosure in Loan Information – Loan ID # for the lender loan number and loan information – MIC # at the top of page 1)

Extraction Pseudocode

```
//Loop through the loan identifiers to find the Lender loan identifier
```

```
For Each LOAN_IDENTIFIER in LoanPath/LOAN_IDENTIFIERS/
```

```
    If LOAN_IDENTIFIER/LoanIdentifierType = "LenderLoan" Then
```

```
        NewLoan.LenderLoanNumber = LOAN_IDENTIFIER/LoanIdentifier
```

```
    Else If LOAN_IDENTIFIER/LoanIdentifierType = "AgencyCase" Then
```

```
        NewLoan.UCDVALoanNumber = LOAN_IDENTIFIER/LoanIdentifier
```

```
    End If
```

```
End For // Loan Identifiers Loop to find the lender loan number and UCD indicated VA Loan Number
```

Loan Payment Information (Monthly Payment P&I, Monthly Payment T&I)

Business Context

The monthly principal and interest payment amount along with the amount of the monthly payment for escrowed items are extracted from the UCD and used in the calculations of net tangible benefits for the Veteran, the fee recoupment period for refinance loans and determining

whether an IRRRL has increased the total payment by more than 20% (requiring a certification that the borrower qualifies for the higher payment).

Extraction Description

The initial monthly principal and interest amount and escrow amount are modeled in the UCD/MISMO Reference model 3.3 as the first of projected payments for the loan in the INTEGRATED_DISCLOSURE/PROJECTED_PAYMENTS of the loan, or alternately put as the projected payment for the period that starts in year 1 of the loan. The frequency and amounts of the payments in the period are separately stored. Most typically, the frequency is monthly and the amount is therefore the monthly amount. If the payment frequency is weekly or biweekly the amount is converted to a monthly amount by multiplying by 4 or 2. (These payment amounts (principal and interest, estimated escrow) are reflected in the Closing Disclosure Projected Payments Section in the Payment Calculation for the payment starting in year 1.

Extraction Pseudocode

```
// Cycle through the projected payments

For each PROJECTED_PAYMENT in
LoanPath/DOCUMENT_SPECIFIC_DATA_SETS/DOCUMENT_SPECIFIC_DATA_SET/INTEGRATED_DISCLOSURE/PROJECTED_PAYMENTS

//Find the one that starts in year 1

If PROJECTED_PAYMENT/ProjectedPaymentCalculationPeriodStartNumber = 1 Then

// Depending on the payment frequency type, map/calculate the payment

If PROJECTED_PAYMENT/PaymentFrequencyType = "Monthly" Then

NewLoan.MonthlyPaymentAmountPI = PROJECTED_PAYMENT/ ProjectedPaymentPrincipalAndInterestMaximumPaymentAmount

NewLoan.MonthlyPaymentAmountTI = PROJECTED_PAYMENT/ ProjectedPaymentEstimatedEscrowPaymentAmount

Else If PROJECTED_PAYMENT/PaymentFrequencyType = "BiWeekly" Then

NewLoan.MonthlyPaymentAmountPI = PROJECTED_PAYMENT/ ProjectedPaymentPrincipalAndInterestMaximumPaymentAmount * 2

NewLoan.MonthlyPaymentAmountTI = PROJECTED_PAYMENT/ ProjectedPaymentEstimatedEscrowPaymentAmount * 2

Else If PROJECTED_PAYMENT/PaymentFrequencyType = "Weekly" Then

NewLoan.MonthlyPaymentAmountPI = PROJECTED_PAYMENT/ ProjectedPaymentPrincipalAndInterestMaximumPaymentAmount * 4

NewLoan.MonthlyPaymentAmountTI = PROJECTED_PAYMENT/ ProjectedPaymentEstimatedEscrowPaymentAmount * 4

End If // payment frequency type

End If // projected payment that starts in year 1

End For //Loop through projected payments
```

Subject Property Information (State, StreetAddress, ZipCode)

Business Context

The authoritative address for the subject property of a loan remitted for guaranty is the address as described in the VA appraisal performed on that property. (Or in the case of IRRRLs the address for the property as described in existing LGY data for the loan being refinanced). The property address is extracted from the UCD so it can be compared against the authoritative address for the property to ensure that the loan closed by the lender was on the property that was appraised (and for which reasonable value was established) or in the case of an IRRRL on the subject property of the loan being refinanced.

