

The New Uniform Residential Loan Application

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What Employers Need to Know

The Uniform Residential Loan Application (URLA) is a standardised document that has been approved by the Federal Housing Finance Agency, for use by lenders accepting residential mortgage loan applications in the United States. While the current form has been in use for over two decades, the use of a newly designed format will be mandatory, beginning 1 March 2021. What are the changes? Why were they made? How will the substantial URLA revision impact home buyers? The following information will answer these questions for organisations whose employees will require a mortgage to relocate into or within the US

What Employers need to Know

- Why was the URLA redesigned?
- Who participated in the redesign?
- What changes were made to the URLA?
- How do URLA changes impact employees?

Why was the URLA redesigned?

The URLA was redesigned to help lenders capture relevant loan application information and to support the industry's move to a digitised loan origination process. New financial history questions are now included to help avoid surprises to the lender that can affect the underwriting decision later in the process. As the mortgage process can be complex, the redesign was also aimed at improving the efficiency of the borrower experience.

Who participated in the redesign?

Lenders and technology solution providers participated in the redesign process with Fannie Mae and Freddie Mac, by sharing the current loan origination process, data flow, and how the URLA is typically used. Government housing agencies (FHA, VA, and USDA-RD) also provided input regarding their data needs, as well as others including the Consumer Financial Protection Bureau, mortgage insurance companies, and consumer groups; these organisations also provided feedback on several proposed versions of the redesigned URLA.

Drafts of the redesigned URLA underwent eight rounds of usability testing with borrowers, mortgage loan processors, underwriters, and loan officers. The project team also provided previews of the redesigned URLA at various industry meetings and conferences.

Redesign objectives included:

- The collection of information that is relevant in making a loan underwriting decision
- Updates to the physical format and layout to enhance the collection of information and usability of the form
- The collection of more extensive demographic information, currently required by the January 2018 Home Mortgage Disclosure Act

What changes were made to the URLA?

The new URLA is digital and more user friendly, allowing borrowers to initiate applications in their own time, guided by intuitive prompts throughout the process. [The form](#) has also been updated to fit the needs of the modern borrower. Fields added include the individual's email address, international address, mobile number, and military service, while a few obsolete requests, such as years of schooling, have been eliminated.

One notable change is the addition of an Unmarried Addendum. Previously, certain states required this information to be collected on Civil Union/Domestic Partnership Addendums. This is now standard as part of the new URLA and is required any time a borrower indicates that they are unmarried. The form asks if there is any other person in the household that has real property rights, such as a partner or individual in a common-law marriage.

The new URLA includes 94 new data points to be obtained, bringing the total number of fields up to 236. While this may seem lengthy, the new form is dynamic; questions are adjusted according to the answers provided. The fields have also been redesigned to create a more natural flow, making it easy for consumers to complete the application in less time. The form allows borrowers to indicate which sections of the application may not apply. The length of the document can, therefore, vary from 10-21 pages, depending on the number of

borrowers and the sections they're required to complete. Two married borrowers with shared financial information can expect an average URLA length of 15 pages.

How do URLA changes impact employees?

The format and layout of the new URLA is designed to be more consumer friendly and provides a cleaner overall look and feel. The form also collects more demographic information from employees, allowing the lender to provide more accurate government reporting on those demographics to support equal lending opportunities. It will be important for lenders to educate employees on these and all changes to the URLA, especially if they have financed a home in the past. Organisations that are relocating employees into or within the United States will benefit from partnering with a lender that has demonstrated expertise, innovative mortgage programmes, and that has been thoroughly trained in the new URLA format.

SIRVA mortgage consultants have been thoroughly trained in the use of the new URLA form and are fully prepared to support transferees and assignees who need to obtain financing to purchase a home in the United States. Please contact us at MortgageClientServices@sirva.com for more information, or to learn more about how we can assist your employees.

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