



Procedures Manual

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Introduction

Purpose

This manual serves as a general overview of how business processes in mortgage banking are affected by MERS policies and procedures. This information will help you assess the impact of MERS on your own business and business processes. Use this manual in conjunction with other sources of instruction and guidelines, including, but not limited to the following:

- [*MERS[®] OnLine User Guide*](#)
Gives step-by-step instruction for using MERS[®] OnLine
- [*MERS[®] Integration Handbook, Volume I*](#)
Provides detailed information on becoming MERS[®] Ready
- [*MERS[®] Integration Handbook Volume II*](#)
Provides the technical specifications for interacting with the MERS[®] System. This manual is of most use to Members that send flat file or EDI X12 transmissions.
- [*MERS[®] Reports Handbook*](#)
Provides descriptions of available MERS[®] Reports
- [*MERS[®] EDI Implementation Guide*](#)
For Members who are using the EDI X12 interface
- [*MERS[®] Quality Assurance Procedures Manual*](#)
Details MERS requirements for Quality Assurance
- [*MERS[®] Lite Tool Kit*](#)
Useful for Lite Members (Members who don't service MERS loans)

These documents are available from the MERS website at www.mersinc.org.

Structure

Each chapter contains five parts:

- *Overview.* The overview gives a brief description of the process or function and how it relates to MERS.
- *Impact.* The impact states what types of organizations the process affects.
- *Business Procedures.* The business procedure gives a step-by-step view of the process, including business-related steps and general MERS[®] System instruction. The business procedure lists information that *can* be entered onto the MERS[®] System; however, the business procedure does not specify which information is required. Specific system instruction, including required fields, is found in the [MERS[®] OnLine User Guide](#).
- *Reports.* This section lists reports produced during the business process. For a detailed description of each report, see the [MERS[®] Reports Handbook](#).

Membership in MERS

Overview

Participants from all sectors of the real estate finance industry have varying levels of access and use of MERS and the MERS[®] System. These participants include lenders, investors, servicers, brokers, custodians, and title companies. Some participants are Members, some are not, depending on their needs. Each Member goes through an application and approval process, which is outlined in the following pages, to become a Member of MERS.

Impact

This process has potential impact on all new MERS Members.

Business Procedure

For more detailed information regarding technical requirements and network connectivity, refer to the [MERS[®] Integration Handbook Volume II](#), which is available on the MERS website at www.mersinc.org. The [MERS[®] EDI Implementation Guide](#) is also available on the website.

1. Submit a completed MERS application to MERS Corporate Offices.
 - You will be assigned an Org ID
 - The MERS Membership Manager will work with you on preliminary steps to get you ready for MERS integration, including:
 - Identify an implementation Project Manager
 - Form an integration team
 - Notify technology vendors of your intention to become a MERS Member
 - Notify investors, document custodians, and warehouse gestation lenders of your intentions to become a MERS Member
 - Set a target implementation date
 - Determine if new business partner agreements are needed
 - Once these preliminary steps are done, the Membership Manager will recommend your company for integration.

2. During integration, you will:

- Be given access to the Corporate Resolution Management System to propose officers of your company as MERS Certifying Officers.
- Confirm the implementation date with MERS.
- Document your revised business process flows.
- Determine with MERS your levels of system access and security in accordance with your line of business and transaction requirements.
- Install system interfaces to the MERS[®] System.
- Develop the required servicing or origination system and document preparation enhancements
- Test the required servicing or origination system enhancements.
- Attend a MERS[®] OnLine training session.
- Train your staff on the use of MERS.
- Develop and implement a quality assurance program for MERS, and submit your MERS quality assurance plan to MERS.
- Perform post-implementation review.
- Complete the Customer Integration survey.

Using a Third Party Originator

If you buy closed loans from a broker or affiliate who is not a MERS Member, you can have the originator assign each loan to MERS, or you can execute a Third Party Originator (TPO) agreement with MERS which defines your procedures and responsibilities in using the Third Party Originator to originate MOM loans. Check with the MERS Law Department for information about various TPO agreement possibilities.

The TPO agreement spells out the manner in which your process will deviate from the regular MERS rules and procedures with regards to loans purchased by you from your broker or affiliate. The TPO agreement supplements, and does not replace, your membership agreement with MERS.

The TPO agreement allows your non-MERS broker or affiliate to originate loans for you using the “MERS as Original Mortgagee” (MOM) concept and MINs supplied by you. You then acquire the loans and register them on the MERS[®] System. You pay all appropriate MERS transaction fees associated with the loans, and prepare and record an assignment out of MERS for any loan originated in this way that you do not acquire.

Reports

No reports are associated with obtaining membership in MERS.

System Security

Overview

There are three levels of identity validation within the MERS[®] System security scheme:

- Org ID
- User ID
- User Password

Any attempt to access the system is denied unless all three tiers of security have been satisfied. MERS assigns your Org ID, which identifies your organization, when your membership application is approved. At the Org ID level, the system stores your Member Information (lines of business, contact information, etc.).

Your Lines of Business (LOBs) under Member Information determine which MERS functions you will be able to access. For example, a Custodian can only view loans for which it is the Custodian, and cannot access transfer of beneficial rights or loan modifications.

Your MERS System Administrator is responsible for establishing and maintaining the security that controls access to the MERS[®] System and specific processes within the MERS[®] System. Your System Administrator establishes User IDs and Passwords and assigns users to specific roles that enable certain levels of access in the MERS[®] System. The System Administrator also resets passwords, reactivates User IDs, and deletes unused User IDs.

See the [MERS[®] OnLine User Guide](#) for complete instructions on setting up and maintaining User IDs and security roles.

As defined by a contractual agreement, your organization may grant security access to a third party to process specific transactions (e.g. MERS Members that are known as Registrars may be authorized by you to perform registrations, transfers, updates and lien releases on your behalf) by setting up a Vendor relationship, but you may assign User IDs only to persons within your organization.

Impact

The security process affects the following organizations:

- All MERS Members
- MERS Corporate Offices

Business Procedure—MERS

Your Business Integration Resource (BIR) enters the following information on the MERS[®] System regarding your organization.

- Org ID
- Company Name
- Corporate Address
- Phone
- Fax
- Corporate website address
- Parent company, if applicable
- FHA approved indicator
- Agency ID(s)
- Organization's Line(s) of Business
- Lockout indicator
- Contact information
- Status (Active, Inactive)
- Membership date

Your BIR also provides the MERS Help Desk and Mail Room with the email address you provide for official notices. If this email address changes, you must notify MERS immediately.

Business Procedure—Member

1. Your MERS Project Manager identifies a MERS System Administrator.
2. After your MERS Business Integration Resource (BIR) has set up and activated your company on the MERS[®] System, your System Administrator is responsible for keeping the Member Information current, and notifying MERS if your address, telephone number, or email address change.

You are responsible for keeping the following information current once your organization is activated on the MERS[®] System.

- Company Name
(Notify MERS if this information changes; only MERS can change Company Name on the MERS[®] System)
 - Corporate Address
(Also notify MERS if this changes)
 - Phone (Also notify MERS if this changes)
 - Fax (Also notify MERS if this changes)
 - Corporate website address
 - Investor Alternate Address and Indicator
 - Servicer/Subservicer Alternate Address and Indicator
 - FHA approved indicator
(Notify MERS if this information changes; only MERS can change this indicator on the MERS[®] System)
 - Agency ID(s)
(Notify MERS if this information changes; only MERS can change Agency IDs on the MERS[®] System)
 - Contact information
(Also notify MERS if primary contact changes.)
3. Your System Administrator assigns each user within your organization a unique User ID on the MERS[®] System.
 4. Your System Administrator assigns a security role to each User ID.
 5. Your System Administrator resets passwords, deactivates User IDs and deletes User IDs and Security Roles no longer needed.
 6. Your System Administrator maintains your Member Information section of MERS[®] OnLine including Address, Phone/Fax numbers, URL Address and Contact List.
 7. Your System Administrator can also give authority to third party providers so they can perform specific functions on behalf of your company by setting up a Vendor relationship, but no third party may be provided a User ID under your Org ID

If the email address to which official notices for your organization should be sent changes, you must notify MERS immediately.

Business Procedure—When Using Third Party Service Providers

Your organization may grant security access to the MERS[®] System to third parties to process specific transactions on your behalf.

Your System Administrator sets up this security through the Member Information Relationships section of MERS[®] OnLine by adding Vendor relationships. The transactions that may be processed by these vendors are:

- Registrations
- Transfers
- Lien Releases
- Updates

You may not set up a User ID under your Org ID for a third party.

Business Procedure – Associated Member

The MERS[®] System provides all Associated Members a central point to obtain information on a MIN (i.e. current Servicer, current Investor, Assignment information) with which they are associated.

Any Member can be identified as an Associated Member on a MIN, provided it is an active MERS Member with a valid Org ID. The following Lines of Business define Associated Members on the MERS[®] System:

- Collateral Agent
- FHLB/FRB
- Government Housing Agency
- Master Servicer
- Mortgage Insurance Co.
- Trustee
- Warehouse/Gestation Lender
- Property Preservation Company
- Other

At the MIN level, the Servicer or Subservicer may identify the following types of Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agency
- Master Servicer
- Mortgage Insurance Company
- Trustee
- Warehouse/Gestation Lender
- Alternate Custodian 1
- Alternate Custodian 2
- Alternate Custodian 3
- Alternate Custodian 4
- Participation Investor 1
- Participation Investor 2
- Participation Investor 3
- Participation Investor 4
- Other 1
- Other 2
- Other 3
- Other 4
- Property Preservation Company 1
- Property Preservation Company 2
- Property Preservation Company 3
- Property Preservation Company 4

Reports

The following reports will list Associated Member interest on MINs from updates received from both batch processing (Flat File/X12) and MERS[®] OnLine. For detailed descriptions of these reports, see the [MERS[®] Reports Handbook](#):

- Change Notification Report (VB)*
- MIN Milestone Report (VA)*
- Registration Rejects/Warning Report (RG)*
- Seasoned Registration Rejects/Warning Report (RB)*
- Maintenance Rejects/Warning Report (MB)*

Business Procedure — My MERS

The MERS® System provides you the ability to customize the list of organizations that appear within the pop up lists on the Registration, Transfer of Beneficial Rights, Transfer of Servicing Rights and MIN Information windows through the use of My MERS. This enables you to see only the list of organizations with which you currently do business. To customize the pop up lists, you must define those relationships within your profile and turn on the My MERS option.

Within the Relationships section of the Member Information, you can select which relationship to view, create or delete. The different types will appear at the top of the Relationships page in alphabetical order and include:

- Collateral Agent
- Custodian
- FHLB/FRB
- Government Housing
- Interim Funder
- Investor
- Master Servicer
- Mortgage Insurance Company
- Other
- Property Preservation Company
- Servicer
- Subservicer
- Trustee
- Vendor
(also included to incorporate Third Party security functionality)
- Warehouse/Gestation Lender

Active Members with a line of business equal to the selected Relationship Type will appear in the pop-up list. (Inactive Members will not appear in the pop up list.) MERS Lite Members will not show on pop up Org ID lists on a registration or transfer transaction because it is unlikely another Member will name a Lite Member. Lite Members can, however, be named in these transactions.

When you have defined your Member Information Relationships, use the Member Information My MERS option to turn on this option. The system will not allow you to turn on the My MERS functionality if your organization has a Vendor Line of Business.

Business Procedure — Transaction Default Settings

You can also define default values for the rights holders and option selections that appear on the Registration, Create TOS, and Create TOS/TOB pages in MERS[®] OnLine, using the Member Information Transaction Default Settings option.

Registration Settings allow you to enter the lien type, MOM indicator, Pre-Closing indicator, Security Type, rights holder Org IDs, and Originating Organization information you usually enter during Registration. Once entered in Registration Settings, this information appears whenever you initiate a new registration, so you don't need to enter it for each loan. To enter different information for a particular loan, just enter it as you would if you hadn't used Registration Settings.

TOS Settings allow you to enter the rights holder Org IDs and Delete Current Custodian option you usually enter when creating a Transfer of Servicing Rights (TOS) or Transfer of Servicing and Beneficial Rights (TOS/TOB) transaction. Once entered in TOS Settings, this information appears whenever you initiate a new transfer transaction, so you don't need to enter it for each transfer. To enter different information for a particular transfer, you just enter it the same way you would if you hadn't used TOS Settings.

Reports

There are no reports associated with the My MERS or Default Transaction Settings process.

Member Information

Overview

Your organization is required to maintain certain portions of your Member Information to define processing options, billing information, document handling, and contact information. Your MERS System Administrator also maintains information that controls system access and security. Some portions of the Member Information screens can only be changed by MERS.

You may change the information within your Member Information at any time; however, MERS recommends that you designate one person as a contact for these changes, generally your System Administrator.

Besides maintaining your Member Information on the MERS[®] System, you are responsible for notifying MERS when there is a change to your corporate name, address, telephone or fax number, or email address for document images and official notices. You can use the [Company Information Change Request](#) form available on the MERS corporate website to notify MERS of these changes.

Notification requirements for corporate name changes are described in the [Member Corporate Name Changes](#) chapter. Your notification of address and email changes should include:

- Org ID
- Organization Name
- Member Type (General, Lite, or Patron)
- Other Org IDs affected by change
- Name, title, and email address of contact submitting notification
- If address is changing:
 - Old address
 - New address
 - Which offices/contacts are affected
 - Effective Date
- If email address is changing:
 - Old email address
 - New email address
 - Effective Date

- If telephone or fax number is changing:
 - Old number
 - New number
 - Effective Date

Impact

- The maintenance of the Member Information affects all MERS Members.

Business Procedure—MERS Member

MERS also maintains some Member Information.

1. You can update the following general information in your Member Information:
 - Official Corporate Address
(Used in the Member Summary for your organization)
You must also notify MERS directly if this information changes
 - Regular Address
(Used by the MERS Mail Center to distribute original mortgage documents received for your organization)
 - Overnight Address, carrier and account information
(Used by the MERS Mail Center to distribute original mortgage documents received for your organization if you have chosen to have them delivered via overnight delivery)
 - Investor Alternate Address and Telephone
(If indicator is selected, this address is used by MERS[®] ServicerID, by the telephone Servicer Identification System, and on Mortgage Loan Transfer Notices, for MINs on which your organization is the Investor)
 - Servicer/Subservicer Alternate Address and Telephone
(If indicator is selected, this address is used by MERS[®] ServicerID, by the telephone Servicer Identification System, and on Mortgage Loan Transfer Notices, for MINs on which your organization is the Servicer or Subservicer)
 - Toll Free Phone number
 - Corporate Fax number
 - Corporate Web address
 - Relationships

Your organization is responsible for keeping all contact names, addresses and telephone numbers current, and for notifying MERS if your corporate name, address, or notification email address changes.