Extraction Description

Address information for the subject property is present in the UCD/MISMO Reference Model 3.3 in the ADDRESS associated with the subject property of the loan (See the UCD/MISMO Reference Model 3.3 path to the subject property in the SubjectPropertyPath as defined above). This information is reflected in the Closing Disclosure in the Closing Information – Property field resident at the top left of page 1).

Extraction PseudoCode

```
// Retrieve Information about the subject property of the loan

NewLoan.Property.UCD.State = SubjectPropertyPath/ADDRESS/StateCode

NewLoan.Property.UCD.StreetAddress = SubjectPropertyPath/ADDRESS/AddressLineText
```


NewLoan.Property.UCD.ZipCode = SubjectPropertyPath/ADDRESS/PostalCode

VA Funding Fee

Business Context

Three key pieces of information about the funding fee collected by the lender in association with the closing of the loan are extracted from the UCD/MISMO Reference Model 3.3 data. These are:

- The amount of funding fee collected from the borrower that was included in the total loan amount
- The amount of funding fee collected from the borrower that was not included in the total loan amount.
- The amount of funding fee collected from entities other than the borrower (accordingly, also not included in the loan amount).

The information is collected so LGY can determine whether the total amount of the funding fee collected by the lender in association with the closing of the loan was the correct amount to be collected (after it is compared to LGY's internal computation of the correct funding fee required for the loan). If the lender overcollected the funding fee at closing, determine the measures needed to make the borrower(s) whole and if a too high of a funding fee was included in the loan amount, determine measures needed to allow the loan to be guaranteed.

Extraction Description

Generally, the VA funding fee is represented in the UCD/MISMO Reference Model 3.3 as a FEE item with a specific FeeType of "VAFundingFee" in the FEE_DETAIL for that fee. (Reflected on the Closing Disclosure in Section B. Services Borrower Did Not shop For with a line item for VA Funding Fee). From that FEE information, the amount of the fee, whether it was paid for by the borrower, and whether it was paid at or outside of closing is explicit.

What is not explicit and must be derived is the portion of the borrower paid funding fee at closing that was paid in cash versus being included in the total loan amount. The methodology to determine that is:

1. Determine the total closing costs that were financed. This value is extracted from the UCD/MISMO Reference Model 3.3 from the IntegratedDisclosureCashToCloseItemFinalAmount for the CASH_TO_CLOSE item with an IntegratedDisclosureCashToCloseItemtype = "ClosingCostsFinanced" (Reflected on the Closing Disclosure by Calculating Cash to Close Item - Closing Cost Financed)
2. Subtract any Energy Efficient Mortgage (EEM) amounts payable to escrow for EEM work incomplete at time of closing or as reimbursement to a borrower for EEM work paid for by the borrower prior to closing. Those amounts are extracted from the UCD/MISMO Reference Model 3.3 as FEEs for the loan with a FeeType = "Other" and FeeTypeOtherDescription = "EnergyImprovements" (Reflected on the Closing Disclosure in Section H Other Costs). EEM amounts equal to or less than \$6000 are assumed to be added to the loan amount.
3. If the resulting value (closing costs financed not allocated to EEM) is greater than or equal to the borrower paid funding fee at closing, then the full amount of the borrower paid funding fee at closing is treated as included in the total loan amount. If the resulting value is less than the borrower paid funding fee at closing, then the amount of the funding fee considered to be included in the loan amount is the resulting value and the amount of the funding fee considered to be paid in cash is the borrower paid funding fee at closing less the resulting value.

