

Loan Guaranty Service

Guaranty Remittance API UCD Extraction Companion Document

Revision History

Date	Version	Description
9/8/2021	1.0	Initial version
11/15/2021	1.1	Updated the extraction document to align to version 0.2 of the Guaranty Remittance specification
06/20/2023	1.2	Updated to incorporate Pre-Close and update Guaranty Remittance

Contents

- Document Purpose 5
- Validations Run Against the UCD 5
- Data Points Extracted..... 5
 - UCD Indicated Loan Category 5
 - Business Context 5
 - Extraction Description..... 6
- VA Amortization Type 7
 - Business Context 7
 - Extraction Description..... 7
- 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) 7
 - Business Context 7
 - Extraction Description..... 7
- Core Loan Information (Closing and Disbursement Dates, Interest Rate, Term, Total Loan Amount) 8
 - Business Context 8
 - Extraction Description..... 8
- Loan Numbers (Lender and UCD Indicated VA Loan Number) 8
 - Business Context 8
 - Extraction Description..... 8
- Loan Payment Information (Monthly Payment P&I, Monthly Payment T&I)..... 8
 - Business Context 8
 - Extraction Description..... 9
- Subject Property Information (State, Street Address, Zip Code)..... 9
 - Business Context 9
 - Extraction Description..... 9
- VA Funding Fee 9
 - Business Context 9
 - Extraction Description..... 10
- Purchase Specific Information (Purchase Price, Down Payment)..... 10
 - Business Context 10
 - Extraction Description..... 10

Energy Improvement Funds..... 10
 Business Context 10
 Extraction Description..... 10
 Refinance Loan Payoffs and Payments 11
 Business Context 11
 Extraction Description..... 11
 Closing Costs 12
 Business Context 12
 Extraction Description..... 13
 General Lender Credits 14
 Business Context 14
 Extraction Description..... 14
 Cash To Close From Borrower..... 15
 Business Context 15
 Extraction Description..... 15
 Borrower Paid Closing Costs Prior to Closing..... 15
 Business Context 15
 Extraction Description..... 15

Document Purpose

This document details how LGY extracts information from the Uniform Closing Dataset (“UCD”) submitted with the loan submitted for pre-close or 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 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 Refinancing 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/IRRRL data will result in an exception being returned in the SubmitLoanForPreClose or 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.

IRRRLs – 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, LIABILITES 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.

VA Amortization Type

Business Context

The amortization type of the loan is extracted both as core loan data for the loan submitted for pre-close or 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 “Adjustable Rate” 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)

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)

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)

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)

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.

Subject Property Information (State, Street Address, Zip Code)

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).

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 over collected 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. Accordingly, LGY requires lenders to explicitly provide the amount of the VA funding fee paid by the borrower in cash outside of the UCD. LGY then calculates the amount of the VA funding fee added to the loan amount by subtracting the amount the borrower paid in cash from the total borrower paid funding fee amount, which is extracted from the UCD.

Purchase Specific Information (Purchase Price, Down Payment)

Business Context

For purchase loans, the purchase price and the amount of any down payment on the loan is extracted from the UCD 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)

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 \$6,000) added to the loan amount is necessary to accurately calculate the guaranty amount for the loan submitted for pre-close or remitted for guaranty.

Extraction Description

The UCD/MISMO Reference Model 3.3 provides no specific home for Guaranteeable Energy Improvements (as it does for example with the VA funding fee). Accordingly, due to the large variety of

ways energy efficient mortgage projects can be represented on the UCD, LGY specifically collects this data point (`EnergyEfficientMortgageAmountIncludedInLoan`) in the request.

Refinance Loan Payoffs and Payments

Business Context

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

- Payoff of the existing first position mortgage lien on the subject property of the loan remitted for guaranty
- Payoffs and payments attributable to principal reductions or escrow refunds
- Other payoffs and payments of other debts being settled with the proceeds of the loan remitted for guaranty

The first position mortgage lien payoff amount is determined 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 payoff of the existing first position mortgage lien on the subject property of the loan remitted for guaranty but exclusive of other debt payoffs and payments.