You can designate multiple contacts for all contact types except Accounts Billing and Primary Customer Service.

2. You must maintain the following contact information in your Member Information:

- Title
- Name
- Phone number and extension
- Email address
- Pager number
- Fax number
- Address
- City
- State
- Zip code
- Contact Type
 - ◇ Accounts Billing*
 - ◇ Primary System Administrator*
(MERS Help Desk refers user security requests for your organization to this contact)
 - ◇ Secondary System Administrator
 - ◇ Primary Customer Service*
 - ◇ Secondary Customer Service
 - ◇ Legal Counsel
 - ◇ Operational*
(at least one is required – if only one contact of this type remains, it can be updated but not deleted)
 - ◇ Property Preservation
(for MERS Members and MERS[®] Link Subscribers to contact regarding property maintenance issues)
 - ◇ Quality Assurance Officer
 - ◇ Mail Room
 - ◇ Executive Sponsor
(responsible for overseeing QA process)
 - ◇ Compliance Officer
 - ◇ Technical
 - ◇ eRegistry
(required for MERS[®] eRegistry Members)

*Required contact – can be updated, but not deleted.

3. You must maintain the following option information.
 - *Number of Password Expiration Days.* The number of days before a user's password expires.
 - *XML Password.* The password used to submitting XML Registration transactions.

Business Procedure—MERS

MERS maintains a portion of your organization's profile as well. You can view this information, but you cannot update it. Contact MERS Help Desk if you need MERS to update this information.

- Member Name
(MERS requires official notification to update; see [Member Corporate Name Changes](#))
- Member lockout flag
- Member active flag
- Parent Org
- Lines of business
- Membership date
- FHA approval flag
- Investor Options
- Servicer Options
- Subservicer Options
- Agency IDs
- Document Handling Instructions
- Registration by Others flags
(May be used to block other Members from registering a loan showing your organization as Investor, Servicer, or Subservicer.)
- Automated Password Reset flag
(Allows users to establish challenge questions to be used to log into the system if they forget their password)
- eRegistry and eDelivery Options

If Overnight Mail is requested, you must provide MERS with your Corporate Airbill Number .

Reports

No reports are associated with maintaining the Member Information.

Business Procedure - Member Lockout

In the event an Investor is involved in a dispute with a Warehouse Lender, Servicer or Subservicer, the Investor can request that MERS take action to prevent activity on the disputed MINs by that Servicer/Subservicer.

1. The Investor will notify MERS in writing of the dispute with the Servicer/Subservicer or Warehouse Lender, and produce proof of ownership.
2. MERS will process the request within five business days of receipt.
3. MERS can process a lockout at any of several levels:
 - Lockout all activity for an Org ID
 - Lockout all activity for a specified LOB for an Org ID
 - Lockout activity on specific MINs for an Org ID
4. Regardless of the lockout level, all Org IDs associated with impacted MINs can view MIN information. Also, a transfer transaction will be allowed if it transfers the MIN out of the relationship between the Member in troubled status and the disputing Member.
5. The Investor will notify MERS when the dispute is settled and when the restriction to system or MIN access for that Servicer/Subservicer can be reactivated.

Reports

Error messages appear on the following reports for processing that was stopped due to a Servicer being locked out. For detailed descriptions of these reports, see the [MERS® Reports Handbook](#):

- Seasoned Registration Rejects /Warnings (RB)
- Registration Rejects/Warnings (RG)
- Transfer of Beneficial Rights Rejects (BF)
- Physical Transfer of Servicing Rights (SC)
- Foreclosure Reject Report (DF)
- Payoff Reject Report (DP)
- Transfer to Non-MERS Member Reject Report (DQ)
- Default by Servicer to Non-Member Rejects Report (DR)
- Assumption Rejects/Warnings (AB)
- Maintenance Rejects/Warnings (MB)

Member Corporate Name Changes

Overview

Because of mergers, acquisitions and other business events, your corporate name as recorded in the MERS[®] System may need to be changed. Please review the MERS Membership Agreement, Rules of Membership, and Terms and Conditions for policies pertaining to these events.

You must notify MERS in writing at least 30 days before a name change becomes effective. MERS will make the change on the MERS[®] System.

Impact

- This process has potential impact on all MERS Members.

Business Procedure

1. MERS requires official written notification for all corporate name changes. Use the [Company Information Change Request](#) form available on the MERS corporate website.

The notification must be completed by an officer of your company and sent to MERS no less than thirty (30) calendar days before the effective date.

The notification must include the following information:

- Member Org ID
 - Old corporate name
 - New corporate name
(Must be unique within MERS[®] System)
 - Effective date of the name change
 - Reason for name change (e.g. merger)
 - Member Type (General, Lite, or Patron)
 - Other Org IDs affected by change
 - Name, title, and email address of company officer submitting notification
2. MERS updates your corporate name in the MERS[®] System on the effective date specified.

3. The new corporate name appears anywhere your member name is linked to its Org ID. For example, on all pop up lists in the MERS[®] System, registered loans and batch transactions in the system, and reports produced thereafter will show the new name. However, the Assignee and Assignor fields on the Assignment tab on the Security Instrument window are free form fields and are not linked to the Member's Org ID; therefore, the name change will not appear in those fields.

Reports

No reports are associated with changing Member Information.

Mortgage Identification Number (MIN)

Overview

A MIN in X12 file or flat file format does not include dashes between the components.

The Mortgage Identification Number (MIN) is the unique 18-digit number permanently assigned to a mortgage registered on the MERS[®] System. To process information on the MERS[®] System, you must enter the MIN.

A MIN consists of 18 digits, composed of three components of numeric characters:

-
- Component 1: Seven-digit MERS organization identification number (Org ID) of the organization that generated the MIN*. You will be notified by MERS of your Org ID. Like the rest of the MIN, the Org ID never changes, regardless of servicing transfers. For example, in the MIN 9594567-0123456789-8, **the Org ID is 9594567**.
*The exception to this is MINs generated through MERS[®] 1-2-3, which begin with 1230000.
 - Component 2: 10 numeric characters of a sequence number assigned by you. You can use existing numbers, such as loan numbers, as the sequence number, or you can use randomly generated sequence numbers, as long as you never re-use the number. For example, in the MIN 9594567-0123456789-8, **the sequence number is 0123456789**.
 - Component 3: One numeric check digit calculated by you using the Mod 10 Weight 2 Algorithm, listed in the Business Procedure of this section. For example, in the MIN 9594567-0123456789-8, **the check digit is 8**.

A MIN is unique and must never be reused. However, it can be reactivated if it was deactivated because servicing was sold to a non-MERS Servicer then transferred back to a MERS Member. The new Servicer would then register the MIN to reactivate it.

MERS validates MINs at registration by checking for duplicate MINs, ensuring the check digit is properly calculated, and that the first seven digits of the MIN match an Org ID set up in Member Information in the MERS[®] System.

Impact

This process has potential impact to the following types of organizations:

- Servicers
- Sub-Servicers
- Originators
- Third-Party Originators
- Investors
- Document Custodians
- Associated Members

Business Procedure for Creating a MIN

Your company assigns the unique 10-digit sequence number. You can never re-use a sequence number.

Your company may have a utility that automatically calculates the check digit for you.

1. The seven numeric digits of your MERS Org ID will be assigned by MERS.
2. Determine the 10 numeric characters of the sequence number.
3. Determine the check digit, using the MOD 10 Weight 2 Algorithm. The calculation follows:

- A. The units (i.e., the rightmost) position and every alternate position of the base number (from right to left) are multiplied by two. Any carry is added to the product of the next multiplication operation. If there is a carry on the last multiplication operation, it is immediately added to the product.
- B. The digits in the products and the digits in the base number not multiplied by two are added together.
- C. The total is subtracted from the next higher number ending in zero. If the total ends in zero, the number is subtracted from itself.
- D. The difference is the check digit.

Example: **OrgID = 95945670123456789** **Sequence # = 0123456789**

Base Number:	9	5	9	4	5	6	7	0	1	2	3	4	5	6	7	8	9
Alternate Positions	9	9	5	7	1	3	5	7	9								
Times 2:	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2	x2
	(1+8+1)9	1	4	2	7	1	5	8									
Digits Not Multiplied:	5	4	6	0	2	4	6	8									
Cross-Footed:	10 +5 + 9 + 4 + 1 + 6 + 4 + 0 + 2 + 2 + 7 + 4 + 1 + 6 + 5 + 8 + 8= 82																
Next Higher Number Ending in Zero:	90																
Minus Cross-Footed Total:	82																
Check Digit:	8																

4. MERS validates the MINs at registration by checking for duplicate MINs, and ensuring the check digit is properly calculated, and that the first seven digits of the MIN match an Org ID set up in Member Information on the MERS[®] System.

See [Quality Assurance Procedures Manual](#) for the location of the MIN on documents. However, individual county recording requirements may vary. If there is a conflict with county requirements, comply with the county requirements.

For blanket assignments, the corresponding MIN must appear with each security instrument covered by the blanket assignment.

DOCUMENT	PROCESS	REQUIREMENT
Mortgage or Deed of Trust	Loan registered at origination	The MIN and Servicer Identification System (SIS) number (888-679-MERS) are required on the security instrument for MOM loans. The MIN is highly recommended on non-MOM security instruments.
Note	Loan registered at origination	It is highly recommended that you include the MIN on the Note. Check with individual investors for specific delivery requirements.
Assignment	Loan registered at origination	The MIN and the SIS number are required on the assignment to MERS.
	Loan registered more than 270 days after note date.	The MIN and the SIS number are required on the assignment to MERS.
Lien Release/Satisfaction	Payment in full of mortgage	The MIN and the SIS number are required on the lien release for MOM and Non-MOM loans.
Assumption	Change in Borrower	The MIN and the SIS number are required on any assumption recorded in the county land records for MOM and Non-MOM loans.
Modification	Change in loan terms	The MIN and the SIS number are required on any modification recorded in the county land records for MOM and Non-MOM loans.
Subordination Agreement	Subordination to additional loan	The MIN and the SIS number are required on any subordination agreement recorded in the county land records for MOM and Non-MOM loans.

MERS Loan Registration

Overview

Registration is the process for entering information to activate a loan on the MERS[®] System. You can register:

There are three methods of submitting Registration transaction to MERS:

- Using our browser-based application, MERS[®] OnLine.
- System to System
- Using a synchronous XML transaction

- A MOM loan you have just closed
- A seasoned loan you've purchased
- A loan originated on a standard security instrument and then assigned to MERS
- A loan for which the prior registration was reversed
- A loan that was assigned out of MERS and deactivated for reason of Transfer to non-MERS Member and then assigned back to MERS when purchased by a MERS Member.
- A loan that was assigned out of MERS and deactivated for reason of Reinstated or Modified option 1, not assigned back to MERS, and is later assigned back to MERS.

For closed loans on which MERS is neither the original mortgagee nor the assignee, see [iRegistration](#). For loans that have not yet closed, see [Pre-Closing](#).

As the Registering Member you are required to enter the Investor and Servicer (and Sub-Servicer if applicable) Org IDs at registration. Once you register a loan, you have 7 calendar days, including the registration date, to make any necessary changes to the registration information. Thereafter, the MIN information can only be updated by the current Servicer or Subservicer (unless there is a default by the Servicer or alternative instructions from the investor), except that the registering Member may add recording information for the Security Instrument or Assignment.

There are two formats for System-to-System data:

- Flat File transmission
- EDI X12 transaction.

You can identify other MERS Members with an interest on a particular loan, including document custodian and associated members, if applicable. Although it is not a requirement of MERS, Interim Funders can show their security interest in a loan on the MERS[®] System by having the registering member complete the Interim Funder field or associated member field. The system will auto populate the Agency ID field, if the Investor requires it and if that ID is included on your Member Information.

You must register on the MERS[®] System all loans closed with MERS as Original Mortgagee (MOM) security instruments within 10 calendar days of the Note Date, even if you immediately or subsequently sell the loan to a non-MERS Member.

You must register the loan being assigned to MERS on the MERS[®] System within 14 calendar days of the effective transfer date. The effective transfer date is the earlier of the date defined in the Purchase and Sale Agreement on which the buyer begins servicing the loans on its servicing system, or the assignment date.

The buyer of a non-registered MOM loan is allowed 10 calendar days from the purchase date in which to register the loan on the MERS[®] System. In addition, the seller must initiate all Transfer of Servicing Rights transactions within 14 calendar days of the effective transfer date. As always, if a specific investor's requirements are more stringent than the MERS requirements, the investor's requirements supersede MERS policy.

Impact

The loan registration process affects the following types of organizations:

Primary Members:

- Servicers
- Sub-Servicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders

Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agencies
- Master Servicer
- Mortgage Insurers
- Trustee
- Warehouse/Gestation Lenders
- Alternate Custodian (up to 4 entries)
- Participation Investor (up to 4 entries)
- Other (up to 4 entries)
- Property Preservation Company (up to 4 entries)

Government Housing Agencies, Mortgage Insurance Cos, Trustees, Warehouse/Gestation Lenders, etc. are known as Associated Members and may be named during registration processing.

Business Procedure – Initial Registration

1. Close the loan on a security instrument that names MERS as the original mortgagee and send it to the recorder's office.
Or, close the loan on a standard security instrument, prepare an assignment to MERS, and send both to the recorder's office.
2. Enter the MIN on the MERS[®] System.
3. The MERS[®] System validates the MIN.
4. Enter the loan information:
 - Lien type – 1st or Subordinate Lien which accommodates all liens subsequent to the first
 - Note amount
 - Note date
 - Funding date (for escrow states only)
 - Originating Org ID (if originator is a MERS Member)
 - Original note holder name (if originator is not a MERS Member)
 - Servicer
 - Subservicer
 - Investor (use 1000002 if Investor is not a Member)
 - Interim Funder (only if MERS Member)
 - Document Custodian
 - Associated Member(s)
5. Enter borrower information exactly as it appears on the security instrument:
 - Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)
 - OR**
 - Title
 - First name
 - Middle name
 - Last name
 - Honorific
 - Social security number or tax ID
(required for primary borrower)

- An Interim Funder can remove its security interest from the MERS[®] System at any time.
- Option 2 Transfers of Beneficial Rights with interim funding interests will appear on an exception report, noting co-existing beneficial interests.

Enter all names that appear on the Security Instrument, even if they do not appear on the Note.

One Primary Borrower and up to three Co-Borrowers may be entered on the Registration page.

Additional Co-Borrowers must be entered as a MIN Information Borrower update.