Accordingly, the:

- Amount of the funding fee collected from entities other than the borrower is the sum of the VAFundingFee FEEs where the FeePaymentPaidByType is not the Borrower (e.g. Lender, Seller or ThirdParty).
- Amount of funding fee collected from the borrower that was not included in the total loan amount is the sum of the VAFundingFee FEEs where the FeePaymentPaidByType is the borrower but the FeePaymentPaidOutsideOfClosingIndicator is True plus the amount of VAFundingFee paid by the borrower at closing considered to be paid in cash per the algorithm above.
- Amount of the funding fee collected from the borrower that was included in the total loan amount is the amount of VAFundingFee paid by the borrower at closing considered to be as included in the total loan amount per the algorithm above.

Extraction Pseudocode

```
// Begin specification pseudo-code to extract VA Funding Fee Information
```

```
// Retrieve information about the funding fee for the loan by cycling through the FEEs on the loan finding the one with the VAFundingFee type
```

```
BuyerPaidFFATClosingAmount = 0;
```

```
BuyerPaidFFOutsideClosingAmount = 0;
```

```
OtherPaidFF = 0;
```

```
For each FEE in LoanPath/FEE_INFORMATION/FEES
```

```

If FEE/FEE_DETAIL/FeeType = "VAFundingFee" Then
//loop through each payment for the FEE
For Each FEE_PAYMENT in FEE/FEE_PAYMENTS
    If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" AND FEE_PAYMENT/FeePaymentPaidOutsideOfClosingIndicator= false Then
        BuyerPaidFFATClosingAmount = BuyerPaidFFATClosingAmount + FEE_PAYMENT/FeeActualPaymentAmount
    Else If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" AND FEE_PAYMENT/FeePaymentPaidOutsideOfClosingIndicator= true Then
        BuyerPaidFFOutsideClosingAmount = BuyerPaidFFOutsideClosingAmount + FEE_PAYMENT/FeeActualPaymentAmount
    Else
        OtherPaidFF = OtherPaidFF + FEE_PAYMENT/FeeActualPaymentAmount
    End If
End For //fee payments loop
End If // if fee type is VA funding Fee
End For //Fee Loop
//Determine the total closing costs financed by looping through cash to close items and finding the one for ClosingCostsFinanced
ClosingCostsFinancedAmount = 0;
For Each CASH_TO_CLOSE_ITEM in
LoanPath/DOCUMENT_SPECIFIC_DATA_SETS/DOCUMENT_SPECIFIC_DATA_SET/INTEGRATED_DISCLOSURE/CASH_TO_CLOSE_ITEMS
    If CASH_TO_CLOSE_ITEM/IntegratedDisclosureCashToCloseItem Type = "ClosingCostsFinanced" Then
        ClosingCostsFinancedAmount = ClosingCostsFinancedAmount +
CASH_TO_CLOSE_ITEM/IntegratedDisclosureCashToCloseItemFinalAmount
    End If
End For // Cash to close item loop
//subtract and closing cost modeled energy improvement amounts
If ClosingCostEnergyImprovementsAddedToLoanAmount > 6000 Then
    ClosingCostsFinancedAmountLessEEM = ClosingCostsFinancedAmount – 6000
Else
    ClosingCostsFinancedAmountLessEEM = ClosingCostsFinancedAmount - ClosingCostEnergyImprovementsAddedToLoanAmount
End If
If ClosingCostsFinancedAmountLessEEM >= BuyerPaidFFATClosingAmount Then
    NewLoan.FundingFee.AmountAddedToLoanAmount = BuyerPaidFFATClosingAmount
Else
    NewLoan.FundingFee.AmountAddedToLoanAmount = ClosingCostsFinancedAmountLessEEM;
    NewLoan.FundingFee.AmountNotFinancedPaidByBorrowers = (BuyerPaidFFATClosingAmount –
ClosingCostsFinancedAmountLessEEM) + BuyerPaidFFOutsideClosingAmount
End If
NewLoan.FundingFee.AmountNotFinancedPaidByOthers = OtherPaidFF;

```

// End specification pseudo-code to extract VA Funding Fee Information

Purchase Specific Information (Purchase Price, DownPayment)

Business Context

For purchase loans, the purchase price and the amount of any down payment on the loan is extracted from the UCD in order to calculate the base loan amount, funding fee and guaranty amount.