The remaining payoffs and payments: Payoffs and payments attributable to principal reductions or escrow refunds and other payoffs and payments are separated so that allowable payoffs and payments for an IRRRL can be determined. Principal reductions and escrow refunds are allowable payoffs and payments on an IRRRL, other payoffs and payments are not.

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 both:

- 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.
- CLOSING_ADJUSTMENT_ITEMS associated with the Loan. In the Closing Disclosure these CLOSING_ADJUSTMENT_ITEMS are also reflected as line items in Payoffs and Payments aggregating together with the LIABILITIES in the section K Total Payoffs and Payments amount.

LIABILITIES with the following LiabilityTypes are considered the payoffs of the first lien mortgage loan on the subject property of the loan submitted for pre-close or remitted for guaranty:

- FirstPositionMortgageLien,

LIABILITIES with the following LiabilityTypes are considered payoffs and payments that are not principal reductions or escrow refunds:

- CollectionsJudgmentsAndLiens,
- DeferredStudentLoan,
- DelinquentTaxes,
- Garnishments,

- Installment,
- LeasePayment,
- MortgageLoan,
- Open30DayChargeAccount,
- Other,
- PersonalLoan,
- Revolving,
- Taxes,
- UnsecuredHomeImprovementLoanInstallment,
- UnsecuredHomeImprovementLoanRevolving,
- SecondPositionMortgageLien,
- ThirdPositionMortgageLien,
- HomeOwnersAssociationLien,
- HELOC, or
- TaxLien

CLOSING_ADJUSTMENT_ITEMS with a ClosingAdjustmentItemType of “Other” and ClosingAdjustmentItemTypeOtherDescription of “PrincipalReduction” or “EscrowRefund” are considered principal reductions or escrow refunds respectively. All other CLOSING_ADJUSTMENT_ITEMS are considered payoffs and payments that are not principal reductions or escrow refunds.

Closing Costs

Business Context

Certain closing costs on IRRRLs and Type-1 VA Cashout Refinance loans are subject to maximum amounts:

- No more than 2 discount points can be included in the loan amount (any more must be paid in cash assuming they are reasonable)
- Borrower paid closing costs excluding the VA funding fee, prepaid items and the initial escrow payment must not exceed an amount recoupable by a lower payment amount within 36 months.

To determine whether the loan submitted for pre-close or remitted for guaranty complies with these maximum amounts and other related rules, the closing costs are extracted to the following buckets:

- Borrower paid discount points included in the loan amount
- Borrower paid discount points not included in the loan amount
- Borrower paid closing costs exclusive of the VA funding fee, escrow and prepaid items
 - Amount included in the loan amount
 - Amount not included in the loan amount

In support of determining closing costs that are exclusive of discount points, the VA funding fee, escrow and prepaid items. The following are also extracted:

- Closing costs associated with escrow and prepaid items 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)

Furthermore, to ensure that the values of discount points, VA funding fee and other closing costs paid in cash by the borrower explicitly provided by the lender are supported by allocable cash on the loan the following are also extracted.

- Cash to close from the borrower
- Total borrower paid closing costs prior to closing

Extraction Description

Closing costs that are not Escrow and Prepaid items are modeled in the UCD/Reference Model 3.3 as FEEs on the loan. All FEEs in the UCD/MISMO 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). However, there is no way within the UCD/Closing Disclosure to explicitly identify whether a particular FEE was included in the loan amount or paid in cash. Even if the FEE was paid prior to closing, it could be that the intent for that fee was to be included in the loan amount and the borrower reimbursed at closing from the proceeds of the loan. LGY will not make assumptions about which fees are meant to be included in the loan amount versus which are meant to be paid in cash and accordingly requires the lender to explicitly provide for a given loan (in the `SubmitLoanForPreClose` or `RemitLoanForGuaranty` API request or through manual entry in the Guaranty Remittance Lender Experience in LGYHub):

- The amount of discount points paid by the borrower that was not included in the loan amount (paid in cash).
- The amount of the VA Funding Fee paid by the borrower that was not included in the loan amount (paid in cash).
- The amount of other closing costs aside from discount points and the Funding Fee and exclusive of prepaids, the initial escrow payment and any energy improvements that have been modeled as a section H closing cost paid by the borrower that was not included in the loan amount (paid in cash).

