



RECOVERY TIPS - By JOHN LISTON

MISMO Is Ready To Roll

Ten years in the making, the MISMO Version 3.1 reference model and Logical Data Dictionary are now at Candidate Recommendation status and have completed the 30-day public Intellectual Property Review period. In the MISMO standards world, that means Version 3.1 is stable and interested parties may begin implementing it without fearing change. Many mortgage industry participants already are at some stage of implementing MISMO 3.1. That's how it became a Candidate Recommendation.

A MISMO Candidate Recommendation is a standard that has been widely reviewed and is determined to be implementable. If you wait to implement until it becomes a "Recommendation", you could wait a long time and miss your opportunity to be an early adopter. For example, the MISMO 3.0 model, upon which the Uniform Loan Delivery Data set is based, is also a MISMO Candidate Recommendation, and MISMO recently voted not to raise it to a Recommendation.

To be considered a MISMO Recommendation requires there to be several implementations of the standard, followed by a vote by the MISMO Architecture work group to confer Recommendation status. And all the same, a Recommendation will not differ from the same standard as a Candidate Recommendation.

The **MISMO V3 data** model is designed to embrace change without disrupting existing implementations.

It's NOT OLD NEWS

If you think that this is old news, it really isn't. Yes there is already a MISMO Version

3.0 model, and yes MISMO Version 3.0 is the foundation for the Uniform Loan Data Delivery data set which Freddie Mac and Fannie Mae will require beginning next March. But MISMO published Version 3.0 specifically to support the ULDD effort, and so MISMO Version 3.0 does not support a wide variety of uses. It is unlikely that MISMO Version 3.0 will be used for anything other than ULDD. For instance, you will probably never see automated underwriting services that are based on MISMO Version 3.0. MISMO Version 3.1, on the other hand, was built to support a much wider array of residential mortgage services, including most of the MISMO Version 2 supported services.

The MISMO Version 3.x standards differ from the MISMO 2.x standards in several important ways. First of all, MISMO 3.x standards are published as XML Schemas, where MISMO 2.x standards were published as DTDs. The difference between XML Schemas and XML DTDs is that schemas provide much greater control over the XML data. For example, with Version 2.x DTDs you could say the mortgage loan amount was "XYZ" and it would pass XML validation. With Version 3.x schemas, you can only use a dollar amount.

Another difference between MISMO Version 2.x and MISMO Version 3.x is that MISMO 2 is comprised of a family of related DTDs, and MISMO 3.x is a single reference model. When you implemented MISMO Version 2.x, you worked on a specific transactional data set, like a credit report request data set or a mortgage insurance response data set. In practice, you had to map the same data over and over. If a data fact like "borrower last name" occurred in both your credit report request data and your mortgage insurance response data, you had to map it twice. Said simply,

MISMO Version 2 did not promote re-using your work.

When you implement MISMO Version 3.x, you do not have to map your data repeatedly. Instead, you can map it once and use that map over and over. When you have mapped a V3 credit report request, you have also mapped part of your mortgage insurance response data set. And when you have completed both the credit report request and the mortgage insurance response, you are well along with an automated underwriting request mapping. MISMO Version 3 takes a “big picture” approach to mortgage industry data which may ultimately reduce the amount of effort you will put forth to implement it.

CHANGE IS NEEDED

The MISMO V3 data model is designed to embrace change without disrupting existing implementations. It does this by incorporating a very flexible extension method. Let’s say that one of your business partners requires you to support the borrower’s eye color, which the MISMO 3.1 model does not support. Between you and your business partner, you decide that your new BorrowerEyeColor element belongs in the MISMO model’s BORROWER_DETAIL data container, because that’s where BorrowerAgeAtApplicationYearsCount, DependentCount, and many other personal borrower features are already found. There in the MISMO model you will already find another data container called BORROWER_DETAIL_EXTENSION for which the sole purpose is to allow you to add any new data elements you want.

You and your business partner decide to put BorrowerEyeColor there, and everything works swimmingly for you both. And if you happen to send your BorrowerEyeColor data to somebody else who isn’t expecting it, they simply ignore it because BORROWER_DETAIL_EXTENSION allows anything.

MORE BENEFITS

A secondary benefit to this extension method is that MISMO itself expects to use it to add features to the MISMO 3.1 model over time. For example, if it is found through the MISMO standardization process that borrower eye color is

The MISMO V3.1 data model and its **Logical Data Dictionary** are very well designed to support many uses.

widely used in the mortgage industry and should be included in the MISMO data model, MISMO may do so using essentially the same extension method. That permits the MISMO 3.1 model to evolve without requiring its users to always have to upgrade to the latest-and-greatest version. New data elements can be added to existing model versions without breaking compatibility with applications built using that version, so you can develop with MISMO V3.1 with confidence

that your work is supported long into the future. In contrast, changes to MISMO V2 DTDs often broke compatibility with your existing applications.

GET SMART

The MISMO V3.1 data model also includes the latest version of MISMO SMART Doc documents. SMART Doc version 1.02 is the version currently supported by many mortgage industry participants, but there are two fundamental problems with SMART Doc V1.02. First, it is a separate standard from the transactional data sets like a credit request or a flood insurance request. Therefore the SMART Doc standard did not evolve as the V2 data sets evolved, and has remained at Version 1 for ten years. With MISMO V3.1, the SMART Doc concept has been incorporated directly into the model, so that SMART Doc documents can evolve along with the rest of the model.

The other fundamental problem with SMART Doc V1.02 is its design made it difficult to implement new document types as electronic documents. As a result, for practical purposes SMART Doc V1.02 only supported electronic Notes, and not the wide array of documents used by the industry. The way SMART Doc documents are supported in the MISMO V3.1 model, not only are Notes supported, but any other type of document is supported as well. MISMO’s eMortgage work group is now authoring implementation guidance which is intended to help the industry use the MISMO V3.1 model SMART Doc support in an interoperable manner.

The MISMO V3.1 data model and its Logical Data Dictionary are very well designed to support many uses, and it is time for all mortgage industry players to begin to implement it. ❖

John Liston is Loan Origination Products Director at ASC. John directs the development of the PowerLender Loan Origination System and is a part owner of ASC. He has been a vital part of the development and maintenance of ASC’s LOSs for more than 30 years. John is a strong advocate of open source software and standards-based software architecture.