Extraction Description

The purchase price for a purchase loan is modeled in the UCD/MISMO Reference Model 3.3 as the Sales Contract Amount on the Sales Contract of the subject property of the loan (reflected in the Closing Disclosure in Section K. Due from Borrower at Closing - Sale Price of Property as well as Sale Price in Closing Information at the top of page 1).

The down payment for a purchase loan is modeled in the UCD/MISMO Reference Model 3.3 as a cash to close item with a type of DownPayment (reflected in the Closing Disclosure as a Down Payment / Funds From Borrower line item in Calculating Cash to Close).

Extraction Pseudocode

// Retrieve Information specific to Purchase Loans

If LoanPath/TERMS_OF_LOAN/LoanPurposeType = "Purchase"

 //Extract the purchase price of the property on the loan

 NewLoan.PurchasePrice =

SubjectPropertyPath/SALES_CONTRACTS/SALES_CONTRACT/SALES_CONTRACT_DETAIL/SalesContractAmount

 //Extract the down payment on the loan by looping through the cash to close items and finding the down payment one

 For Each CASH_TO_CLOSE_ITEM in

LoanPath/DOCUMENT_SPECIFIC_DATA_SETS/DOCUMENT_SPECIFIC_DATA_SET/INTEGRATED_DISCLOSURE/CASH_TO_CLOSE_ITEMS

 If CASH_TO_CLOSE_ITEM/IntegratedDisclosureCashToCloseItemtype = "DownPayment" Then

 NewLoan.DownPaymentAmount = CASH_TO_CLOSE_ITEM/IntegratedDisclosureCashToCloseItemFinalAmount

 End If

 End For // Loop through cash to close items to find the down payment one

End If

Energy Improvement Funds

Business Context

Energy efficiency improvement funds included in the loan amount can be applied in the following ways at closing:

- Payment into an escrow account to fund the energy improvement work that has not yet been paid for at the time the loan closed.
- Reimbursement to the obligor for cash spent by the obligor to fund energy improvement work that was paid for prior to the loan closing.

Extracting the amount of energy improvement funds (up to the allowed \$6000) added to the loan amount is necessary to accurately calculate the guaranty amount for the loan remitted for guaranty.

Extraction Description

The UCD/MISMO Reference Model 3.3 provides no specific home for Guarantable Energy Improvements (as it does for example with the VA funding fee). Instead, the extraction of energy improvement amounts is guided by how those funds were applied at closing.

Energy improvement funds paid into escrow for work not yet paid for at time of closing are modeled in UCD/MISMO Reference Model 3.3 as FEEs with a type of "Other" and OtherTypeDescription of "EnergyImprovements" (reflected in the Closing Disclosure in H. Other Closing Costs (buyer paid at closing). This amount is furthermore expected to be included in the total closing costs financed IntegratedDisclosureCashToCloseItemFinalAmount for the CASH_TO_CLOSE item with an IntegratedDisclosureCashToCloseItemtype = "ClosingCostsFinanced" (Reflected on the Closing Disclosure by Calculating Cash to Close Item - Closing Cost Financed).

Energy improvement funds being reimbursed to the obligor for cash spent by the obligor prior to closing to fund the energy improvement work is modeled in UCD/MISMO Reference Model 3.3 as FEEs with a type of "Other" and OtherTypeDescription of "EnergyImprovements" (reflected in the Closing Disclosure in H. Other Closing Costs (buyer paid before closing). This amount is furthermore expected to be included in the total closing costs financed IntegratedDisclosureCashToCloseItemFinalAmount for the CASH_TO_CLOSE item with an

IntegratedDisclosureCashToCloseItemType = "ClosingCostsFinanced" (Reflected on the Closing Disclosure by Calculating Cash to Close Item - Closing Cost Financed).

