

MBA EDI Tax Service Work Group May 15, 1996 - Milwaukee, Wisconsin

Meeting Attendees:

Laurel Geise, Chair, First American Real Estate Information Services, Inc.
Walt Barnett, First American Real Estate Information Services, Inc.
Susan Papini, Transamerica Real Estate Tax Service
Dick Taylor, Fiserv Mortgage Products Division
Scott Myers, TRW REDI Property Data
Dominique Froesch, Fidelity National Tax Service
Steven Astudillo, Fannie Mae
David Barkley, Freddie Mac
Sheila Armstrong, LERETA Corp
Becky Froass, Mortgage Bankers Association
Leslie Bromer, U. S. Dept. of HUD
Jack Harvey, ALLTEL Information Services
Frances Langford, Department of Veterans Affairs
Garth Lien, INTERLINQ Software Corp.
Randy Price, Fannie Mae
Linda Tracy, U. S. Dept. of HUD
Allen Lewis, TRW REDI Property Data

The meeting began at 8:30 am. Laurel Geise, chair of the work group, opened the meeting with the reading of the anti-trust statement and a review of the handouts made available for the meeting. Laurel reviewed the meeting agenda and distributed meeting minutes from the February 7th meeting in Los Angeles. A meeting attendee list was passed to all to the participants for sign-in.

The meeting agenda was modified to end the meeting at 3:30 pm in an effort to accommodate an Implementation Guide development meeting for the 261 Real Estate Information Order. The tax service work group is responsible for developing and integrating an Implementation Guide for the 261 with the other groups impacted by the 261 (appraisal, flood determinations, broker price opinions, employee relocation, multiple listing service, and tax service orders). This meeting was later moved to 8:30 am on Thursday (5/16).

Laurel distributed copies of the Real Estate Information Work Group *Guide to Policies and Rules of Procedure* document to the group which was originally distributed by the 261 group in January in Los Angeles.

Review of the Business Case Scenario for a New Tax Service Order

The first draft of the business case scenario for a new tax service order was presented by Laurel Geise. One correction to be completed is the addition of the *former owner* information. The work group is using the "universal" set of test data that is being used by other work groups for building test business cases and for future testing. Therefore, Walt will meet with Pat Hinds and get the name information for the *former owner* field.

The business case will require the addition of more data elements and associated code values. For example, the loan type, co-borrower, escrow number, and closing agent information must be added to the business case.

Review of the Tax Service Work Group Data Matrix

The review of the Tax Service Work Group Data Matrix was lead by Walt Barnett. Please refer to the Data Matrix handout with a revision date of 5/9/96.

Following are the **changes to the data matrix** requested by the group:

In Detail, Table 2, Data Field 10 - Contract Number

 If transaction type = 01, Contract Number should be "Optional".

Add a Transaction type (20 data field number) of 13 = acquisitions.

Add 41, Prior Mortgage Servicer, A/N, 30, Optional, Detail.

Add 139 Effective Servicing Date, Date, 8, CCYYMMDD, Optional, Detail.

At 140, change NO to N2 (two decimal positions).

Add 181, Flood Service Company, A/N, 30, Optional, Detail.

For 190, change NO to N2.

Add at 198, Entity ID where 1 = person, 2 = non-person, A/N, 1, Mandatory, Detail.

Add at 199, Borrower Code qualifier, A/N, 2, Mandatory, Detail.

 BW = Borrower code

 QP = Co-Borrower code

At 210, make Borrower name, First "conditional" based on Entity ID code (199 data field).

At 220, change borrower name, MI to "Borrower name, middle or initial" and make the field optional.

At 250, Borrower Name ID Qualifier, length = 3, Mandatory.

At 260, Borrower ID Code, should be conditional.

At 280, Address Format Qualifier is mandatory.

Add 315 Address Street Prefix, A/N, 4, Conditional, Detail.

Change 330 Address Street Type to "Address Street Suffix".

Change 400 to Address Line 1.

Add 405 as Address Line 2.

Change 410 to Address Line 3.

