

MISMO®
Standards for the Financing Side of Real Estate Transactions

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Presented by
Jan Davis, Vice President, MISMO

What is MISMO¹?

- Member based standards development organization for the mortgage finance industry
- MISMO creates:
 - Standards for the mortgage industry (Residential and Commercial)
 - eMortgage standards and guidelines
 - Additional collateral, accelerators and training materials to support adoption
- Membership in MISMO is open to anyone / any organization who would like to participate
- Formed in 1999 and incorporated in 2005 as a 501(c)6 non-profit subsidiary of the Mortgage Bankers Association (MBA)
 - MBA Staff manage the daily operations of MISMO

1 – Mortgage Industry Standards Maintenance Organization

What Does MISMO Do?

Standardizing how the mortgage industry communicates, MISMO:

- Provides a collaborative forum and process for solving challenging industry business and implementation issues
- Provides a common language for effective and efficient communications and information exchange
 - Previously
 - Poorly defined terms:
 - Same term, different meaning
 - Different term, same meaning
 - *MISMO provides business data definitions & relationships*

Why Standardize?

- Intense cost pressures from operations and regulations provide a business case for standard and accurate information exchanges throughout the process
- Enables interoperability between trading partners
 - Makes organizations a preferred trading partner
- Creates efficiencies and capacity
 - Standardized information exchanges may be reused
 - There is no longer a need to maintain and provision the same data in multiple formats
 - Leverage capacity and efficiency to improve the consumer experience
- Saves time, money, and reputation
 - Bad data is expensive in terms of time and money
 - Creating custom feeds to exchange the same, or substantially the same, information with multiple business partners increases the risk of issues and is expensive. Maintenance costs go from a factor of one to “n” based on the number of interfaces.
 - Regulators expect information such as HMDA reporting to be accurate. Poor information can result in penalties and other sanctions

MISMO - *The Organization*

- Highly dependent on industry contributors
 - Board of Directors, Standards Committees, Other Committees and Work Groups are comprised of volunteers from across the industry
- MISMO enjoys participation from across all sectors of the industry including:
 - Lenders, title insurers, mortgage insurance, vendors, housing agencies, etc.
 - Business and technical professionals from roles across the mortgage loan life cycle with a particular concentration of data and technology related professionals
- MISMO promotes data consistency across transaction participants, reduces processing costs, increases transparency, and boosts investor confidence in mortgages and real estate
- MISMO standards are established using voluntary consensus process
 - Standards are developed in alignment with US government requirements for agency adoption (OMB Circular A-119)
 - Standards are readily available to the public
 - Anyone may participate in the standards development process