For foreign nationals with no SSN or Tax ID, enter 111111111 for SSN.

For properties without street numbers, as in Rural Route addresses, the property street number is not required.

6. Enter property information exactly as it appears on the security instrument:
 - Street number
 - Street name
 - Street designator (e.g. ST, BLVD, etc.)
 - Street direction (e.g. N, S, SE, etc.)
 - Unit type (e.g. Coop, Apt, etc.)
 - Unit number
 - City
 - State
 - ZIP code and extension
7. Enter the following required legal description information exactly as it appears on the security instrument:
 - Property County or Jurisdiction
8. Enter optional legal description information exactly as it appears on the security instrument:
 - Metes and bounds indicator
 - Block
 - Borough
 - District
 - Landlot
 - Lot
 - Phase
 - Range
 - Section
 - Square
 - Subdivision
 - Tax parcel ID
 - Township
 - Village
 - Ward

9. Enter the following miscellaneous information, if applicable:

Required when registering loans sold to Fannie Mae or Freddie Mac.

Required when registering loans issued in a Ginnie Mae or Fannie Mae pool.

For all MOM Loans, you must receive and enter all security instrument recording information within 30 calendar days of the Registration Date

If MERS is not named as the original mortgagee on the security instrument, you must prepare and send to the county recorder an assignment to MERS within 14 calendar days after the registration date. You must update the MERS[®] System to reflect the assignment sent date. You must also update the MERS[®] System with the recorded assignment and security instrument information within six months of the registration date. Refer to the [Quality Assurance Procedures Manual](#) for additional information.

Although recording information is typically not available at loan closing, the registration transaction is not considered complete until recording information has been entered. You must, however, enter the Assignment Sent Date for a loan assigned into MERS.

- Investor funding amount
- Investor funding date (if Investor requires it)
- Investor loan number, if required by the Investor
- FHA/VA Case Number or MI Certificate Number
- Torrens Certificate Number
- Agency ID, if required by the Investor
- Investor pool number, if required by the Investor
- Taxpayer Identification Number of third-party originator (if applicable)

10. Enter the following security instrument information

- MOM indicator:
 - Defaults to MOM – MERS is the original mortgagee on the security instrument
 - Set to Non-MOM only if the loan was originated on a standard security instrument and assigned to MERS
 - For loans neither originated with MERS as mortgagee nor assigned to MERS, see the [iRegistration](#) chapter
- Original mortgagee or beneficiary, if MERS is not mortgagee on the security instrument
- Trustee, if applicable
- Security type (e.g. Mortgage, DOT, etc.)
- Recording and re-recording information

11. Enter the following assignment information on the MERS[®] System if the loan is not recorded with MERS as the original mortgagee on the security instrument.

- Assignment type
- Assignment sent date
- Assignee name and address
- Assignor name and address
- Recording and re-recording information, including
 - ⇒ Recording date
 - ⇒ Recording instrument or document number
 - ⇒ Recording book or Liber number
 - ⇒ Recording page or folio number

12. Submit the transaction.
13. MERS validates the registration and loan status reflects an “Active (Registered)” status.
14. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
15. The registration appears on the MIN-level milestones.
16. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
17. For Associated Members on the loan, the MIN Milestones report is generated.
18. As the registering Member, MERS charges you the registration fee. The fee appears on your next monthly invoice from MERS.
19. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.
20. As the registering Member, you may add recording information for the MIN at any time until it is deactivated or its QR flag is checked.

Business Procedure – Post-Closing Registration

If a loan is registered as a Pre-Closing on the MERS[®] System, you can register it as an active MOM or Non-MOM loan once it closes. To register it as an active iRegistration loan, see Post-Closing iRegistration.

Note: If the Pre-Closing was performed via batch or XML and contains more than four borrowers, only the first four will remain if you register the MOM or Non-MOM loan in MERS[®] OnLine.

1. Enter the MIN on the MERS[®] System as a Registration
2. MERS[®] OnLine validates the MIN, and displays the Registration page populated with the information from the Pre-Closing registration.
3. Check all loan information and update as needed. Be sure to update the Pre-Closing indicator to No, and enter a Note Date if one was not entered for the Pre-Closing.
4. Submit transaction.
5. MERS validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The Post-Closing registration appears on the MIN-level milestones, and the Registration Date in MIN Information reflects the most recent registration.
8. The Registration Verification report and/or Seasoned Registration Verification report is generated or primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian) and the Pre-Closing Registering Member.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. A Post-Closing registration fee is charged when you register a Pre-Closing loan as a Post-Closing MOM or Non-MOM loan.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – Re-registration after Reversal

If a loan is in registration reversal status on the MERS[®] System, you can correct the information for that loan and re-register it.

1. Enter the MIN on the MERS[®] System as a Registration
2. MERS[®] OnLine validates the MIN, and displays a summary of the loan information, along with the Re-Registration menu
3. Check all loan information and update as needed, using the options available on the Re-Registration menu
4. Select Re-Register from the Re-Registration Loan page.
5. MERS validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The registration appears on the MIN-level milestones.
8. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. As the registering member, MERS charges you the registration fee. The fee appears on your next monthly invoice from MERS.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.
12. As the registering Member, you may add recording information for the MIN at any time until it is deactivated or its QR flag is checked.

Business Procedure – Re-registration after Deactivation

If a loan has been deactivated on the MERS[®] System for any reason other than Foreclosure Complete or Paid in Full, that loan can be re-registered using the existing MIN if it is later assigned to MERS. For loans assigned to the Member rather than to MERS, see [iRegistration after Deactivation](#).

Even if the loan was originally recorded with MERS as mortgagee, since it must be assigned back into MERS it is no longer considered a MOM loan.

1. Prepare an assignment to MERS, and send it to the recorder's office.
 - Include the existing MIN, and the SIS telephone number, on the assignment
2. Enter the MIN on the MERS[®] System as a Registration
3. The MERS[®] System validates the MIN and displays the loan information
4. For MOM Indicator, select Non-MOM (if loan is not assigned to MERS, see [iRegistration after Deactivation](#)).
5. Enter the new Servicer Org ID.
6. Check the remaining loan information to ensure it is correct.

Note: No changes are allowed to Security Instrument information when a deactivated loan is being re-registered. OnLine Security Instrument fields will be disabled, and Security Instrument data in batch and XML transactions will be ignored. A Non-MOM loan with MERS in the Original Mortgagee/Beneficiary field will receive a warning, but MERS is the correct Mortgagee/Beneficiary if the loan was originated as a MOM.
7. Submit the transaction.
8. MERS validates the registration and loan status reflects an "Active (Registered)" status.
9. The registration appears on the MIN-level milestones.
10. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
11. For Associated Members on the loan, the MIN Milestones report is generated.

12. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
13. As the registering member, MERS charges you the registration fee. The fee appears on your next monthly invoice from MERS.
14. Enter the assignment information for the assignment to MERS. And enter the recording information for this assignment when you receive it.
15. Enter any assignments, modifications, assumptions, etc. which occurred between the loan being deactivated and re-registered.
16. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.
17. As the registering Member, you may add recording information for the MIN at any time until it is deactivated or its QR flag is checked.

Reports

The following reports are generated during the Loan Registration and Seasoned Loan Registration process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- ❑ *Registration Verification Report*
- ❑ *Registration Rejects/Warnings Report*
- ❑ *Registered MINs with Quality Review Flag Equal to No Report*
- ❑ *MINs for the Same Primary Borrower SSN, Property, and First Lien- Daily Report*
- ❑ *MINs for the Same Primary Borrower SSN, Property, and First Lien- Monthly Report*
- ❑ *Mismatched MIN/eNote Record Report*
- ❑ *Seasoned Registration Verification Report*
- ❑ *Seasoned Registration Rejects/ Warnings Report*
- ❑ *Security Instruments Without Recording Information Report*
- ❑ *Delinquent MERS as Original Mortgagee Registrations Report*
- ❑ *MIN Milestone Report for Associated Members*

MERS[®] iRegistration

Overview

iRegistration is the process for entering information to activate on the MERS[®] System a loan for which MERS is not the mortgagee. Because MERS is not the mortgagee on the loan, no recording information or quality review flag is required. iRegistration can be used for:

There are three methods of submitting an iRegistration transaction to MERS:

- Using our browser-based application, MERS[®] OnLine.
- System to System
- Using a synchronous XML transaction

- A loan you have just closed
- A seasoned loan you've purchased
- A loan for which the prior registration was reversed
- A loan that was deactivated for reason of Transfer to non-MERS Member and then purchased by a MERS Member but not assigned to MERS
- A loan previously registered as a Pre-Closing that has closed (for loans that have not yet closed, see [Pre-Closing](#))

As the Registering Member you are required to enter the Investor and Servicer (and Sub-Servicer if applicable) Org IDs at registration. Once you register a loan, you have seven calendar days, including the registration date, to make any necessary changes to the registration information. Thereafter, the MIN information can only be updated by the current Servicer or Subservicer (unless there is a default by the Servicer or alternative instructions from the investor), except that the registering Member may add recording information.

There are two formats for System-to-System data:

- Flat File transmission
- EDI X12 transaction.

You can identify other MERS Members with an interest on a particular loan, including document custodian and associated members, if applicable. Although it is not a requirement of MERS, Interim Funders can show their security interest in a loan on the MERS[®] System by having the registering member complete the Interim Funder field or associated member field.

The system will auto populate the Agency ID field, if the Investor requires it and if that ID is included on your Member Information.

Government Housing Agencies, Mortgage Insurance Cos, Trustees, Warehouse/Gestation Lenders, etc. are known as Associated Members and may be named during registration processing.

Impact

The iRegistration process affects the following types of organizations:

Primary Members:

- Servicers
- Sub-Servicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders

Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agencies
- Master Servicer
- Mortgage Insurers
- Trustee
- Warehouse/Gestation Lenders
- Alternate Custodian (up to 4 entries)
- Participation Investor (up to 4 entries)
- Other (up to 4 entries)
- Property Preservation Company (up to 4 entries)

Business Procedure – iRegistration

1. Close the loan on a standard security instrument.
2. Enter the MIN on the MERS[®] System using a Registration transaction.
3. The MERS[®] System validates the MIN.
4. Enter the loan information:
 - Lien type – 1st or Subordinate Lien (which accommodates all liens subsequent to the first)
 - Note amount
 - Note date
 - Funding date (optional)
 - Originating Org ID (if originator is a MERS Member)
 - Original note holder name (if originator is not a MERS Member)
 - Servicer
 - Subservicer
 - Investor (use 1000002 if Investor is not a Member)
 - Interim Funder (only if MERS Member)
 - Document Custodian
 - Associated Member(s)
5. Enter borrower information exactly as it appears on the security instrument:
 - Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)

OR

 - Title
 - First name
 - Middle name
 - Last name
 - Honorific
 - Social security number or tax ID
(required for primary borrower)

- An Interim Funder can remove its security interest from the MERS[®] System at any time.
- Option 2 Transfers of Beneficial Rights with interim funding interests will appear on an exception report, noting co-existing beneficial interests.

Enter all names that appear on the Security Instrument, even if they do not appear on the Note.

One Primary Borrower and up to three Co-Borrowers may be entered on the Registration page.

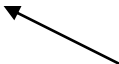
Additional Co-Borrowers must be entered as a MIN Information Borrower update.

For foreign nationals with no SSN or Tax ID, enter 111111111 for SSN.

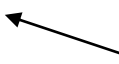
For properties without street numbers, as in Rural Route addresses, the property street number is not required.

6. Enter property information exactly as it appears on the security instrument:
 - Street number
 - Street name
 - Street designator (e.g. ST, BLVD, etc.)
 - Street direction (e.g. N, S, SE, etc.)
 - Unit type (e.g. Coop, Apt, etc.)
 - Unit number
 - City
 - State
 - ZIP code and extension
7. Enter the following legal description information exactly as it appears on the security instrument:
 - Property County or Jurisdiction
8. Enter optional legal description information exactly as it appears on the security instrument:
 - Metes and bounds indicator
 - Block
 - Borough
 - District
 - Landlot
 - Lot
 - Phase
 - Range
 - Section
 - Square
 - Subdivision
 - Tax parcel ID
 - Township
 - Village
 - Ward
9. Enter miscellaneous information if applicable:
 - Estimated Investor funding amount
 - Estimated Investor funding date (if Investor requires it)
 - Investor loan number, if required by the Investor
 - FHA/VA Case Number or MI Certificate Number
 - Torrens Certificate Number
 - Agency ID, if required by the Investor
 - Investor pool number, if required by the Investor
 - Taxpayer Identification Number of broker/third-party originator (if applicable)

Required when registering loans sold to Fannie Mae or Freddie Mac.



Required when registering loans issued in a Ginnie Mae or Fannie Mae pool.



10. Enter the following security instrument information
 - MOM indicator: Select “iRegistration”
 - Pre-Closing Indicator: Select “No”
 - Original mortgagee or beneficiary
 - Trustee, if applicable
 - Security type (e.g. Mortgage, Deed of Trust, etc.)
 - Recording information is optional
11. Assignment information is optional, but MERS may not be included as either Assignor or Assignee.
12. Quality Review flag cannot be updated.
13. Submit the transaction.
14. The MERS[®] System validates the registration, and loan status reflects an “Active (Registered)” status.
15. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
16. The registration appears on the MIN-level milestones.
17. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
18. For Associated Members on the loan, the MIN Milestones report is generated.
19. As the registering Member, MERS charges you the registration fee, unless the loan you are registering was already registered as a Pre-Closing. The fee appears on your next monthly invoice from MERS.
20. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – Post-Closing iRegistration

If a loan is registered as a Pre-Closing on the MERS[®] System, you can register it as an active iRegistration once it closes. To register it as an active MOM or Non-MOM loan, see Post-Closing Registration.

Note: If the Pre-Closing was performed via batch or XML and contains more than four borrowers, only the first four will remain if you register the iRegistration in MERS[®] OnLine

12. Enter the MIN on the MERS[®] System as a Registration
13. MERS[®] OnLine validates the MIN, and displays the Registration page populated with the information from the Pre-Closing registration.
14. Check all loan information and update as needed. Be sure to update the Pre-Closing indicator to No, and enter a Note Date if one was not entered for the Pre-Closing.
15. Submit transaction.
16. MERS validates the registration and loan status reflects an “Active (Registered)” status.
17. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
18. The registration appears on the MIN-level milestones, and the Registration Date in MIN Information reflects the most recent registration.
19. The Registration Verification report and/or Seasoned Registration Verification report is generated or primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian) and the Pre-Closing Registering Member.
20. For Associated Members on the loan, the MIN Milestones report is generated.
21. No registration fee is charged when you register a Pre-Closing loan as an iRegistration.
22. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – iRegistration after Reversal

If a loan is in registration reversal status on the MERS[®] System, you can correct the information for that loan and re-register it as an iRegistration.