Add 419 a Entity Qualifier, 1 = person, 2 = non-person, A/N, 1, Conditional, Detail.

Change 420, 430, 440 to be optional data fields.

Change 440 to Former Owner Name, Middle or Initial.

At 470, code values should be:

Standard = HZ

Internal Tax Service Codes = 04

Internal Mortgage Servicer Codes = ?? ** Walt will research this code value.

Code value length should be 30 to allow for internal mortgage servicer codes.

Move 790 to 501 - Additional Legal Code.

Move 800 to 502 - Additional Paper Delivery.

Add Homeowner Authorization Release Code at 491, A/N, 1 optional

A = Available

N = Not available

*** Further research is required to determine if this data can be provided electronically by loan servicing systems.

These noted changes will be added to the Work Group Data Matrix. The updated data matrix will be distributed at the next work group meeting.

Review of Transaction Set 261 Mapping of the Business Case Example

Walt lead the review of the mapping of the business case to the 261 transaction set.

The requirement requested by Transamerica for closing agent information on a new tax service order was questioned. Susan Papini discussed with Pauline Stout and it was stated that this information may be needed to establish a new tax service order. Susan will provide the closing agent information required for the Implementation Guide business example.

Walt will get the information for the former owner's name and add to the mapping.

Review of the Data Maintenance # 266296 for the 261 Transaction Set

Steve Astudillo reviewed the ASC X12 Work Request changes for **Data Maintenance #266296** to support the changes to the 261 required for a new tax service order. The tax service work group met with the 261 (Real Estate Information) work group on Tuesday (5/14). All of the data maintenance items required by the Tax Service Work Group were **approved** by the general 261 work group.

To be more specific, our Work Group added the LN1, AMT, and QTY segments to the LX Loop in Table 2. We also requested the addition of a III and a REF segment to the IN1 Loop.

The data maintenance changes for **DM #266296** will be submitted to DISA at the June meeting in Atlanta. If the changes are approved, the changes will be distributed for a 45 day vote. If approved, the changes should be incorporated in 3062 in August. This will automatically become part of 3070 which could be a part of the 4.0 ANSI publication.

Steve reviewed all of the code values added to data elements to support the tax service order. There was a consensus that the new code value added to data element 128, Reference Identification Qualifier, where the value of 61 = Taxing Authority Identification Qualifier will be included in DM # 266296 but the definition and use of the 61 code value should be revisited in a future meeting.

We need *Code Guidance* to accompany the code values in the Implementation Guide. This will more specifically define the use of each code similar to a data dictionary.

The Work Group would like to thank Steve for his support and hard work in having our Work Group modifications added to the 261 Data Maintenance.

A few new items were raised by the group for inclusion in the new tax service order.

New Item #1. When an order is received, we did not ask for any validation if property taxes have been paid at closing. We have included the funding date in the order. The group added a new data element at 850 named "Taxes Paid", YNQ , A/N, 1, Optional, Detail.

New Item #2. New Construction indicator - We need an indicator to identify a new construction property. It was suggested that we add a a data element at 131 for "Construction Type". Walt will investigate.

Note: Loan Type = Residential or Commercial

Note: A *square* is like a lot in Georgia and Washington, DC

Task Group Updates

1. Implementation Guide Task Group

The group must develop an **Implementation Guide** to support the new tax service order using the 261 transaction set. We will need a completed business scenario, a sample mapping of the business case and a sample 261 transaction with all code values and code guidance.

We started a new *Implementation Guide Task Group* to address this deliverable. Participants will be Walt Barnett, Sheila Armstrong, Steve Astudillo, Susan Papini and Laurel Geise. For our timeline, the business case will be completed by June 10th. This will serve as the basis for the sample mapping as well as the 261 mapping with code values and guidance. Our goal is to have completed the **first draft of the Implementation guide by the week of September 9th**. This is when the next series of MBA EDI Work Group meeting will be held in Philadelphia.