Energy efficiency projects can sometimes exceed the maximum \$6000 that can be added to the loan amount with subsequent increase in guaranty. As a result, when extracting energy improvement amounts, LGY will cap the total energy improvement amount for purposes of calculating guaranty at \$6,000. It is important to note that for energy improvements modeled as FEEs (H. Other Costs) only a total amount of \$6,000 should be added to the total closing costs financed. For example, if a \$10,000 energy improvement project was funded at escrow, the FEE/Other Cost would reflect the \$10,000 but only \$6,000 added to the total closing costs financed. The remaining \$4,000 would then be expected to be accounted for in cash from the borrower (or possibly reduced cash to the borrower in the case of a cashout refinance).

Extraction Pseudocode

```
//Extract any Energy improvement funds paid into escrow for work not yet paid for at time of closing or Energy improvement funds being reimbursed to the obligor for cash spent by the obligor prior to closing
```

```
ClosingCostEnergyImprovementsAddedToLoanAmount = 0;
```

```
//Loop through the FEEs looking for Energy Improvement Amounts
```

```
For each FEE in LoanPath/FEE_INFORMATION/FEES
```

```
If FEE/FEE_DETAIL/FeeType = "Other" FEE/FEE_DETAIL/FeeTypeOtherDescription = "EnergyImprovements" Then
```

```
For Each FEE_PAYMENT in FEE/FEE_PAYMENTS
```

```
If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" Then // Does this really need to be here? If seller paid for it could it still be added to loan amount?
```

```
    ClosingCostEnergyImprovementsAddedToLoanAmount = ClosingCostEnergyImprovementsAddedToLoanAmount +  
    FEE_PAYMENT/FeeActualPaymentAmount
```

```
End If // Buyer paid EEM Fees If
```

```
End For // Fee Payment Loop
```

```
End If // Other/EnergyImprovements Fees check
```

```
End For // Fee Loop
```

```
//Finally cap the energy improvement amount at the statutory maximum
```

```
If ClosingCostEnergyImprovementsAddedToLoanAmount > 6000 Then
```

```
    //Note the excess
```

```
    NewLoan.EnergyImprovementAmountAboveEEMThreshold = 6000 - ClosingCostEnergyImprovementsAddedToLoanAmount
```

```
    // cap the energy improvement amount at the statutory maximum
```

```
    NewLoan.EnergyImprovementsAddedToLoanAmount = 6000
```

```
Else
```

```
    NewLoan.EnergyImprovementsAddedToLoanAmount = ClosingCostEnergyImprovementsAddedToLoanAmount
```

```
End If
```

Refinance Loan Payoffs and Payments

Business Context

Payoffs and payments made in association with the origination of a refinance loan are bucketed into two categories:

- Payoffs of existing liens and loans on the subject property of the loan remitted for guaranty
- Payoffs and payments of other debts being setting with the proceeds of the loan remitted for guaranty

This distinction is made so that refinance loans that are not IRRRLs can have their type (TYPE-1 or TYPE-2) accurately calculated. TYPE-1 cashout refinances compare the total loan amount versus the payoffs of existing liens and loans on the subject property of the loan remitted for guaranty but exclusive of other debt payoffs and payments.

Extraction Description

In the UCD/MISMO Reference Model 3.3, payoffs and payments made in association with the origination of a refinance loan are modeled as LIABILITIES associated with the deal (the deal encompasses the full loan transaction including the new loan being originated as well as things associated with that new loan but not attributes of it like payoffs of the existing loan or other debt payments). In the Closing Disclosure LIABILITIES are reflected in Payoffs and Payments aggregating to a total in Section K.