Accordingly, Discount Points are modeled in the UCD/MISMO Reference Model 3.3 as a FEE with a specific `FeeType` of “`LoanDiscountPoints`” (reflected in the Closing Disclosure in Section A. Origination Charges line 1). The amount of borrower paid discount points paid in cash is not extracted from the UCD but rather explicitly provided by the lender. The amount of borrower paid discount points included in the loan amount is determined by extracting the total amount of borrower paid discount points from the UCD (`FeeType` of “`LoanDiscountPoints`” and `FeePaymentPaidByType` = “`Borrower`”) and then subtracting the amount of borrower paid discount points paid in cash.

The VA Funding Fee is modeled in the UCD/MISMO Reference Model 3.3 as a FEE with a specific `FeeType` of “`VAFundingFee`” (reflected in the Closing Disclosure in Section B. Services Borrower Did Not Shop For – VA Funding Fee). The amount of borrower paid Funding Fee paid in cash is not extracted from the UCD but rather explicitly provided by the lender. The amount of borrower paid Funding Fee included in the loan amount is determined by extracting the total amount of borrower paid Funding Fee

from the UCD(FeeType of “VAFundingFee” and FeePaymentPaidByType = “Borrower”) and then subtracting the amount of borrower paid Funding Fee paid in cash.

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). The total amount of these remaining borrower paid closing costs is determined by summing those fees from the UCD (FeePaymentPaidByType = “Buyer”) and excluding any discount points, the Funding Fee (FeeType != “VAFundingFee” or “LoanDiscountPoints”) or energy improvements modeled as Section H closing costs (FeeType = “Other”, FeeTypeOtherDescription = “EnergyImprovements”) from that total amount. The portion of that amount paid in cash is set to what the lender explicitly said was paid in cash for closing costs exclusive of VA Funding Fee, Discount Points, Prepaids and Escrows and the portion of that amount included in the loan amount is determined by total amount – the amount paid in cash.

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. However, the amount of these items paid by the borrower before closing is relevant since it is part of the total borrower paid closing costs paid prior to closing which in addition to the case brought to closing from the borrower forms the maximum pool of “cash” available for a lender to designate as being applied to discount points, VA Funding Fee, or other closing costs.

General Lender Credits

Business Context

Lenders should identify the specific fee/closing credit the lender is paying for and list the amount of that fee they are paying for in the Paid By Others column of the Closing Disclosure. Accordingly, lenders should not be declaring general lender credits (not specifically tied to a fee/closing cost) for loans being remitted for guaranty.

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 submitted for pre-close or 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)

Cash To Close From Borrower

Business Context

LGY makes no assumptions about how cash brought to the loan transaction by the borrower (either by cash to close from the borrower or by closing costs paid by the borrower prior to closing) is meant to be allocated to various closing costs such as discount points, the VA Funding Fee or other non-prepaid or escrow closing costs. Instead LGY requires the lender to explicitly inform LGY of these values.

LGY does validate, however, that the sum of lender specified borrower paid cash amounts for discount points, the VA Funding Fee and other non-prepaid or escrow closing costs is less than or equal to the sum of the cash to close from the borrower + the closing costs paid by the borrower prior to closing.

Extraction Description

Cash to close from the borrower is modeled in the UCD/MISMO Reference Model 3.3 in the loan CLOSING_INFORMATION_DETAIL (reflected in the Closing Disclosure as the Cash To Close From/To Borrower in Calculating Cash to Close) as two amounts one for Cash from Borrower at Closing the other Cash to Borrower at Closing. Only 1 is set.

Borrower Paid Closing Costs Prior to Closing

Business Context

LGY makes no assumptions about how cash brought to the loan transaction by the borrower (either by cash to close from the borrower or by closing costs paid by the borrower prior to closing) is meant to be allocated to various closing costs such as discount points, the VA Funding Fee or other non-prepaid or escrow closing costs. Instead LGY requires the lender to explicitly inform LGY of these values.

LGY does validate, however, that the sum of lender specified borrower paid cash amounts for discount points, the VA Funding Fee and other non-prepaid or escrow closing costs is less than or equal to the sum of the cash to close from the borrower + the closing costs paid by the borrower prior to closing.

Extraction Description

Borrower Paid Closing Costs Prior To Closing can be extracted from the UCD/MISMO Reference Model 3.3 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)).