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## **8-35 Mortgage Electronic Registration System (MERS®) Policy and Procedure**

### **Introduction**

Membership in the MERS® program allows us to manage purchased, funded and sold loans by assigning title to individual loans to MERS® who records loan ownership, but acts as the proxy owner of record. This saves us extensive costs and time normally expended to the production, transfer and recordation of temporary assignments in the loan sale process.

The MERS® Policy and Procedure Manual is incorporated here by reference and we defer matters which are technical MERS® related procedures to MERS.

## **MERS® Manager Duties and Responsibility**

### **Periodic Duties**

Interval	Task Description
Monthly	Review MERS® Company and Contact information using Monthly Review Checklist
Monthly or Quarterly	Servicing System to System data reconciliation
Quarterly	MERS® Attestation
Annually	Submit Annual Report of Quality Assurance Compliance Ensure Third Party Signatures on Compliance Report
Annually	Review all listed contact roles to confirm their duties still align with MERS® responsibilities
Annually	Signing Officer Recertification

### **MERS® Manager Responsibilities**

The MERS® Manager Acts as MERS® Integration Contact and is identified as our Primary System Administrator. Among other duties the MERS® Manager is responsible for:

- Assigning each employee that requires access to the MERS® System a unique User ID on MERS® OnLine
- Assigning a security role to each User ID.
- Resets passwords, deactivates User IDs and deletes User IDs and Security Roles no longer needed.
- Provides access to the appropriate employees
- Giving authority to third party providers by setting up a Vendor relationship.
- Reviewing and maintaining the accuracy of the Member Profile and notifying MERSCORP Holdings if certain information changes.
- Keeping the following information current: Company Name, Corporate Address, Phone, Fax, Corporate website address, Investor Alternate Address and Indicator, Servicer/Sub-servicer Alternate Address and Indicator
- Notify Help Desk immediately if the Member's GAL email address needs to be changed
- Disabling user access to the MERS® System upon employee termination or resignation.
- Reviewing user access to the MERS® System to determine if any changes are necessary based on the employee's current duties and responsibilities, at least annually, and making all such changes.

**MERS® Roles**

We do business either as, or with, the following entity types in conjunction with the Registration and Update of transactions for MOM, Non-MOM, and iRegistration MINs. Within the registration, the Org ID can be identified with at least one of the following Line of Business (LOB) categories:

- Originator
- Investor
- Third Party Originator (TPO)
- Servicer
- Lite-R
- Sub-servicer

## **Mortgage Identification Number (MIN) Assignment**

The MIN is assigned by our LOS, which includes our MERS® ID, our loan number, extrapolated to 10 digits, and the algorithm MIN Check Digit.

## **Procedures for Managing MERS® Filings**

Dependent on the origination channel and method we initiate or participate in MERS® in the following transactions:

### **Loans Originated and Initially Registered on MERS®**

Participant	Step	Description
MERS® Admin	Verifies MERS® Registration	For each loan verify: <ul style="list-style-type: none"> <li>a.) That the Document Preparation, LOS, or end investor generates a MERS® Identification Number (MIN)</li> <li>b.) That MIN <ul style="list-style-type: none"> <li>1.) Begins with correct MERS® ID</li> <li>2.) Is followed by 10 numbers</li> <li>3.) Ends with a valid check digit (algorithm check)</li> </ul> </li> <li>c.) That MOM (MERS® as Original Mortgagee) gets generated through Document Prep, LOS or End Investor</li> <li>d.) That the Deed of Trust/Mortgage contains <ul style="list-style-type: none"> <li>1.) MIN</li> <li>2.) Names MERS® as Mortgagee/beneficiary</li> <li>3.) Proper MERS® Rider</li> </ul> </li> </ul>
	Within 7 Days of funding	Register loan on MERS® System either online, in batch submission <ul style="list-style-type: none"> <li>1.) Ensure we are listed as Servicer, Investor and Originating Organization</li> <li>2.) Ensure Warehouse Lender is US or Self-funded</li> </ul>

We ensure compliance with these requirements by including the MERS® verification check in our loan servicing setup/delivery checklist.

**Loan Sales and Loan Transfers**

Participant	Step	Description
MERS® Admin	Initiates Loan Transfer	<ol style="list-style-type: none"><li>1.) Initiate transfer to new rights holder<ol style="list-style-type: none"><li>a. Review transferee's requirements to ensure all requirements are met prior to transfer</li></ol></li><li>2.) Check type of assignment; either<ol style="list-style-type: none"><li>a. Transfer of Servicing/Transfer of Beneficial Rights (TOS/TOB)-Select this box please</li><li>b. Transfer of Servicing (TOS)</li><li>c. Transfer of Beneficial Rights (TOB)</li></ol></li><li>3.) Monitor the transfer to ensure acceptance loans.</li><li>4.) Contact transferee if loans are not accepted.</li></ol>

We ensure compliance with these steps by including them in the Loan Sale process checklists in the collateral and final documents functions.

**Adding Purchased Loans to MERS**

Participant	Step	Description
MERS® Admin	Monitor MERS® system for incoming transfers	Daily <ol style="list-style-type: none"><li>1.) Transfers correctly indicate our name, investor and servicer</li><li>2.) Has correct MIN</li><li>3.) If Correct, confirm transfer<ol style="list-style-type: none"><li>a. If incorrect, contact seller for correction</li><li>b. Initiate re-transfer</li></ol></li><li>4.) If we DID NOT purchase the loan reject the transfer</li></ol>

In our correspondent or flow loan purchase business, we ensure compliance through our loan funding process. Loans are not funding without valid MERS® registration.



**Servicing MERS® Loans**

Participant	Step	Description
MERS® Admin	Monthly/Quarterly date reconciliation	Depending on volume, either monthly or quarterly, review MERS® system with our servicing system to ensure 100% data integrity
Servicing Department	Boarding Checklist	Ensure recorded documentation correctly reflect MERS® information
Servicing Department	Report events	Any servicing events – transfer, default, bankruptcy, construction loan completion/modification, loan payoff, assumption, loss mitigation/property preservation
Servicing Department	MIN/MERS® correctly flagged	For FHA, Owner Occupied, Servicer Default Lockout, or registration by others,

These steps are managed in conjunction with our Loan Servicing policies and procedures, or either at boarding, through the MERS® managers Monthly or Quarterly data reconciliation.

MERS® Integration