LIABILITIES with the following LiabilityTypes are considered payoffs of existing liens and loans on the subject property of the loan remitted for guaranty:

- FirstPositionMortgageLien,
- SecondPositionMortgageLien,
- ThirdPositionMortgageLien,
- HomeOwnersAssociationLien,
- HELOC, or
- TaxLien

LIABILITIES with the following LiabilityTypes are considered payoffs and payments of debts or loans not secured by the subject property of the loan remitted for guaranty:

- CollectionsJudgmentsAndLiens,
- DeferredStudentLoan,
- DelinquentTaxes,
- Garnishments,
- Installment,
- LeasePayment,
- MortgageLoan,
- Open30DayChargeAccount,
- Other,
- PersonalLoan,
- Revolving,
- Taxes,
- UnsecuredHomeImprovementLoanInstallment,
- UnsecuredHomeImprovementLoanRevolving

Notably, LIABILITIES with a LiabilityType of Other and a LiabilityTypeOtherDescription of EnergyImprovements reflecting payoffs of EEM debts for work performed prior to the closing date are excluded from payoffs and payments of debts or loans not secured by the subject property of the loan remitted for guaranty. However, if the loan has EEM amounts above the \$6,000 threshold, the excess amount is added to this value.

TODO – Confirm with LOB on liability type bucketing

Extraction Pseudocode

```
// Get the Refinanced Loan Lien Payoff Amounts along with the Non-Lien Payoff Amount by cycling through the LIABILITIES on the loan
```

```
NewLoan.NonLienPayoffAmount = 0;
```

```
NewLoan.RefinedLoanLienPayoffAmount = 0;
```

```
For Each LIABILITY in DealPath/LIABILITIES
```

```
    If LIABILITY/LIABILITY_DETAIL/LiabilityType is NOT IN ("FirstPositionMortgageLien", "SecondPositionMortgageLien",  
"ThirdPositionMortgageLien", "HomeOwnersAssociationLien", "TaxLien", "Other") Then
```

```
        NewLoan.NonLienPayoffAmount = NewLoan.NonLienPayoffAmount + LIABILITY/PAYOFF/PayoffAmount
```

```
    Else If LIABILITY/LIABILITY_DETAIL/LiabilityType = "Other" AND LIABILITY/LIABILITY_DETAIL/LiabilityTypeOtherDescription !=  
"EnergyImprovements" Then
```

```
        NewLoan.NonLienPayoffAmount = NewLoan.NonLienPayoffAmount + LIABILITY/PAYOFF/PayoffAmount
```

```
    Else If LIABILITY/LIABILITY_DETAIL/LiabilityType is IN ("FirstPositionMortgageLien", "SecondPositionMortgageLien",  
"ThirdPositionMortgageLien", "HomeOwnersAssociationLien", "TaxLien") Then
```

```
        NewLoan.RefinedLoanLienPayoffAmount = NewLoan.RefinedLoanLienPayoffAmount + LIABILITY/PAYOFF/PayoffAmount
```

End If

End For //Liabilities loop

Closing Costs

Business Context

Certain closing costs on IRRRLs and Type-1 VA cashout refinance loans must be able to be recouped by a lower payment amount within 36 months. Additionally, some closing costs are subject to specific rules like a maximum of 2 discount points included in the total loan amount or factor in to the determination of whether a net tangible benefit is being provided to the obligor as a result of the refinance. Accordingly, closing costs are extracted to the following buckets:

- Discount points Included in the loan amount (subject to recoupment, maximum of 2, influences net tangible benefit)
- Discount points not included in the loan amount (subject to recoupment)
- Closing costs associated with escrow and prepaid items included in the loan amount (not subject to recoupment but extracted to provide a full breakdown of the subcomponents of the total loan amount)
- Closing costs exclusive of discount points, the VA funding fee, escrow and prepaid items (subject to recoupment)
 - Amount included in the loan amount
 - Amount not included in the loan amount
- VA funding fee
 - Amount included in the loan amount
 - Amount paid by the borrower not included in the loan amount
 - Amount paid by others (not included in the loan amount)
- Energy improvement funds payable to escrow for work uncomplete at time of origination or reimbursable to the borrower for borrower paid energy improvements completed prior to loan closing.

Extraction Description

Closing costs associated with escrow and prepaid items are modeled in the UCD/Reference Model 3.3. as ESCROW_ITEMS and PREPAID_ITEMS on the loan (reflected in the Closing Disclosure as line items in G. Initial Escrow Payment at Closing and F. Prepaids respectively). None of these ESCROW_ITEMS or PREPAID are included in fees subject to recoupment.