1. Enter the MIN on the MERS[®] System as a Registration
2. MERS[®] OnLine validates the MIN, and displays a summary of the loan information, along with the Re-Registration menu.
3. Check all loan information and update as needed, using the options available on the Re-Registration menu. Be sure the Pre-Closing indicator is set to No, and the MOM indicator is set to iRegistration.
4. Select Re-Register from the Re-Registration Loan page.
5. MERS validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The registration appears on the MIN-level milestones.
8. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. As the registering member, MERS charges you the registration fee. The fee appears on your next monthly invoice from MERS.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – iRegistration after Deactivation

If a loan has been deactivated on the MERS[®] System for any reason other than Foreclosure Complete or Paid in Full, that loan can be re-registered using the existing MIN if it is later assigned to a MERS Member. For loans assigned to MERS rather than to the Member, see [Re-Registration after Deactivation](#).

1. Include the existing MIN on the assignment
2. Enter the MIN on the MERS[®] System as a Registration
3. The MERS[®] System validates the MIN and displays the loan information
4. Enter the new Servicer Org ID
5. Check the remaining loan information to ensure it is correct. If the loan was assigned to MERS, update the MOM indicator to Non-MOM. If the loan was assigned directly to the Member, the MOM indicator should remain iRegistration.
Note: No changes are allowed to Security Instrument information when a deactivated loan is being re-registered. OnLine Security Instrument fields will be disabled, and Security Instrument data in batch and XML transactions will be ignored. An iRegistration loan with MERS in the Original Mortgagee/Beneficiary field will receive a warning, but MERS is the correct Mortgagee/Beneficiary if the loan was originated as a MOM.
6. Submit the transaction.
7. MERS validates the registration and loan status reflects an “Active (Registered)” status.
8. The registration appears on the MIN-level milestones.
9. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
10. For Associated Members on the loan, the MIN Milestones report is generated.
11. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.

12. As the registering member, MERS charges you the iRegistration fee. The fee appears on your next monthly invoice from MERS.
13. Enter any modifications, assumptions, etc. which occurred between the loan being deactivated and re-registered.
14. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering member. Thereafter, only the current Servicer or Subservicer can update the information.

Reports

The following reports are generated during the iRegistration process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- ❑ *Registration Verification Report*
- ❑ *Registration Rejects/Warnings Report*
- ❑ *MINs for the Same Primary Borrower SSN, Property, and First Lien- Daily Report*
- ❑ *MINs for the Same Primary Borrower SSN, Property, and First Lien- Monthly Report*
- ❑ *Mismatched MIN/eNote Record Report*
- ❑ *Seasoned Registration Verification Report*
- ❑ *Seasoned Registration Rejects/ Warnings Report*
- ❑ *MIN Milestone Report for Associated Members*

Conversion from iRegistration to Non-MOM

Overview

If a loan registered on the MERS[®] System as an active iRegistration is later assigned to MERS, this change must be reflected on the MERS[®] System by converting the loan from an iRegistration to a Non-MOM. Conversions may only be performed from iRegistration to Non-MOM.

The Servicer or Subservicer performs the conversion using a batch or online Registration transaction.

You must perform the conversion transaction on the MERS[®] System for the loan being assigned to MERS, and send the assignment for recording, within 14 calendar days of the assignment date.

Servicer, Investor, Mortgagee/Beneficiary, Trustee, and Security Instrument Type cannot be changed in a conversion transaction. An Interim Funder can be added, but not changed or deleted. Assignment and recording information may be added, but not updated or deleted. Other data on the record may be updated, and system edits follow registration rules.

Impact

The conversion process has potential impact to the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Document Custodians
- * Associated Members

Business Procedure

1. Prepare an assignment to MERS, and send it to the recorder's office.

2. The Servicer or Subservicer submits the MIN to the MERS[®] System in a Registration transaction.
3. The MERS[®] System validates the MIN. If it is an active iRegistration that is not in a foreclosure status, and the submitting Member is its Servicer or Subservicer, it is eligible for conversion.
4. If performed in MERS[®] OnLine, the existing loan data is displayed on the Registration page, with the MOM indicator set to “Non-MOM” and the Investor, Servicer, Mortgagee/Beneficiary, Trustee, and Security Instrument Type fields grayed out.
5. In batch, all registration data must be submitted. Investor and Servicer must match those already on the MIN, and a MOM Indicator of N must be submitted. Data submitted for Mortgagee/Beneficiary, Trustee, and Security Instrument Type will be ignored.
6. Interim Funder may be added if none exists, but not removed or changed.
7. Enter the following assignment information:
 - Assignment type
 - Assignment sent date
 - Assignee name and address
 - Assignor name and address
 - Recording and re-recording information, including
 - ⇒ Recording date
 - ⇒ Recording instrument or document number
 - ⇒ Recording book or Liber number
 - ⇒ Recording page or folio number
8. In order to set Quality Review flag to Yes, all Non-MOM Quality Assurance edits must be met.
9. Submit the transaction.
10. MERS validates the registration and loan status reflects an “Active (Registered)” status.
11. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
12. The conversion appears on the MIN-level milestones.

Although recording information is typically not available at loan closing, the registration transaction is not considered complete until recording information has been entered. You must, however, enter the Assignment Sent Date for a loan assigned into MERS.

13. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Conversion Verification report is generated.
14. For Associated Members on the loan, the MIN Milestones report is generated.
15. As the converting Member, MERS charges you the conversion fee. The fee appears on your next monthly invoice from MERS.

Reports

The following reports are generated during the Conversion process. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- *Conversion Verification Report*
- *Conversion Rejects/Warnings Report*
- *MINs for the Same Primary Borrower SSN, Property, and First Lien*
- *Mismatched MIN/eNote Record Report*
- *MIN Milestone Report for Associated Members*

Pre-Closing Registration

Overview

A Pre-Closing is a loan registered on the MERS® System before it has closed. It is not active, so cannot be updated, transferred, or deactivated. A Pre-Closing may be registered with a MOM indicator of iRegistration, MOM or Non-MOM.

When registering a Pre-Closing, you are required to enter the Investor and Servicer Org IDs. Note Date is optional, but if entered may not be in the past; it may be the current date or up to a year in the future.

Once the Pre-Closing is registered, it cannot be updated, but the Pre-Closing registration can be reversed if it was done in error.

A Pre-Closing can be registered as an active iRegistration, MOM or Non-MOM loan once the loan closes in a transaction known as post-closing registration, and loan information may be updated at post-closing.

Loans in a Pre-Closing status do not contain Mortgagee/Beneficiary, Trustee, Security Instrument Type, Assignment or Recording information. If this data is submitted in a Pre-Closing registration transaction, it is ignored.

The organization registering the Pre-Closing loan receives the registration verification report if the same MIN is registered as an active loan by another Member.

Impact

The Pre-Closing process affects the following types of organizations:

Primary Members:

- Servicers
- Sub-Servicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders

There are three methods of submitting a Pre-Closing transaction to MERS:

- Using our browser-based application, MERS® OnLine.
- System to System
- Using a synchronous XML transaction

There are two formats for System-to-System data:

- Flat File transmission
- EDI X12 transaction.

Government Housing Agencies, Mortgage Insurance Cos, Trustees, Warehouse/Gestation Lenders, etc. are known as Associated Members and may be named during registration.

Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agencies
- Master Servicer
- Mortgage Insurers
- Trustee
- Warehouse/Gestation Lenders
- Alternate Custodian (up to 4 entries)
- Participation Investor (up to 4 entries)
- Other (up to 4 entries)
- Property Preservation Company (up to 4 entries)

Business Procedure – Pre-Closing

1. Submit the MIN to the MERS[®] System in a Registration transaction.
2. The MERS[®] System validates the MIN.
3. Enter the loan information:
 - Lien type – 1st or Subordinate Lien (which accommodates all liens subsequent to the first)
 - Note amount
 - Expected Note date (optional, up to 365 days in future)
 - Originating Org ID (if originator is a MERS Member)
 - Original note holder name (if originator is not a MERS Member)
 - Servicer
 - Subservicer
 - Investor
 - Interim Funder (only if MERS Member)
 - Document Custodian
 - Associated Member(s)

Enter all names that appear on the Security Instrument, even if they do not appear on the Note.

One Primary Borrower and up to three Co-Borrowers may be entered on the Registration page.

For foreign nationals with no SSN or Tax ID, enter 111111111 for SSN.

For properties without street numbers, as in Rural Route addresses, the property street number is not required.

4. Enter borrower information as it appears on the security instrument:

- Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)

OR

- Title
- First name
- Middle name
- Last name
- Honorific
- Social security number or tax ID
(required for primary borrower)

5. Enter property information as it appears on the security instrument:

- Street number
- Street name
- Street designator (e.g. ST, BLVD, etc.)
- Street direction (e.g. N, S, SE, etc.)
- Unit type (e.g. Coop, Apt, etc.)
- Unit number
- City
- State
- ZIP code and extension

6. Enter the following miscellaneous information, if applicable:

- Investor funding amount
- Investor funding date (if Investor requires it)
- Investor loan number, if required by the Investor
- FHA/VA Case Number or MI Certificate Number
- Torrens Certificate Number
- Agency ID, if required by the Investor
- Investor pool number, if required by the Investor
- Taxpayer Identification Number of third-party originator (if applicable)

7. Enter the following security instrument information:
 - MOM indicator: Choose MOM, Non-MOM or iRegistration
 - Pre-Closing indicator: Choose “Yes”
8. No Mortgagee/Beneficiary, Trustee, Security Type, Assignment or Recording information may be entered for a Pre-Closing.
9. Submit the transaction.
10. The MERS[®] System validates the registration and loan status reflects a “Pre-Closing” status.
11. The Pre-Closing registration appears on the MIN-level milestones.
12. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Pre-Closing Verification report is generated.
13. For Associated Members on the loan, the MIN Milestones report is generated.
14. As the registering Member, MERS charges you the Pre-Closing registration fee. The fee appears on your next monthly invoice from MERS.
15. You cannot update any information on a loan in Pre-Closing status. To correct an error, you must reverse the registration of the MIN and then re-register it with the correct information.
16. Once the loan closes, you can register it as an iRegistration without paying an additional fee, or as a MOM or Non-MOM for an additional fee, and loan information may be updated as part of this post-closing registration transaction.

Business Procedure – Pre-Closing after Reversal

If a loan is in registration reversal status on the MERS[®] System, you can correct the information for that loan and re-register it as a Pre-Closing.

1. Enter the MIN on the MERS[®] System as a Registration.
2. In batch, enter all registration information as you would for a Pre-Closing that has never been registered.

3. In MERS[®] OnLine:
 - A summary of the loan information from the previous registration is displayed along with the Re-Registration menu.
 - Check all loan information and update as needed, using the options available on the Re-Registration menu.
 - Be sure the Pre-Closing indicator is set to Yes.
 - No assignment or recording information may be entered for a Pre-Closing.
 - Select Re-Register from the Re-Registration Loan page.
4. The MERS[®] System validates the registration and loan status reflects a “Pre-Closing” status.
5. The Pre-Closing registration appears on the MIN-level milestones.
6. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Pre-Closing Verification report is generated.
7. For Associated Members on the loan, the MIN Milestones report is generated.
8. As the registering Member, MERS charges you the Pre-Closing registration fee. The fee appears on your next monthly invoice from MERS.
9. You cannot update any information once the registration transaction is complete. To correct an error, you must reverse the registration of the MIN and then re-register it with the correct information.
10. Once the loan closes, you can register it as an iRegistration without paying an additional fee or as a MOM or Non-MOM for an additional fee.

Reports

The following reports are generated during the Pre-Closing Registration process. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Pre-Closing Registration Verification Report*
- * *Pre-Closing Registration Rejects/Warnings Report*
- * *MIN Milestone Report for Associated Members*

Registration Reversal

Overview

A Registration Reversal is for reversing a loan that has been registered in error. You will use the [Transfer to Non-MERS Servicer](#) transaction when the loan has been registered and sold to a Servicer that is not a Member of MERS.

You can also use Registration Reversal if you register a loan with the incorrect Servicer or Investor; you would then immediately re-register it using the correct information.

The registering Member may reverse a registration for 30 days starting on the Registration Date. Thereafter only the Servicer can reverse the registration.

If a loan is registered as an iRegistration and MERS becomes the mortgagee through an assignment, you can use the [Conversion](#) transaction to convert the iRegistration to a Non-MOM. If a loan is registered as an iRegistration and recorded in the land records as a MOM, the iRegistration registration will need to be reversed in order to register the loan as a MOM. Similarly, if a loan is registered as a MOM or Non-MOM but MERS is not the mortgagee, the registration will need to be reversed in order to register the loan as an iRegistration.

Impact

The loan registration reversal process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Originators
- * Third-Party Originators
- * Investors
- * Custodians
- * Interim Funders
- * Associated Members

Registration Reversal may be processed through MERS® OnLine, X12 or flat file transactions

Only the servicer, subservicer or Member that originally registered the MIN can perform this process.

Also, if the beneficial rights for a MIN have been transferred, the registration can only be reversed if the current Investor transfers the MIN back to the registering Member.

Business Procedure

1. Select Registration from the Reversals menu.
2. Enter the MIN.
3. MERS[®] System validates the MIN.
4. The MERS[®] System validates the registration reversal and changes the loan status to “Registration Reversal”.
5. The registration reversal appears on the MIN-level milestones.
6. For Members with an interest in the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Reversal Verification report, and/or the Registration Reversal Rejects/Warnings report, is generated.

NOTE: No fee is assessed to the Member performing the registration reversal, but the applicable registration fee will still be assessed for the initial registration.

7. For Associated Members on the loan, the MIN Milestones report is generated.
8. All registration information is retained for use if the MIN is re-registered.
9. If the MIN is re-registered, the normal registration fee will apply.

Reports

The following reports are generated as a result of the Registration Reversal process. For a detailed description of each report, see the [*MERS[®] Reports Handbook*](#):

- * *Registration Reversal Verification Report*
- * *Registration Reversal Rejects/Warnings Report*
- * *MIN Milestone Report for Associated Members*

Co-op Processing

Overview

Although the MERS[®] System does not yet have a process designed specifically for the documents and requirements associated with co-ops, this process is available using current functionality.

Impact

Co-op processing affects any organization that registers, maintains, or deactivates Co-op loans.