2. Standardized Payee Task Group

There are a few agencies left that must be resolved prior to the distribution of the pool of standardized escrow payee codes. There are 50 agencies for review by Transamerica and a similar amount to be reviewed by Fidelity. When this is completed, the tape with the latest version of the pool of standardized escrow payees will be available for distribution. The tape will include the new standardized tax agency code, the associated First American payee code, the associated Transamerica payee code and the name of the taxing agency.

Scott Myers of TRW REDI Property Data has raised an issue with the Work Group. Scott had sent a letter to Laurel Geise and Becky Froass (MBA) to request that in addition to the standardized tax payee code, First American payee codes, Transamerica payee codes and agency name included on the next tape, Scott would like to have the addresses of all of the tax agencies included. This issue is raised because TRW REDI does not have any payee codes on their system and they can only match the agencies by name at this time. Scott needs the agency address information to match the codes to his agency names.

Laurel, as the work group chair, has responded to the letter from Scott and has outlined the history of the development of the standardized payee codes over the past two years. It should be noted that the end result of this effort is to *codify the tax agency payee codes* and tax agency names for a code list and code guidance for the 261 transaction set. As Laurel can not speak directly for First American or Transamerica, it was suggested that Laurel discuss this issue with both companies and obtain written permission from both First American and Transamerica to include the payee address information on the next set of tapes.

In addition, the work group agreed that there should be a standard tape request form used by the work group to ensure that tapes are formatted in the correct medium and forwarded to the appropriate party at each company. Laurel will work on having a tape request form available for the June meeting.

It is the intent of the Work Group to work with MERS (Mortgage Electronic Registration System) to have the standardized tax payee codes and tax agency names available to everyone through the MERS Internet home page. It is anticipated that MERS will have their preliminary web site available by the end of June 1996. In order to support the payee codes and names on the MERS web site, the Work Group must develop maintenance procedures for the payee codes and names and also document these procedures. Therefore, a new Task Group has been formed known as the MERS Maintenance Task Group.

3. MERS Maintenance Task Group

Sheila Armstrong, Scott Myers, Dominique Froesch, Laurel Geise and Susan Papini will work on developing the maintenance procedures for the payee codes and payee names for MERS. There was no date set for this deliverable.

4. Education and Participation Work Group

Laurel reported that the Work Group's educational bulletin "**EDI - Ready or Not**" was distributed during the Loan Administration meeting at the February MBA Servicing Conference.

Laurel also reported that the MBA Loan Administration Committee has started a new subcommittee called the **Escrow Subcommittee** that will address escrow issues within the industry. The first meeting was held in Los Angeles at the Servicing Conference in February. The next meeting will be held in June at the MBA Servicing Conference in New York City. Our work group can promote the use of the standardized payees through this Escrow Subcommittee.

In regards to service bureau support, Laurel has been asked to discuss the use of the standardized payees with the ALLTEL User Group the first week of June. ALLTEL would like to determine how the codes will work within their system. The work group must work with other service bureaus to support the use of the standardized agency codes.

5. Task Group "R"

There was no update from this group on the progress of the **standardized due dates** initiative.

Next Steps

1. Update the Tax Service Work Group Data Matrix document and distribute for review. - Walt Barnett
2. Update the Business Case information for a new tax service order - Walt Barnett
3. Update the Business Case example mapped to the Transaction Set 261 (Real Estate Information Order) - Walt Barnett
4. Coordinate the development of an Implementation Guide for the new tax service order for inclusion in the 261 Implementation Guide. - Implementation Guide Task Group
5. Attend the 261 work group Implementation Guide meeting on May 16th. - all interested parties
6. Data Maintenance # 266296 updates - Steve Astudillo

Next Meeting

The next **status work group meeting** will be in New York City on Wednesday, June 12th, at 3:00 pm during the MBA National Servicing Conference at the New York City Hilton. It will be held in **Room 504** of the New York Hilton and Towers.

The next **full day work group meeting** will be in Philadelphia the week of September 9th - 12th. CMAC is sponsoring this week of work group meeting. Additional information will be distributed when the meeting schedule is available.