Closing costs that are not escrow and prepaid items are modeled in the UCD/Reference Model 3.3 as FEEs on the loan (reflected in the Closing Disclosure as line items in A. Origination Charges, B. Services Borrower Did Not Shop For, C. Services Borrower Did Shop For, E. Taxes and Other Government Fees and H. Other). FEEs in the UCD/Reference Model 3.3 include an attribute detailing who paid the fee FeePaymentPaidByType (reflected in the Closing Disclosure as the Borrower Paid or Paid By Others columns) and whether the FEE was paid at or outside of closing FeePaymentPaidOutsideOfClosingIndicator (reflected in the Closing Disclosure as the At Closing or Before Closing Columns).

Accordingly,

- Buyer-paid closing costs exclusive of discount points, the funding fee, escrow and prepaids that are included in the loan amount are extracted by summing the amounts of FEEs in the UCD where the fee type is not VAFundingFee or discount points (extracted separately) and the fee is paid by the borrower at closing and,
- Buyer-paid closing costs exclusive of discount points, the funding fee, escrow and prepaids that are NOT included in the loan amount are extracted by summing the amounts of FEEs in the UCD where the fee type is not VAFundingFee or discount points (extracted separately) and the fee is paid by the borrower outside of closing.

Extraction Pseudocode

```
//Extract the Escrows and Prepaids included in the loan amount by looping through the prepaid items on the loan and locating borrower paid items at closing and also looping through the escrow items on the loan and locating borrower paid items at closing, summing them together and subtracting out whatever escrow aggregate adjustment is present
```

```
NewLoan.EscrowsPrepaidsIncludedInLoanAmount = 0
```

```
//First add in the prepaid items
```

```
For Each PREPAID_ITEM in LoanPath/CLOSING_INFORMATION/PREPAID_ITEMS
```

```
//Then loop through each payment for the prepaid_item
```

```
For Each PREPAID_ITEM_PAYMENT in PREPAID_ITEM/PREPAID_ITEM_PAYMENTS
```

```
    If PREPAID_ITEM_PAYMENT/PrepaidItemPaymentPaidByType = "Buyer" AND PREPAID_ITEM_PAYMENT/  
    PrepaidItemPaymentTimingType = "AtClosing" Then
```

```

        NewLoan.EscrowsPrepaysIncludedInLoanAmount = NewLoan.EscrowsPrepaysIncludedInLoanAmount +
PREPAID_ITEM_PAYMENT/PrepaidItemActualPaymentAmount

        End If

End For //Prepaid Item payments loop

End For //Prepaid items loop

// Then add the escrow items

For Each ESCROW_ITEM in LoanPath/ESCROW/ESCROW_ITEMS

//Then loop through each payment for the ESCROW_ITEM

For Each ESCROW_ITEM_PAYMENT in ESCROW_ITEM/ESCROW_ITEM_PAYMENTS

        If ESCROW_ITEM_PAYMENT/EscrowItemPaymentPaidByType = "Buyer" AND ESCROW_ITEM_PAYMENT/
EscrowItemPaymentTimingType = "AtClosing" Then

                NewLoan.EscrowsPrepaysIncludedInLoanAmount = NewLoan.EscrowsPrepaysIncludedInLoanAmount +
ESCROW_ITEM_PAYMENT/EscrowItemActualPaymentAmount

                End If

        End For //Escrow Item payments loop

End For //Escrow items loop

//Finally subtract out the escrow aggregate adjustment

NewLoan.EscrowsPrepaysIncludedInLoanAmount = NewLoan.EscrowsPrepaysIncludedInLoanAmount -
LoanPath/ESCROW/ESCROW_DETAIL/EscrowAggregateAccountingAdjustmentAmount

//End section determining the EscrowsPrepaysIncludedInLoanAmount

//Determine buyer paid closing costs both included in the loan amount and not financed by cycling though the fees

For each FEE in LoanPath/FEE_INFORMATION/FEES

//Exclude discount points and the funding fee since those are calculated separately

If FEE/FEE_DETAIL/FeeType NOT IN ("VAFundingFee","LoanDiscountPoints") Then

//loop through each payment for the FEE

For Each FEE_PAYMENT in FEE/FEE_PAYMENTS

        If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" AND FEE_PAYMENT/FeePaymentPaidOutsideOfClosingIndicator= false Then

                NewLoan.ClosingCostsIncludedInLoanAmount = NewLoan.ClosingCostsIncludedInLoanAmount +
FEE_PAYMENT/FeeActualPaymentAmount

                Else If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" AND FEE_PAYMENT/FeePaymentPaidOutsideOfClosingIndicator= true Then

                        NewLoan.ClosingCostsNotFinanced = NewLoan.ClosingCostsNotFinanced + FEE_PAYMENT/FeeActualPaymentAmount

                End If

        End For //fee payments loop

End If // if fee type is not VA funding Fee or discount points

End For //Fee Loop for determining closing costs in loan amount and not financed

//Determine discount points in the loan amount by cycling though the fees