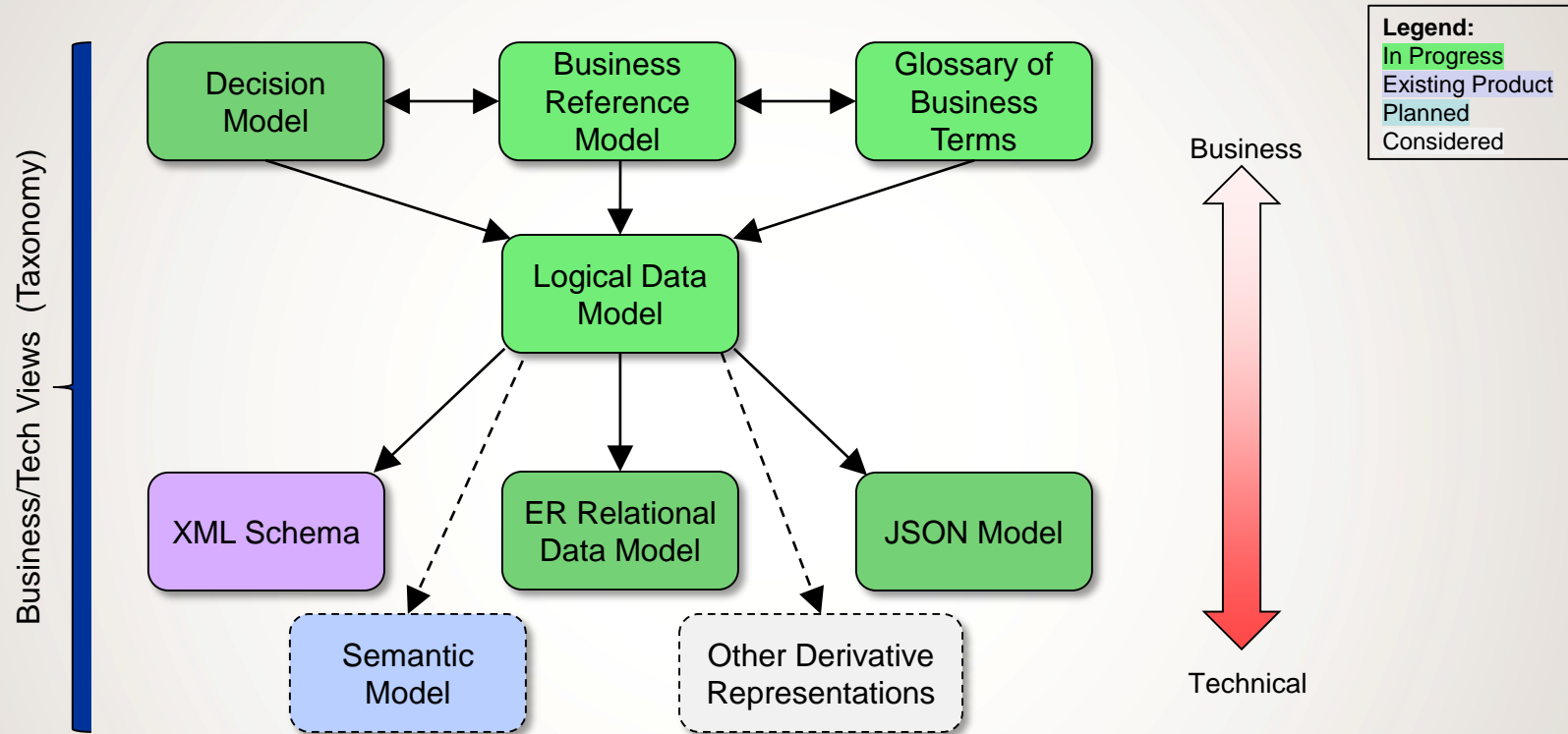
Standards Overview

- **Logical Data Dictionary (LDD)**
 - Business names, definitions and allowable values (lists of values) agreed-upon by industry experts
 - Workgroups vet data points and definitions they need for their business exchanges
 - Oversight group reviews proposed data points against existing LDD
- **XML Schema**
 - **Reference Model** sets the structure and relationships for all the data points
 - **Extensible** – business partners can add their own custom data
- **Electronic Document Standards (SMART Doc[®])**
- ***New Advances!*** – MISMO is expanding our offerings to include a *Business Glossary, Business Reference Model, Logical Data Model and Decision Model.*

Industry Adoption

- Initial adoption occurred in front-end request/response exchanges in the areas of tax, title, flood, and mortgage insurance
- Adoption extended into Origination, Underwriting, Secondary, Delivery and Servicing
- MISMO adoption was accelerated by the GSEs (Fannie Mae / Freddie Mac) Uniform Mortgage Data Program that was mandated by their regulator/conservator (FHFA)
 - Formal MISMO-based information exchanges were established for collection of loan application, appraisal, closing, and loan delivery data; Additional standardization in Digital Mortgage is ongoing
- Agency adoption quickly followed with activities at the other housing agencies such as Federal Housing Authority (FHA); Veterans Administration (VA); Ginnie Mae; United States Department of Agriculture (USDA) and regulators such as the Bureau of Consumer Finance Protection (BCFP) and the Office of the Comptroller of the Currency (OCC)

Moving Towards the Next Generation of MISMO



For more information about the next generation of MISMO – check out the webinar on mismo.org

MISMO - New Model Components *Coming Soon!*

- Business Glossary
 - Create a business friendly glossary of terms to describe items of interest to the mortgage finance industry
- Business Reference Model
 - Develop a high-level business model depicting the common activities that may occur over the life of a loan.
- Logical Data Model
 - Redefine the MISMO logical data model (LDM) to support a greater range of technological implementations in addition to the existing XML implementation.
- Decision Model (Business Rules)
 - Facilitates and promotes the creation and interoperability of business decisions within the mortgage industry

MISMO Initiatives

- Remote Online Notary collaboration
 - Driving towards consistent state legislation and implementation
 - Avoiding 50 different laws and 50 different sets of procedures
- Closing Instructions Template
 - Create a common template for communication of closing instructions between lenders and closing agents
- Enhanced Appraisal Standards
 - Residential appraisal form revisions and updates to the MISMO based Uniform Appraisal Dataset (UAD) are expected soon from GSEs
 - Commercial appraisal standardized dataset under development
- Business to Consumer (B2C) Transaction Standards
 - Develop standards for conducting consumer transactions on mobile devices.

Note: The complete list and description of MISMO workgroups and initiatives may be found at <http://www.mismo.org/get-started/participate-in-a-mismo-workgroup>

MISMO Initiatives continued

- Emerging Technologies Community of Practice (CoP)
 - Industry forum to help identify and monitor emerging technologies that could have a significant impact on the mortgage business
- Blockchain CoP
 - Understanding business cases in the mortgage industry
 - Identifying opportunities to combine with current data standards
- 3rd Party Business Partner Risk
 - Industry-wide discussion of issues associated with the use of 3rd party service providers
 - Develop and/or adopt a standard list of questions that lenders and servicers can use to assess third parties

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Common Ground – Similar Topics for Collaboration

Standards

Industry Collaboration

Information Security

Blockchain

Data Dictionary

Interoperability

Accelerating Innovation

Green

Consumer Experience

Emerging Technologies

APIs



Concluding Thoughts

- MISMO picks up where real estate standards leave off
- MISMO is working to standardize how the mortgage industry communicates
- A diverse set of initiatives are underway at MISMO
- Let's collaborate!

Questions?

Contact Info

Jan Davis

Vice President, MISMO

Associate Vice President, Industry Standards, MBA

jdavis@mba.org

MISMO Website: www.mismo.org

MISMO email: info@mismo.org

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