Business Procedure

1. Register the MIN associated with co-ops in the same method as any registration, which can be accomplished through batch processing or through MERS[®] OnLine.
2. When identifying the property address, enter **Co-op** in the Unit Type field and name the applicable unit number in the Unit Number field. These fields may also be mapped through batch file processing.
3. When identifying the Security Instrument, select **Mortgage** for the Security Type, although the appropriate instrument is a UCC-1.
4. If MERS is being established as the “Original Secured Party”, set the MOM Indicator to **Y**.
5. If MERS is not the “Original Secured Party”, but has been named through an assignment or UCC-3 filing, set the MOM Indicator to **N**, enter the original UCC-1 recording information for the Security Instrument, and enter the UCC-3 recording information in the Assignment section.
6. If MERS is not the “Original Secured Party”, and is not named through an assignment or UCC-3 filing, set the MOM Indicator to **iRegistration**.
7. When the loan is paid in full, file a UCC-3 selecting *Termination* on the UCC-3 form. Process this transaction as a *Deactivation/Paid in Full* on the MERS[®] System.

Construction Loan Processing

Overview

Construction loans may be modified to become permanent loans once construction is complete, or they may be paid off by a permanent loan. In the first case, both the security instrument and modification are registered on the MERS[®] System as one loan. In the second case, each loan is processed separately on the MERS[®] System.

Impact

Construction loan processing affects any organization that registers, maintains, or deactivates construction loans.

Business Procedure—One-Step Closing

This is where the construction loan is modified to become the permanent loan. You can close the construction loan as a MOM loan and record the modification with MERS as mortgagee, saving the cost and effort of recording an assignment, or you can close the construction loan as a non-MOM loan and assign it to MERS after it is modified to become permanent. (Note: In either case, selling the servicing more than 270 days after the original note date will incur a seasoned transfer fee.)

Closed on a MOM Security Instrument

The MERS Legal Department is available for assistance with changing the language on the security instrument to make it a MOM loan.

1. The MOM security instrument must be:
 - Given a valid MIN
 - Sent for recording within 7 calendar days of the Note Date
 - Registered on the MERS[®] System within 10 calendar days of the Note Date.
2. Update the MERS[®] System with the recording information upon receipt of the recorded security instrument, in accordance with MERS requirements.

3. When construction is completed, the modification agreement must reflect MERS as the mortgagee and must be signed by a MERS certifying officer of your company. (The MERS Legal Department is available for assistance with changing the language on the modification agreement.)
4. Update the MERS[®] System to reflect the modification.
5. Update the MERS[®] System with the recording information for the modification upon receipt of the recorded modification, in accordance with MERS requirements.
6. If the permanent loan is sold to another MERS Member, transfer the rights in the same manner as other MERS loans.
7. If the loan is sold to a non-MERS member:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS requirements.
 - Prepare and send for recording an assignment From MERS, using your certifying officer authority to sign on behalf of MERS.

Closed on a Standard Security Instrument and Assigned to MERS

1. Close the loan using the standard construction loan security instrument used today. There is no MIN and no registration on the MERS[®] System. MERS is not the mortgagee.
2. When construction is completed, prepare and send for recording the standard modification agreement. MERS is not the mortgagee.
3. Following the modification, prepare an assignment To MERS, place a valid MIN on the assignment and send it for recording, in accordance with MERS requirements for assigning loans to MERS.
4. Register the loan on the MERS[®] System, in accordance with MERS requirements, entering the information from the original Security Instrument, the Modification information, and recording information for both.
5. Upon receipt of the recorded assignment, update the MERS[®] System for the recording information for the assignment, in accordance with MERS requirements.

6. If the permanent loan is sold to another MERS Member, transfer the rights in the same manner as other MERS loans.
7. If the loan is sold to a non-MERS member after being assigned to MERS and registered:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS requirements.
 - Prepare and send for recording an assignment From MERS, using your certifying officer authority to sign on behalf of MERS.

Closed on a Standard Security Instrument and Not Assigned to MERS (iRegistration)

You may register a non-MERS loan as an iRegistration at origination, or before or after modification, because MERS is never the mortgagee. Entering recording information for an iRegistration is optional, but transfers and modifications must be reflected, and selling the servicing more than 270 days after the original note date incurs a seasoned transfer fee.

1. Close the loan using the standard construction loan security instrument used today, and register it on the MERS[®] System as an iRegistration. MERS recommends including the MIN on the security instrument for identification.
2. When construction is completed, prepare and send for recording the standard modification agreement; MERS is not the mortgagee. MERS recommends including the MIN on the modification agreement for identification. Update the MERS[®] System to reflect the modification date and amount.
3. If the permanent loan is sold to another MERS Member, create a transfer transaction in the usual manner.
4. If the loan is sold to a non-MERS member after being registered:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS requirements.
 - Prepare and send for recording a standard assignment; MERS is not the mortgagee.

Business Procedure—Two-Step Closing

This is where the construction loan is paid off by the permanent loan. You can close the construction loan as MOM, non-MOM, or iRegistration; however, since it is a separate loan from the permanent loan, it will incur a separate registration fee.

1. The construction loan may be closed using either a MOM or standard Security Instrument.

If closed on a MOM security instrument, the loan must be:

- Given a valid MIN
- Sent for recording within 7 calendar days of the Note Date
- Registered on the MERS[®] System as a MOM loan within 10 calendar days of the Note Date
- Processed as a Payoff on the MERS[®] System when it is paid off by the permanent loan

If loan is closed on a Non-MOM security instrument, then assigned to MERS, the assignment must be:

- Given a valid MIN
- Sent for recording within 7 calendar days of the Assignment Date
- Registered on the MERS[®] System as a Non-MOM loan within 14 calendar days of the Assignment Date
- Processed as a Payoff on the MERS[®] System when it is paid off by the permanent loan

If loan is neither closed on a MOM security instrument nor assigned to MERS, but is registered as an iRegistration:

- Give the loan a valid MIN
- Register it on the MERS[®] System as an iRegistration
- Process as a Payoff on the MERS[®] System when it is paid off by the permanent loan

2. When construction is completed, register the permanent loan on the MERS[®] System, with a valid MIN, as you would any other loan.
3. If the permanent loan is sold to another MERS Member, create a transfer transaction as for other MERS-registered loans.
4. If the permanent loan is sold to a non-MERS member:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS requirements.
 - For a MOM or Non-MOM loan, prepare and send for recording an assignment From MERS, using your certifying officer authority to sign on behalf of MERS.

MERS Registered Loans in Rated Securities

Overview

MERS registered loans may be included in rated securities issued by MERS Members. Assignments normally recorded naming the Trustee as mortgagee of record are eliminated for all MERS registered loans in the securitization. It is acceptable to combine MERS and non-MERS loans in the securitization.

The process model preferred by MERS is for the securitization Trustee to be named as the current Investor on the MINs. It is not necessary for the Trustee to be a Member of MERS. Nor is it necessary, if the Trustee is a Member, for the Trustee to be an active Investor. Any MERS Member may choose to be a passive Investor and let the MERS[®] System process confirmations automatically.

MERS Member Trustees possess established MERS Org IDs and should supply these to the issuers. For non-Member Trustees MERS has established specific Org IDs to be used to identify the Trustees on the MERS[®] System. The Member can request these Org IDs from MERS.

The securitization serial number must be placed in the Pool Number field on the MERS[®] System for the MINs involved.

Impact

This process has potential impact on the following types of organizations:

- All Members

Business Procedure - Members

ISSUER:

1. Obtain the MERS Org ID for the securitization Trustee from either the Trustee (if a Member) or MERS.
2. Pool loans and issue Securitization.
3. Identify MERS registered loans included in the Securitization.
4. Process Transfer of Beneficial Rights Option 2 naming Securitization Trustee as new Investor.
5. Update Pool Number field on MINs with Securitization serial number.

TRUSTEE (if a MERS Member)

1. Supply MERS Org ID to Issuer
2. Confirm Transfer of Beneficial Rights Option 2 (if acting as active Investor).
3. Review and reconcile MERS Reports.

CUSTODIAN

1. Review and reconcile MERS reports.

Business Procedure - MERS

1. Create MERS Org ID for non-Member Trustees, and set-up/activate non-Member Trustee Org IDs on the MERS[®] System.
2. Set the “Approval of Option 2 Transfer” indicator for the Trustee membership profile to “No”
3. Issue a notification to all MERS Members in Production of the activation of the non-Member Trustee Org ID. The notice will include the Org ID and the activation date.

Reports

The following reports are generated as a result of the Registered Loans in Rated Securities process. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Transfer of Beneficial Rights Rejects/Warnings*
- * *Pending Transfer of Beneficial Rights*
- * *Overdue Transfer of Beneficial Rights*
- * *Physical Transfer of Beneficial Rights*
- * *Maintenance Verification Report*
- * *Maintenance Reject/Warnings*

Transfer of Beneficial Rights

Overview

The Transfer of Beneficial Rights (TOB) transaction is used to track the transfer of beneficial rights from one investor to another.

There are two types of investors in the MERS[®] System:

- Member Investors (Investors who are MERS Members)
Member Investors sign a MERS Application, pay MERS membership fees, and have full access to the MERS[®] System. *As a Member Investor, you have the choice of processing confirmations of Transfer of Beneficial Rights transactions and all other transactions manually or automatically.*
- Non-Member Investors
Non-Member Investors do not sign a MERS Application or pay MERS fees and have no ability to access the MERS[®] System, confirm MERS transactions or retrieve MERS reports. A MERS Member must represent them on the MERS[®] System.

There are two types of TOB transactions on the MERS[®] System, either of which may be initiated online or via batch.

- Option 1
Used only by Option 1 (or Agency) investors such as Freddie Mac, Ginnie Mae, and Fannie Mae, to claim investor rights on loans transmitted via MIDANET, GinnieNet, MORNET, etc. Option 1 transfers require no confirmation, and remove any Interim Funder or Warehouse/Gestation Lender interests from the loan.
- Option 2
Used by most MERS Members. Option 2 transfers require confirmation from the new Investor. They do not remove Interim Funder or Warehouse/Gestation Lender interests from the loan.

The MERS[®] System will allow a MIN to co-exist in an Option 2 TOB batch and a Transfer of Servicing (TOS) batch only if the New Servicer and New Investor are the same entity.

The MERS[®] System will allow a MIN to co-exist in an Option 1 TOB batch and a Flow or Seasoned TOS batch.

Transfer of Beneficial Rights to Member Investors

Overview

Although MERS tracks changes in ownership of the beneficial rights for loans registered on the MERS[®] System, MERS cannot transfer the beneficial rights to the debt. The debt can only be transferred by properly endorsing the promissory note to the transferee. As a MERS Member you have two options for registering a transfer of beneficial rights to another Member: Option 1 and Option 2. The determination of whether Option 1 or Option 2 is used is based on the Membership Profile of the purchasing investor.

Option 1

In an Option 1 transfer, the Investor transfers beneficial rights on a system other than MERS (example: MORNET) and that system then initiates the MERS transaction.

Loans in an Option 1 batch that have not been registered are automatically reprocessed (“cycled”) until the loans have been registered, up to ten (10) calendar days from the Transfer Date. Option 1 investors receive notification when MIN cycling begins through the *Transfer of Beneficial Rights Reject Report*.

If you include MINs that are not registered in your agency transmission (e.g. MORNET), you will receive an abbreviated version of the *Transfer of Beneficial Rights Reject Report* listing these unregistered MINs. It is your responsibility to register these MINs immediately, entering your MERS Org ID in the Investor field. If you register them after the 10 day cycling process is over, you must name the Agency in the Investor field.

An Option 1 Transfer of Beneficial Rights will replace any Option 2 investor on the loan. The investor that was removed during the Option 1 process is notified of its removal by the *Investor Removed by Option 1 TOB report*. Additionally, Interim Funder and Warehouse Gestation Lender interests are released automatically in an Option 1 beneficial rights transfer. No confirmations are required for Option 1 transfers.

An Option 1 transfer can be created in either flat file/EDI X12 mode or online.


If a MIN is included in an Option 1 and an Option 2 beneficial rights transfer batch at the same time, when the Option 1 beneficial rights transfer is completed, the duplicate MIN is deleted from the Option 2 beneficial rights transfer. The MINs that were deleted from the Option 2 beneficial rights transfer appear on the *MINs Deleted from Transfer of Beneficial Rights Report*. Non-duplicate MINs remain in the Option 2 transfer batch.

MINs can exist simultaneously in an Option 1 beneficial rights transfer batch and a transfer of servicing batch. See [Transfer of Servicing Rights](#) for details.

Important dates for beneficial rights transfer (Option 1) are:

- **Transfer creation date:** the date the Investor creates the beneficial rights transfer on MERS
- **Transfer Date:** the date the beneficial rights are transferred to the new Investor. May be the same as the Transfer Creation Date or the current processing date if the Transfer Creation Date is in the past.



 The Transfer Date cannot be changed nor the transfer canceled on Option 1 beneficial rights transfers.

Option 2

An Option 2 beneficial rights transfer is initiated on the MERS[®] System by the Servicer or Subservicer:

- * The Servicer or Subservicer creates a pending beneficial rights transfer batch. Beneficial rights transfers can be created in flat file/EDI X12 mode and on MERS[®] OnLine.
- * The new Investor and the current Investor confirm or reject the transfer.
 - If the new Investor is defined in its Member Information as “Passive Investor” its confirmation is automatic.
 - If the current Investor is defined in its Member Information as “Passive Investor” its confirmation is automatic.
 - The confirmation for the current Investor is also automatic if the initiator of the transaction and the current Investor have the same Org ID.

- If you reject the transfer using MERS[®] OnLine, you can provide a Reject Reason. Reject Reason definitions are specific to each investor.
- * If the new Investor has indicated in its Member Information that Investor Loan Number, Pool Number, or Agency ID is required, then the new Investor must supply the data for each MIN when it confirms the MINs.
- * On the Transfer Date, MERS will process all transfers confirmed by that date. MERS will process transfers as they are confirmed until the Expiration Date. Confirmation and reject activity for each processing cycle is reported on the *Physical Transfer of Beneficial Rights* report. This report is non-cumulative.
- * The Interim Funder removes its security interests in the loans. It is not necessary to have the Interim Funder interests removed for the beneficial rights transfer to be registered. Completed transfers with interim funding interests not released appear on the *Coexisting Security Interest Report*.
- * The Warehouse Gestation Lender's interests are automatically removed when a Transfer of Servicing rights processes, or removed by the Servicer or Subservicer if servicing is not transferred.