```

```

For each FEE in LoanPath/FEE_INFORMATION/FEES
If FEE/FEE_DETAIL/FeeType = "LoanDiscountPoints" Then
//loop through each payment for the FEE
For Each FEE_PAYMENT in FEE/FEE_PAYMENTS
    If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" AND FEE_PAYMENT/FeePaymentPaidOutsideOfClosingIndicator= false Then
        NewLoan.ChargedDiscountPointsIncludedInLoanAmount= NewLoan.ChargedDiscountPointsIncludedInLoanAmount+
FEE_PAYMENT/FeeActualPaymentAmount
    Else If FEE_PAYMENT/FeePaymentPaidByType = "Buyer" AND FEE_PAYMENT/FeePaymentPaidOutsideOfClosingIndicator= true Then
        NewLoan.ChargedDiscountPointsNotFinanced= NewLoan.ChargedDiscountPointsNotFinanced+
FEE_PAYMENT/FeeActualPaymentAmount
    End If
End For //fee payments loop
NewLoan.ChargedDiscountPointsIncludedInLoanPercent = FEE/FEE_DETAIL/FeeTotalPercent
End If // if fee type is discount points
End For //Fee Loop

```

General Lender Credits

Business Context

The Closing Disclosure allows for general lender credits to be identified as an offset against the total borrower paid closing costs in section J. The API will apply the following when lender credits are declared on a loan remitted for guaranty:

- The general lender credits will be extracted and used as an offset against the total Veteran paid fees for purposes of calculating the fee recoupment period for IRRRLs
- Loans will be evaluated for compliance with allowable fees and charges in accordance with 38 CFR 36.4313, and an advisory issue in API exceptions will be identified with an increased risk of full file loan review communicated to the lender.

Extraction Description

General lender credits are modeled in the UCD/MISMO Reference Model 3.3 as an INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT of a type "LenderCredits" (Reflected in the Closing Disclosure as a Lender Credits line in section J. Total Closing Costs (Borrower-Paid)

Extraction Pseudocode

```

// Determine Lender Credits

For Each INTEGRATED_DISCLOSURE_SECTION_SUMMARY in LoanPath/
DOCUMENT_SPECIFIC_DATA_SETS/DOCUMENT_SPECIFIC_DATA_SET/INTEGRATED_DISCLOSURE/INTEGRATED_DISCLOSURE_SECTION_SUMMA
RIES/

For Each INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT in INTEGRATED_DISCLOSURE_SECTION_SUMMARY/
INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENTS

If INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT/IntegratedDisclosureSubsectionType = "LenderCredits" Then

    NewLoan.LenderCredits = NewLoan.LenderCredits + INTEGRATED_DISCLOSURE_SUBSECTION_PAYMENT/
IntegratedDisclosureSubsectionPaymentAmount

End If

End For // integrated disclosure subsection payments

End For // integrated disclosure section summaries

```