

matchbox response to the URLA implementation date being delayed

As a follow up to the Fannie Mae and Freddie Mac announcement last week that the URLA implementation date of February 1, 2020 has been delayed indefinitely based on the FHFA's direction, matchbox wanted to provide a summary of responsive comments and thoughts to this announcement. While many took this news with relief, in reality, most companies were too busy and focused on their current pipeline and this news provided reasons to put this item on the back burner rather than it providing a big sense of relief. To most, the announcement to delay the implementation is welcomed, but in looking deeper into the decision and the ramifications, we strongly advise taking action and keeping this on the front burner. For reference, let's get down to some details:

- The Initial implementation plan called for Optional Use period starting on July 1, 2019 and an implementation date of February 1, 2020.
- Based on interactions with many of our clients, many are in the midst of record production months and not planning to focus on the new URLA until the end of the 3rd or start of 4th quarter; leaving approximately 3 months to review, develop, test, and implement.
- The indefinite delay was due to a request for changes to a few questions on the new URLA. On the surface, they do not appear as large scale change requests that the industry has to make dramatic changes to update their current offerings.

Specifically, the FHFA/GSE announcement noted the following changes to a redesigned URLA form:

- The following questions will be removed from the redesigned URLA form. Instead, a voluntary consumer information form, which will not be part of the URLA form, will be developed to collect this information:*
- The Language Preference question (Borrower Information, Section 1a.)*
- The Homeownership Education and Housing Counseling question (Lender Loan Information, Section L5.)*
- In the Borrower Information, Section 6: Acknowledgments and Agreements, the statement on "Use and Sharing of Information" will be revised to address specific uses of borrower data.*
- The Military Service question (Borrower Information, Section 1a.) will be moved to a new section adjacent to Section 7: Demographic Information.*
- Minor edits for consistency and usability will be made throughout the URLA form.*

The original timing had provided a schedule which allowed for the bulk of this implementation conversion work to be completed over the 4th quarter and January 2020 which provided good timing for testing and training during the slower months of the year.

Due to the limited change requests as listed above, our estimates on the extension is expected to be anywhere from 60-180 days. Mapping this out on a calendar this would land the implementation date anywhere from April 2020- August 2020, with the optional phase months before that. This would place implementation in the middle of busy season next year. **While the delay is welcomed today, think about trying to implement this level of change in the midst of your current volume and pipeline.**

It is our strong opinion that the current plans for URLA preparation should remain intact and this extended timeline should allow these changes to be supported and ingested in a longer, concentrated approach with detailed testing and training. This extension with the minor change requests should not put this initiative on the back burner for resurfacing in 2020. The conversion details and education of your staff should continue as scheduled in preparation for the updated timeline. Based on our experience it is advised to take advantage of the down time of November -January to fully understand the URLA foundational changes, see how they will be supported within Encompass, your workflow, and your other technology platforms (such as your POS and possibly CRM). This change will be felt the most by Loan Originators and potential clients. The delay should be viewed as a benefit to allow you to catch your breath and ingest the breadth of this change.

Additionally, the quarterly HMDA requirements (for institutions reporting a combined total of 60,0000 applications in the preceding year) that necessitate HMDA filing by March 31,2020 is not changing. The delayed URLA will allow the needed and incomplete preparatory work to be addressed without a direct conflict with URLA testing.

Matchbox is committed to servicing its clients with the most thorough approach to adopting URLA within the midst of your busiest months. This includes a full review of your current encompass environment and a plan of action to address your current site configuration and prepare it for URLA 2020. The most poignant changes & challenges associated with the new URLA are the following:

- Origination & Sales Strategies
- Data, Data, Data – delivering a complete URLA to your borrowers requires more effort
- DU & LP
- Business Rules & Workflow impacts
- Third Party Vendor implementation
- SOP Manuals & Internal protocol
- Testing & Training

To accommodate all the variables for URLA's impact, matchbox is recommending a 90-day URLA cycle staged for the following:

- Site Evaluation & Configuration for URLA readiness
- URLA introduction & usage
- UAT – Testing & Training your end users

Please reach out to any of your matchbox contacts with any questions or comments, in regard to this announcement response.