While a transfer is pending, all parties named in the batch can view the pending transaction using the View List of Batches feature in MERS[®] OnLine, and make the following changes:

- * The new Investor can confirm or reject MINs in the batch at any time prior to the Expiration Date.
- * The new Investor can change transfer confirmations (for example, reject a previously confirmed loan) any time prior to the Transfer Date.
- * The party initiating the batch can change the Transfer Date. This will remove any confirmations made before the date was changed, so all MINs will have to be confirmed again.
- * The new Investor can change the investor loan and pool numbers to reflect its own information
- * The initiating Member can add MINs to the batch any time prior to the completion date, but the new MINs will have to be confirmed by the new Investor before they will be transferred.
- * The initiating Member can delete any MIN from the batch, as long as that MIN has not been confirmed by the new Investor.

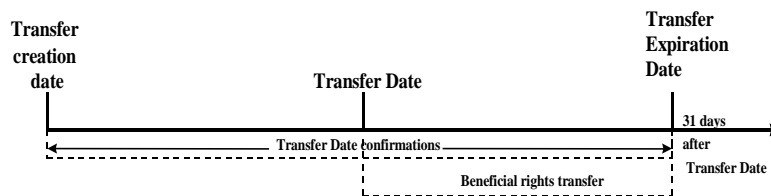
If you create a transfer Batch that has missing MINs, or MINs that shouldn't be included, use the Modify Batch option in MERS[®] OnLine to correct it while the Batch is in pending or overdue status. This activity will produce a *Modify Batch –Transfer of Beneficial Rights Report*

- * The initiating Member can cancel the entire batch any time prior to the completion of the batch on Option 2 transfers, as long as the new Investor has not confirmed the transfer.

Loans not completely confirmed or rejected by the Expiration Date (31 days from the Transfer Date or from the Creation Date if Transfer Date is prior) are noted on the *Expired Transfer Report*, and the transfer batch status changes from transfer overdue to transfer Pending Delete.

Important dates for beneficial rights transfer (Option 2) are:

- **Transfer creation date:** the date the Servicer or Subservicer creates the beneficial rights transfer on MERS
- **Transfer Date:** the date the beneficial rights are transferred to the new Investor. May be the same as the Transfer Date or within 30 days of that date.
- **Transfer Expiration date:** 31 days after the Transfer Date MINs not confirmed or rejected by the expiration date will revert back to their original Investor.



☞ If the Transfer Date is before the Transfer creation date, the Transfer deletion date will be 31 days after the Transfer creation date.

Impact

The Transfer of Beneficial Rights process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Interim funding lenders
- * Document custodians
- * Associated Members

For Option 1, the loan must be registered on MERS. The MERS Member selling beneficial rights delivers loans to the investor as it did before MERS (for example, by MIDANET/MORNET), but must include the MIN in the MIDANET/MORNET transmission. The investor then transfers beneficial rights for the loans it has agreed to purchase and updates MERS.

Loans that are rejected from the batch transaction should be updated by the Investor in MERS® OnLine using the Option 1 transfer of beneficial rights.

MINs rejected due to non-registration are automatically reprocessed up to 10 calendar days from the Transfer Date. Option 1 investors are notified when the reprocessing cycle begins through the *Transfer of Beneficial Rights Reject Report*.

Business Procedure—Option 1

This option is used when the seller registers the loan on MERS, listing itself as the Investor, and then sells the loan to an Option 1 Investor. The seller must include the MIN on the transmission to the Option 1 investor (on MIDANET, for example). The Investor then initiates the transfer of beneficial rights from its own system and the process below begins.

1. The new Investor creates a batch transaction that transfers beneficial rights to itself on the MERS® System.
2. When the Transfer Date is reached, the MIN is transferred.
3. If the MIN has not been registered by the Transfer Date, the batch continues to cycle for up to ten days.
4. Loans not registered within the ten day window may be registered with the new Investor's Org ID in the Investor field, or after registration the new Investor can update the loan in MERS® OnLine using the Option 1 Transfer of Beneficial Rights.
5. Registered loans that are rejected from the batch transaction can be updated by the new Investor in MERS® OnLine using the Option 1 Transfer of Beneficial Rights.
6. The transfer of beneficial rights appears on the MIN-level milestones, audit history, and transfer audit history.
7. If the New Investor participates in MERS® InvestorID:
 - A Mortgage Loan Transfer Notice is generated using the Transfer Effective Date entered when the TOB transaction was initiated as the Transfer Date
 - The TOB milestone reflects that a Mortgage Loan Transfer Notice was generated
 - The Servicer and New Investor receive a *Mortgage Loan Transfer Notices Report*
 - The Mortgage Loan Transfer Notice fee is charged to the New Investor
8. The Originator or Servicer, old Investor, new Investor, and Custodian of the transfer of beneficial rights receive a *Physical Transfer of Beneficial Rights Report*.

Note: This process is also used by some investors to reflect each additional principal advance against a Home Equity Conversion Mortgage (HECM). The system generates the usual milestone, audit history, transfer audit history, and report entries for each

advance reported as an option 1 TOB, but the same option 1 investor appears as both previous and new investor.

Business Procedure—Option 2

The seller uses this option when selling to an Option 2 Investor. The seller registers the transfer of beneficial rights on the MERS[®] System, and the Investor can choose whether to confirm or reject the transfer.

The seller must initiate all Transfer of Beneficial Rights transactions within 14 calendar days of the effective transfer date.

The Transfer Date can be a past date, up to 60 calendar days less than the transaction origination date, or up to 180 days in the future.

1. The current Servicer or Subservicer creates a pending beneficial rights transfer batch on the MERS[®] System, including the following information:
 - * Transfer Date (must be New Investor's Acquisition Date if they use MERS[®] InvestorID to generate Notices)
 - * Current Investor
 - * New Investor
 - * New Custodian (if applicable)
 - * MINs
2. The MERS[®] System validates the information.
3. The transferring Member receives a *Pending Transfer of Beneficial Rights Report*.

The transferring member may:

- Cancel the Option 2 Transfer of Beneficial Rights anytime before it is confirmed by the new Investor.
 - Use the Modify Batch option on MERS[®] OnLine to add MINs to or delete MINs from the batch while it is in pending or overdue status. This activity will produce a *Modified Batch –Transfer of Beneficial Rights Report*.
4. The current and new Investors confirm or reject the transfer at the batch, pool, or loan level.
 - If the Investor is a Passive Investor or is the initiator of the transaction, the confirmation is automatic.
 - If the new Investor has indicated that Investor Loan Number, Pool Number, Agency ID, or any combination of the three is required, then the new Investor must supply the data fields for each MIN.
 5. The MERS[®] System updates the Investor information on the Transfer Date or on the date that the Investor confirms the transfer, whichever is later.
 6. The transfer of beneficial rights appears on the MIN-level milestones, audit history, and transfer audit history.

The MERS[®] System checks daily to determine if the Transfer Date has been reached.

If the new Investor does not confirm the transfer by the transfer date, the MERS[®] System reflects an overdue transfer status for the loan(s).

7. If the New Investor participates in MERS[®] InvestorID:
 - A Mortgage Loan Transfer Notice is generated using the Transfer Effective Date entered when the TOB transaction was initiated as the Transfer Date
 - The TOB milestone reflects that a Mortgage Loan Transfer Notice was generated
 - The Servicer and New Investor receive a *Mortgage Loan Transfer Notices Report*
 - The Mortgage Loan Transfer Notice fee is charged to the New Investor
8. The current Servicer, new Investor, old Investor, and old and new Document Custodians receive a *Physical Transfer of Beneficial Rights Report*.

Processing

Before the Transfer Effective Date the system will:

- Automatically remove a MIN from the pending TOB option 2 batch if it is transferred by a TOB option 1 transaction, deactivated, or registration reversed. This will be reported on the *Physical Transfer of Beneficial Rights (BB) report*.
- Automatically cancel the batch if all MINs have been removed from it. This will be reported on the *Canceled Transfer of Beneficial Rights (BG) report*.

On the Transfer Effective Date the system will:

- Remove from the batch all confirmed MINs
- Update the rights holder for all confirmed, active MINs
- Update milestones, audit history, and transfer audit history for each transferred MIN
- Mark these MINs as transferred on the Physical Transfer of Rights Report (BB)
- Remove from the batch all MINs rejected by the confirming Member (all MINs with at least one confirmation indicator set to “N”) and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different servicer
- Mark these MINs as rejected or removed on the Physical Transfer of Rights Report (BB)

- If any unconfirmed MINs remain in the batch, the system will change the batch status to “Overdue” and list the remaining MINs on the *Overdue Transfer of Rights Report (BC)*

NOTE about the *Physical Transfer of Rights Report (BB)*:
This report is NOT cumulative. You must review it each time it is produced to see the activity from the previous cycle.

After the Transfer Effective Date, for each processing cycle after the Transfer Effective Date, **the system will:**

- Remove from the overdue batch all newly confirmed MINs
- Update the rights holder for these MINs
- Update milestones, audit history, and transfer audit history for the MINs
- Mark these MINs as transferred on the *Physical Transfer of Rights Report (BC)*
- Remove from the batch all MINs newly rejected by the confirming Member (all MINs with at least one confirmation indicator set to “N”) and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different Investor. These MINs will be marked as rejected or removed on the *Physical Transfer of Rights Report (BB)*

If there are any remaining, active unconfirmed MINs in the overdue batch, they will continue to be listed on *Overdue Transfer of Rights Report (BC)*

If there are unconfirmed MINs in a batch 20 days after the Transfer Effective Date, the system will display a message on the Welcome Page for both the initiating and confirming Members.

On the Transfer Expiration Date (30 days from the Transfer Date, or from the Creation Date if later), **the system will:**

- Produce an *Expired Transfer Report (BD)* listing any unconfirmed MINs
- Mark the batch as “Pending Delete” and stop all further processing on the batch.

Reports

The following reports are generated during the Transfer of Beneficial Rights process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Pending Transfer Of Beneficial Rights Report*
- * *Modified Batch – Transfer of Beneficial Rights*
- * *Physical Transfer of Beneficial Rights Report*
- * *Overdue Transfer of Beneficial Rights Report*
- * *MINs Transferred to a Non-MERS Servicer Report*
- * *Transfer of Beneficial Rights Rejects Report*
- * *Canceled Transfer of Beneficial Rights Report*
- * *Expired Transfer of Beneficial Rights Report*
- * *MINs Deleted from Transfer of Beneficial Rights Report*
- * *Investor Removed by Option 1 Transfer of Beneficial Rights Report*
- * *Summary of Transfer of Beneficial Rights Rejects Report*
- * *MIN Milestone Report for Associated Members*
- * *Mortgage Loan Transfer Notices Report*

Transfer of Beneficial Rights to Non-MERS Member Investors

Overview

It is not a requirement that an Investor be a MERS Member for a loan to remain on the MERS[®] System. For private investors, where an assignment in the Investor's name is not required, the loans may be registered by inserting Org ID 1000002 in the Investor field. (The name "Undisclosed Investor" will appear in the Member Summary for this Org ID, and "Contact Servicer" will display for address and contact names.) The following criteria must be met to use this Org ID:

- ❑ No assignment has been recorded naming the Investor as mortgagee of record. (If Investor requires an assignment out of MERS, see [Transfer to Non-MERS Member](#) deactivation.)
- ❑ The Investor does not desire to be a MERS Member.
- ❑ The Investor does not wish to view information on the MERS[®] System for loans on which it owns the Beneficial Rights, and does not wish to review any MERS reports for transactions associated with those loans.

Impact

This process has potential impact on the following types of organizations:

- * All MERS Members

Business Procedure

1. As part of the normal Investor Approval process for transfers or loan deliveries, you must notify the Investor of your intent to name MERS as the Mortgagee of Record by delivering a MOM security instrument or through an assignment to MERS.
2. You will identify non-MERS Member investor loans and register them in the MERS[®] System using Organization ID 1000002 as Investor.

Reports

The following reports are generated for beneficial rights transfer to a non-Member. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Physical Transfer of Beneficial Rights Report*
- * *Transfer of Beneficial Rights Rejects Report*
- * *Summary of Transfer of Beneficial Rights Rejects Report*
- * *MIN Milestone Report for Associated Members*

Removing Interim Funder Security Interests

Overview

Interim funding interests are removed from the MERS[®] System in two situations:

- * Indirectly by the investor when an Option 1 transfer of beneficial rights is completed and the Interim Funder is removed from the loan record by an investor purchase
- * Directly by the Interim Funder when it has been reimbursed, either by the Lender, Investor, or another Interim Funder

The Interim Funder can remove its security interest from the MERS[®] System at any time; however, it is not necessary to have the interim funding interest removed for the beneficial rights transfer to occur. On Option 2 transfers, completed transfers with existing interim funding interests will appear on an exception report, which notes the coexisting beneficial interests.

If the Option 1 beneficial rights transfer is used, the interim funding interests are removed automatically. The Interim Funder reviews any wiring instructions provided to it by the originator as applicable and contacts the seller of the beneficial interests if there are problems.

If the Option 2 beneficial rights transfer is used, the Interim Funder removes its security interests before or after the transfer of beneficial rights has been completed to the new investor.

Impact

The Removal of Interim Funder Security Interests affects the following types of organizations:

- * Interim funding organizations
- * Investors
- * Servicer
- * Subservicers
- * Associated Members

Business Procedure—TOB Option 1

The following business procedure is used for removing Interim Funder security interests with a TOB Option 1 transaction:

1. The Servicer registers the loan, identifying an Interim Funder entity as holder of a secured interest on MERS.
2. The Servicer sells the loan to an Option 1 Investor (Fannie Mae for example) and includes the MIN in its loan delivery transmission.
3. The new Option 1 Investor creates a batch transaction that updates MERS. The beneficial interest on the sold loan(s) is transferred to the investor, and the Interim Funder is automatically removed.
4. The removal of Interim Funder appears on the MIN-level milestones.
5. The Interim Funder organization receives a *Release of Security Interests by Interim Funder Verification Report*
6. The Interim Funder reviews any wiring instructions provided to it by the lender as applicable and contacts the seller of the beneficial interests if there are problems.

Business Procedure—TOB Option 2

1. The Servicer registers the loan, identifying the Interim Funder at registration as holder of a secured interest on MERS.
2. The Servicer then initiates an Option 2 transfer of beneficial rights on the MERS[®] System.
3. The Investor purchasing the beneficial rights confirms or rejects the transfer of beneficial rights.
4. The Interim Funder verifies that its advance on this loan has been repaid, usually because of the investor purchase.
5. The Interim Funder removes its secured interest on the MERS[®] System.
6. The removal of Interim Funder appears on the MIN-level milestones.
7. The Investor, the Interim Funder, the Servicer or Member selling the rights and the Document Custodian (if applicable) receive a *Release of Security Interests by Interim Funder Verification Report*.

Reports

The following reports are generated during the interim funding process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Coexisting Security Interests Report*
- * *Release of Security Interests by Interim Funder Report*
- * *Interim Funding Reject Report*
- * *MIN Milestone Report for Associated Members*

Removing Warehouse Gestation Lender Security Interests

Overview

Warehouse Gestation Lender interests are removed from the MERS[®] System in three ways:

- * Indirectly when an Option 1 transfer of beneficial rights is completed
- * Indirectly when a Transfer of Servicing rights is completed
- * Directly by the Servicer or Subservicer

It is not necessary to have the Warehouse Gestation Lender interest removed for a beneficial rights transfer to occur. Completed Option 2 transfers with existing Warehouse Gestation Lender interests will appear on an exception report, which notes the coexisting beneficial interests.

If the Option 1 beneficial rights transfer is used, the Warehouse Gestation Lender interests are removed automatically. The Warehouse Gestation Lender reviews any wiring instructions provided to it by the originator as applicable and contacts the seller of the beneficial interests if there are problems.

Impact

The Removal of the Warehouse Gestation Lender security interests affects the following types of organizations:

- * Interim funding organizations
- * Investors
- * Servicer
- * Subservicers
- * Associated Members

Business Procedure—TOB Option 1

The following business procedure is used for removing Warehouse Gestation Lender security interests using a TOB Option 1 transaction:

1. The Servicer registers the loan, identifying the Warehouse Gestation Lender entity as holder of a secured interest on MERS.
2. The Servicer sells the loan to an Option 1 Investor (Fannie Mae for example) and includes the MIN in the loan delivery transmission.
3. The new Option 1 Investor creates a batch transaction that updates MERS. The beneficial interest on the sold loan(s) is transferred to the investor, and the Warehouse Gestation Lender is automatically removed from the MIN.
4. The removal of Warehouse Gestation Lender appears on the MIN-level milestones.
5. The Warehouse Gestation Lender organization receives a *MIN Milestone Report for Associated Members* and a *Change Notification Report*.
6. The Warehouse Gestation Lender reviews any wiring instructions provided to it by the lender as applicable and contacts the seller of the beneficial interests if there are problems.

Business Procedure—TOB Option 2

1. The Servicer registers the loan, identifying the Warehouse Gestation Lender at registration as holder of a secured interest on MERS.
2. The Servicer then initiates an Option 2 transfer of beneficial rights on the MERS[®] System.
3. The Investor purchasing the beneficial rights confirms or rejects the transfer of beneficial rights.
4. The *Coexisting Security Interests Report* informs the Investor and Warehouse Gestation Lender of their mutual security interests.

5. The Warehouse Gestation Lender verifies that its advance on this loan has been repaid, usually because of the investor purchase.
6. The Warehouse Gestation Lender's interest is automatically removed by a Transfer of Servicing Rights, or removed by the Servicer or Subservicer if servicing is not transferred.
7. The removal of Warehouse Gestation Lender appears on the MIN-level milestones.
8. The Warehouse Gestation Lender receives the *MIN Milestone Report* and the *Change Notification Report*.

Reports

The following reports are generated during the removal of Warehouse Gestation Lender security interests process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Coexisting Security Interests Report*
- * *MIN Milestone Report for Associated Members*
- * *Change Notification Report*.

Transfer of Servicing Rights

Overview

The Seller must initiate all Servicing Transfer transactions within 14 calendar days of the transfer date. The transfer date is the date cited in the Purchase and Sale Agreement on which the buyer begins servicing the loans on its servicing system.

There are two types of servicing rights transfers: flow transfer of servicing rights and transfer of *seasoned* servicing rights. MERS defines flow transfers of servicing rights as those completed 270 calendar days or less after the note date. A seasoned transfer of servicing rights is one that occurs more than 270 days after the note date. MERS management reserves the right to examine the Purchase and Sale Agreement under which a sale and transfer of servicing rights occurs if there is doubt whether a particular transfer meets the flow criteria.

Note: Both seller and buyer are responsible for completing the transfer on the MERS[®] System in a timely manner. The determination of whether a transfer is seasoned (and therefore incurs a seasoned transfer fee) is based on how long after the note date the loan is transferred on the MERS[®] System.

The MERS[®] System will distinguish the difference between flow and seasoned transfers of servicing rights and bill the applicable fee for seasoned transfers. There is no fee for flow transactions regardless of how many flow transactions a MIN undergoes.

When a TOS transaction contains both flow and seasoned MINs, the MERS[®] System will move the flow and seasoned MINs to separate batches. If submitted through the Flat File/EDI X12, the system will create additional batches for each Investor involved in the batch.

In a flow batch, if the sale and transfer dates submitted are not equal, the MERS[®] System will change the sale date to equal the transfer date.

NOTE FOR FLAT FILE/EDI X12 USERS: To update the MIN with Agency ID without affecting the confirmations, use a 252 transaction with "N" (No) for Confirmation action code, and Confirmation for Effective Date. Both fields must contain "N" in order to bypass the confirmation edits. Refer to the [Integration Handbook Volume II](#) and the [EDI Implementation Guide](#) for details.

If the Investor (such as Ginnie Mae) requires Servicer Agency ID, the new Servicer must provide its Agency ID either at the MIN level or in its Member Information (which will then populate the MIN with the Agency ID) after confirmations and before transfer occurs. If the batch is already created but is lacking Agency IDs, the Servicer can update each MIN in the batch. Servicers with more than one Agency ID for that Investor must update each MIN unless the Agency ID to be used is included in their MERS Member Information. To update a TOS batch, the Servicer will use the Confirm Batch transaction.

When a current Servicer sells servicing rights to loans it services to a new Servicer, the roles of any Subservicer (both current and new) and Investor are considered. Any combination of these roles is supported in MERS.

A MIN can only exist in one transfer of servicing rights at a time, and can only exist in an Option 2 TOB transaction and a TOS transaction simultaneously if the New Servicer and New Investor are the same entity. If a conflict occurs, the following happens:

- * **In MERS[®] OnLine**, the second transaction rejects during creation and the batch cannot be created until the “conflicting” batch is processed or canceled or the “conflicting” MIN is removed from the batch to be created.
- * **In a Flat File/EDI X12 process**, the batch is created if at least one MIN is valid. MINs that already exist in a TOS or TOB Option 2 batch will reject and appear on the reject report. The MERS[®] System automatically creates the appropriate batches based on the current Investor listed on the MIN for batch transactions, for MINs that match the flow criteria.

A MIN can exist in a TOS batch and an Option 1 TOB batch simultaneously.

- * If **some** of the MINs in the TOS batch are also in the Option 1 TOB, the system will automatically delete the duplicate MINs from the TOS batch, and create a new batch for them using the new Investor
- * If **all** the MINs in the TOS batch are also in the Option 1 TOB, a new batch is not created, and the existing TOS batch is updated with the new Investor.

Impact

The transfer of servicing rights process has potential impact to the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Document Custodians
- * Associated Members

The general process in a Transfer of Servicing rights is:

- * The current Servicer or Subservicer creates a pending transfer of servicing rights on MERS and specifies the new Servicer and/or Subservicer, Investor, Sale Date (if different from the Transfer Date), Transfer Date, and new Document Custodian.
 - * The Servicer may create a Transfer of Servicing Rights transaction when a Subservicer is also named on the MIN.
 - * The new Servicer, any Subservicer, Custodians, and the Investor (if required) are notified of the pending transfer by a *Pending Transfer of Servicing Rights Report*.
 - * The initiating Member can cancel the transfer batch anytime before the transfer takes place.
 - * The initiating Member can change the Transfer Date anytime before the Transfer Date is reached, as long as no MINs in the batch have been confirmed.
 - * If the new Servicer is a Non-MERS Member, or for an iRegistration, the current Servicer is responsible for preparing and recording assignments in the county land records evidencing the transfer of title to the new Servicer.
 - * If the new Servicer is a Non-MERS Member, a deactivation transaction is used instead of the TOS transaction. (See [Transfer to Non-MERS Servicer](#).)
- * The confirmation for the initiating Member is automatic.
 - * If the Servicer creates the TOS, the confirmation for the Current Servicer is automatic.
 - * If the Subservicer creates the TOS, the confirmation for the Current Subservicer is automatic, and the Current Servicer must confirm the transfer.
- * If there is a New Subservicer, the New Subservicer confirms the transfer, and the New Servicer does not confirm.
 - * When the Current Servicer creates a batch naming itself as the New Subservicer, the confirmation for the New Subservicer is automatic.
 - * When the Current Subservicer creates a batch naming itself as the New Servicer, and naming a New Subservicer, the New Subservicer is required to confirm the transfer.
 - * When the Current Subservicer creates a batch naming itself as the New Subservicer, the confirmation for the New Subservicer is automatic.
- * If there is no New Subservicer, the New Servicer confirms the transfer.

- * When the Current Subservicer creates a batch naming itself as the New Servicer without naming a New Subservicer, the confirmation for the new Servicer is automatic.
- * **For seasoned transfers only**, if the Investor has specified in Member Information that it must confirm transfers of servicing rights on its loans, the Investor confirms the transfer.
- * The New Servicer (or New Subservicer if present), Current Servicer, or Investor (only for seasoned loans, and only if Investor has specified in Member Information that it must confirm transfers of servicing rights) may reject the transfer any time before the transfer date.
 - If you reject the transfer as the New Servicer or New Subservicer, using MERS[®] OnLine, you can choose from a dropdown list of Reject Reasons. Specific definitions for these Reject Reasons are determined by each Member.
- * On the Transfer Date, and on each processing day that the batch remains in overdue status:
 - * MINs that have been confirmed by all necessary parties will transfer to the new Servicer and/or Subservicer.
 - * If the Investor has indicated in its Member Information that Agency ID is required, the System will automatically update each MIN in the batch with the Agency ID listed in the new Servicer's Member Information. The Agency ID will update to null values if the new Investor does not require Agency ID.
 - * Any existing Warehouse Gestation Lender is removed from the MIN.
 - * The current Custodian remains on the MIN unless a new Custodian, or the remove Custodian indicator, is specified when the transfer is created.
 - * Associated Members (with the exception of Warehouse Gestation Lender) identified on each transferred MIN remain with that MIN
 - * The current Servicer or Subservicer can delete the Associated Member anytime before the transfer takes place.
 - * Once the transfer has taken place, the new Servicer or Subservicer can update Associated Member information.

- * After the transfer is complete, the old Servicer or Subservicer cannot update the loans except to add recording information.
- * MINs that are rejected by any party will be removed from the batch without being transferred.
- * MINs that are neither confirmed nor rejected will remain in the batch in an overdue status.
 - * MINs can still be confirmed while batch status is overdue.
- * If any MINs remain in the batch on the Transfer Expiration Date (30 days after the Transfer Date or batch creation date, whichever is later), the batch will be cancelled, and the remaining MINs will not be transferred.

Flow Transfer of Servicing Rights

Note Date

MINs with a note date 270 or fewer calendar days from the Transfer Date will be processed in a flow TOS batch.

- * **If the Flow TOS Flat File/EDI X12 transaction is used:**
If the note date on one or more MINs is more than 270 days before the Transfer Date, the flow transfer of servicing rights batch is created without those MINs. The following error message appears for the rejected MINs on the *Transfer of Servicing Rights Reject Report*: “Transfer Date is past the cutoff for a flow transaction”
 - * Use the TOS Flat File/EDI X12 transaction instead of the Flow TOS Flat File/EDI X12 transaction if you also have seasoned MINs to transfer. It will separate flow and seasoned MINs into separate transfer batches, and you will be charged only for the seasoned transfers.

Sale Date/Transfer Date

Because there is not a “staging” period in a flow transfer of servicing, the MERS® System defaults the Sale Date to the value in the Transfer Date field.

- * **In MERS® OnLine**, the Sale Date is automatically set equal to the Transfer Date when you complete the Transfer Date field.
- * **In a Flat File/EDI X12 process**, the Sale Date is set equal to the Transfer Date when the batch is created on MERS. If the initiator of a TOS transaction enters a value in the Sale Date field for the batch, the following warning message appears on the Rejects/Warnings report for the flow TOS batch: “Sale Date is not allowed.”

No Investor Confirmation of Flow Transfer of Servicing

To reflect current industry practices, an investor does not have the ability to confirm a flow transfer of servicing transaction, regardless of the approval options indicated in Member Information. The approval options indicated in Member Information apply to seasoned transfer of servicing transactions.

Milestones Updated

The milestones generated for MINs that transfer successfully in a flow TOS are labeled “Transfer of flow servicing rights.”

Seasoned Transfer of Servicing Rights

Note Date

MINs with a note date more than 270 calendar days before the Transfer Date will be processed in a seasoned TOS batch.

Sale Date and Transfer Date

The Sale Date is when the buyer purchases the servicing rights. The Transfer Date is when the new Servicer or Subservicer begins the physical servicing of the loan. The dates are specified in the purchase and sale agreement between the buyer and seller of servicing rights.

- * The buyer purchases the servicing rights on the Sale Date, and the buyer physically begins servicing the loans on the Transfer Date.
- * The transfer on the MERS[®] System takes place on the Transfer Date if all necessary confirmations have been made.
- * The transfer batch on the MERS[®] System is cancelled 30 days after the Transfer Date or transfer batch creation date, whichever is later, if all necessary confirmations have not been made.

Investor Confirmation

An Investor may choose to confirm seasoned TOS transactions for loans on which they are the Investor. The approval option is set by MERS in Member Information. This approval option applies to seasoned TOS only.

Milestones Updated

The milestones generated for MINs that transfer successfully in a seasoned TOS are labeled “Transfer of seasoned servicing rights.”

Involuntary transfer/default by Servicer—Loans transferred to a MERS Member

The system currently represents an involuntary transfer as default by the Servicer, although there may be more reasons for an involuntary transfer than the Servicer defaulting.

The involuntary transfer/default by Servicer TOS in which loans are transferred to a MERS Member is processed by MERS for most Members:

- * The Investor contacts the MERS Corporate Offices when they have made a decision to transfer servicing from a Servicer on the MERS[®] System. The Investor identifies the current Servicer, new Servicer, Sale Date, and Transfer Date.
- * The Investor may ask MERS to temporarily set the Lockout Flag for the Servicer. When the Lockout Flag is set for a Member, that Member is not able to log on to MERS[®] OnLine or perform any transactions on MERS, including X12 or flat file transactions. A more specific lockout may be set to affect all loans on MERS that are associated with that Servicer for that Investor. MERS will notify via e-mail all Members impacted by the lockout.
- * The Investor instructs MERS which loans to transfer, and MERS initiates a transfer of servicing transaction on behalf of the current Servicer. The Investor confirms the transfer of servicing transaction if they have signified on their member profile they wish to approve servicing transfers. The new Servicer is also required to confirm the transfer of servicing.
- * If any loans included in the involuntary transfer/default by Servicer transaction also exist in another TOS batch, MERS assumes the role of the initiator of the pending TOS batch and deletes these MINs from the pending transaction. All parties involved in the canceled TOS batch will receive a *Canceled Transfer of Servicing Rights Report*.
- * Reporting and milestone generation are identical to the other transfer of servicing processes.
- * If the old Servicer has a Subservicer, MERS assumes the role of that Subservicer and creates separate transfer of servicing transactions on behalf of the Subservicer. The current Subservicer may also be instructed to perform the transfers.

MERS may give Option 1 Investors access to an Option 1 TOS transaction for default by servicer. The Option 1 TOS allows the current Investor on a loan to complete a Transfer of Servicing transaction without confirmation being required from either the old or new Servicer.

- Once this transaction type is authorized by MERS for their organization, the Option 1 Investor can create Option 1 TOS transactions in MERS[®] OnLine, or through flat files or EDI transactions.
- An Option 1 TOS batch cannot be confirmed, rejected, or modified, but it may be cancelled by the initiator if it was created in error.
- An Option 1 TOS cannot be performed on:
 - A MIN where the Servicer and Investor are the same (use TOS or TOS/TOB transaction instead)
 - A MIN in a pending Option 1 TOB batch
 - A MIN in a pending Option 2 TOB batch initiated by the Investor (Investor can cancel TOB batch and then create Option 1 TOS batch)
- A MIN included in an Option 1 TOS batch will be removed from any existing transfer batch, and will not be allowed to be included in any new transfer batch, initiated by the Servicer or Subservicer:
 - Option 2 TOB
 - TOS
- A MIN will be automatically removed from a pending Option 1 TOS batch if it is included in a new Option 1 TOB batch.
- The Member Options page in MERS[®] OnLine denotes if a member is allowed to perform Option 1 TOS transactions

Involuntary transfer/default by Servicer—Loans transferred to a non-MERS Servicer

See [Deactivations](#) chapter, [Involuntary Transfer/Default by Servicer](#) section.

Processing

During the creation of a TOS batch...

If a MIN already exists in an Option 2 TOB batch, and the New Investor Org ID for the TOB batch is the same as the New Servicer Org ID for the TOS batch, then that MIN cannot be rejected from the TOS batch.

If SOME MINs in the TOS batch are also in an Option 1 TOB batch, the system will:

- Delete the duplicate MINs from the pending TOS batch
- Create a new TOS batch containing the duplicate MINs
- Carry over confirmation settings to the new batch (for example, if you have confirmed the transfer for three MINs, those three MINs will show a confirmed status)
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch
- Report the duplicate MINs on the *MINs Deleted From Pending TOS Rights Report (SI)*

The current Servicer/Subservicer should remind the new Servicer/Subservicer that the duplicate MINs are in a new TOS batch, and any changes to confirmations or rejections must be completed before the transfer occurs.

If ALL MINs in the TOS batch are also in an Option 1 TOB batch, the system will:

- Update the Investor of the existing TOS to the new Investor in the TOB Option 1
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch

On the Transfer Effective Date...

(or in the current processing cycle if the Transfer Date is less than the current date) the system will:

- Remove from the batch all confirmed MINs,
- Update the rights holder for all confirmed, active MINs,
- Update milestones for each transferred MIN
- Mark these MINs as transferred on the *Physical Transfer of Rights Report (SC)*
- Remove from the batch all rejected MINs (all MINs with at least one confirmation indicator set to “N”) and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different servicer

- Mark these MINs as rejected or removed on the *Physical Transfer of Servicing Rights Report (SC)*
- If there are any remaining unconfirmed MINs left in the batch, the system will change the batch status to “Overdue” and list only the remaining MINs on the *Overdue Transfer of Servicing Rights Report (SE)*

NOTE About the *Physical Transfer of Servicing Rights Report (SC)*: This report is NOT cumulative. You must review it each time it is produced to see the activity from the previous cycle.

After the Transfer Effective Date...

For each processing cycle, the system will:

- Remove from the overdue batch all newly confirmed MINs,
- Update the rights holder for these MINs,
- Update milestones for each transferred MIN
- Mark these MINs as transferred on the *Physical Transfer of Servicing Rights Report (SC)*
- Remove from the batch all MINs newly rejected by the confirming Member (all MINs with at least one confirmation indicator set to “N”) and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different servicer
- Mark these MINs as rejected or removed on the *Physical Transfer of Servicing Rights Report (SC)*

If there are any remaining active, unconfirmed MINs in the overdue batch, they will be listed on the *Overdue Transfer of Servicing Rights Report (SE)*

If there are unconfirmed MINs in a batch 20 days after the Transfer Effective Date, the system will display a message on the Welcome Page for both the initiating and confirming Members.

On the Transfer Expiration Date...

(30 days from the Transfer Date or from the Creation Date if Transfer Date is prior) the system will:

- Produce the *Expired Transfer of Servicing Report (SD)* listing any unconfirmed MINs
- Mark the batch as “Pending Delete” and stop all further processing on the batch.

Business Procedure

The seller must initiate all Transfer of Servicing Rights transactions within 14 calendar days of the effective transfer date.

The effective transfer date is the date defined in the Purchase and Sale Agreement on which the buyer begins servicing the loans on its servicing system.

If you create a transfer Batch that has missing MINs, or MINs that shouldn't be included, use the Modify Batch option on MERS® OnLine to correct it while the Batch is in pending or overdue status. This activity will produce a *Modify Batch – Transfer of Servicing Rights Report*

Once this transaction has been completed, the seller no longer has update access to transferred loans except to update recording information.

1. The current Servicer or Subservicer (or Investor for an Option 1 TOS) initiates the transfer transaction by entering the following loan transfer information
 - * Sale Date (used for seasoned transfer only)
The Sale Date may be a future date or up to 60 calendar days prior to the transaction creation date. On a Flow TOS, Transfer Date is used for Sale Date.
 - * Transfer Date
 - * Org ID of current Investor
 - * Org ID of current Servicer
 - * Org ID of current Subservicer (if applicable)
 - * Org ID of new Servicer
 - * Org ID of new Subservicer (if applicable)
 - * Org ID of new Custodian (if applicable)
 - * MIN(s)
4. The MERS® System validates the information.
3. The current and new Servicer, Subservicer, Investor, Document Custodian, and Interim Funder of the loans to be transferred receive and review a *Pending Transfer of Servicing Rights Report* every day the transfer is in a pending status.
4. The old and new Servicers reconcile the transfer information.
5. The new Servicer or Subservicer confirms the transfer (except for an Option 1 TOS).
6. On a seasoned transfer of servicing rights, the Investor confirms the transfer (if applicable).
7. The transfer takes place on the Transfer Date.
8. If a Warehouse/Gestation Lender appeared on the MIN before the transfer, it is removed.
9. If a Property Preservation Company appeared on the MIN before the transfer, it is removed.
10. The transfer of servicing rights appears on the MIN-level milestones.

If the transfer is still not confirmed 30 calendar days after the Transfer Date, the seller remains in the Servicer field on the MERS® System.

11. The current and new Servicer, Subservicer, Investor Document Custodian, and Interim Funder receive a *Physical Transfer of Servicing Rights Report*.
12. All Associated Members on the MIN receive the *MIN Milestone Report for Associated Members*.

Reports

The following reports are generated during the Transfer of Servicing Rights process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Pending Transfer of Servicing Rights Report*
- * *Sale of Servicing Rights Report*
- * *Modified Batch – Transfer of Servicing Rights*
- * *Physical Transfer of Servicing Report*
- * *Expired Transfer of Servicing Rights Report*
- * *Overdue Transfer of Servicing Rights Report*
- * *Transfer of Servicing Rejects Report*
- * *Canceled Transfer of Servicing Rights Report*
- * *Current Investor Changes for Pending Transfer of Servicing Rights Report*
- * *MINs Deleted from Pending Transfer of Servicing Rights Report*
- * *MIN Milestone Report for Associated Members*

TOS/TOB Combination

Overview

This chapter describes how to perform a single transaction, called a TOS/TOB Combo, to reflect a Transfer of Servicing Rights (TOS) and an Option 2 Transfer of Beneficial Rights (TOB). The transaction has the same requirements and undergoes the same processing criteria as the TOS and TOB Option 2 transactions outlined in the [Transfer of Servicing Rights](#) and [Transfer of Beneficial Rights](#) chapters.

Both beneficial and servicing rights must be transferring from a single Member to a single Member, but you can also designate a new Subservicer. You can designate a new Document Custodian, or delete all Document Custodians on the MINs in the TOS/TOB Combo batch.

Like the TOS, the TOS/TOB Combo will only generate a transaction fee if the transfer date is more than 270 days later than the note date.

A MIN contained in a TOS/TOB Combo may exist simultaneously in an Option 1 TOB. However, any MIN contained in a TOS/TOB Combo cannot exist simultaneously in another TOS or an Option 2 TOB.

This transaction may only be initiated by the current Servicer or Subservicer on the MIN, and may be performed either in MERS® OnLine or by EDI X12/Flat File.

Impact

The transfer of servicing rights process has potential impact to the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Document Custodians
- * Associated Members

Transfer Dates

The Member that creates the TOS/TOB Combo transaction will identify both a Transfer Date and Beneficial Rights Transfer Date. The Transfer Date may be up to 180 days after, or up to 30 days before, the transfer creation date; if the New Investor uses MERS® InvestorID to generate Notices, the Transfer Date must be their Acquisition Date. The Beneficial Rights Transfer Date cannot be later than the TOS date, but may be a retroactive date within 60 calendar days of the transaction creation date.

The transfer dates may be changed anytime prior to the transfer completion date by the Member that created the transaction, and the entire batch may be canceled by the Member that created the transaction anytime before it is confirmed by the receiving Member.

All MINs identified in the TOS/TOB Combo transaction must be “Active (Registered)”. MINs with a note date 270 or fewer calendar days prior to the transaction effective date will create a Flow TOS/TOB batch. MINs with a note date more than 270 calendar days prior to the transaction effective date will create a Seasoned TOS/TOB batch, for which the transferring Member will be billed the applicable fee.

If SOME of the MINs in the pending TOS/TOB batch also exist in a TOB Option 1 batch, the system will:

- Delete the duplicate MINs from the pending TOS/TOB batch
- Report the duplicate MINs on the “MINs Deleted From Pending TOS Rights” report (SI) and the “MINs Deleted from Transfer of Beneficial Rights” report (BH)
- Create a new Flow TOS batch containing any duplicate MINs with a note date 270 or fewer days before the transfer date. The MINs left in the original TOS/TOB are not affected.
- Carry over confirmation settings to the new batch (for example, if you have confirmed the transfer for three MINs, those three MINs will show a confirmed status)
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch

The current Servicer/Subservicer should remind the new Servicer/Subservicer that the duplicate MINs are in a new TOS

batch, and any changes to confirmations or rejections must be completed before the transfer occurs.

If ALL MINs in the pending TOS/TOB batch are also in an Option 1 transfer of beneficial rights batch, the system will:

- Delete any seasoned MINs from the pending TOS/TOB batch.
- Report the deleted MINs on the “MINs Deleted From Pending TOS Rights” report (SI) and the “MINs Deleted from Transfer of Beneficial Rights” report (BH).
- Change the transfer type of the batch from TOS/TOB Combo to Flow TOS. This batch will retain the original batch number.
- Update the Investor of the Flow TOS batch to the new Investor named in the TOB Option 1
- Set the Beneficial Transfer date to null since it will not be used in the resulting Flow TOS
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch

Once a transfer is created and pending, all parties named in the batch can view the pending transaction using the View List of Batches feature in MERS[®] OnLine.

Once a transfer is created:

- The transfer initiator can:
 - Add MINs using Modify Batch any time before the transfer is completed.
 - Delete MINs from the batch using Modify Batch, as long as the MINs have not yet been confirmed by the receiving party.
 - Change the Transfer Date.
 - Cancel the entire batch any time prior to the completion of the batch
- The new or old Servicer/Investor can confirm or reject loans from the batch at any time prior to the Transfer Date.
- The investor loan and pool numbers can be changed by the new Investor to reflect its own information

- If the initiating Member named an incorrect Document Custodian or Subservicer in the batch, the batch must be cancelled and recreated.

Business Procedure

The seller initiates the TOS/TOB Combo either in MERS[®] OnLine or via batch.

- The Sale Date will default to the Transfer Date entered. A seasoned TOS/TOB will use the Sale Date if one is entered; a flow TOS/TOB will ignore any Sale Date entered and use the Transfer Date.
- The Transfer Date and Beneficial Rights Transfer Date field values can be changed anytime prior to transfer completion by the Member who created the TOS/TOB transaction.
- The transfer can be canceled anytime prior to transfer completion by the Member that created the transaction.
- The current Investor and the current Servicer must have the same Org ID.
- The MIN Information window will reflect that a MIN currently exists in a pending TOS/TOB batch.
- The TOS batch confirmation transaction will be used to confirm the TOS/TOB Combo transaction. A TOS/TOB combo transaction can be confirmed via MERS[®] OnLine or through a flat file/EDI X12 transmission.
- The New Servicer/Investor only confirms the servicing rights transfer; the beneficial rights transfer does not have to be confirmed separately.
- The old or new Servicer/Investor may reject the transfer by MIN, Pool Number or batch any time before the Transfer Date.
 - If you reject the transfer as the new Servicer/Investor, using MERS[®] OnLine, you can choose from a dropdown list of Reject Reasons. Specific definitions for these Reject Reasons are determined by each Servicer/Investor.
- Both the beneficial rights and the servicing rights will transfer to the party named in the New Servicer/Investor field.
- The TOS/TOB transaction will not allow the party named in the new Servicer/Investor field to be an Option 1 Investor.
- The completed TOS will remove Warehouse Gestation Lender interests from the MINs.
- The completed TOS will remove Property Preservation Company Associated Members from the MINs.
- Two milestones will be added for each TOS/TOB transaction: one for the Servicing Rights Transfer, and one for the Beneficial Rights transfer.

If a transfer of servicing batch is not confirmed by the Transfer Date, the loan status on MERS[®] System reflects an overdue status.

- TOS/TOB Combo transactions will be recorded on the Transfer of Servicing Reports.
- If the New Investor participates in MERS[®] InvestorID:
 - A Mortgage Loan Transfer Notice is generated
 - The TOB milestone reflects that a Mortgage Loan Transfer Notice was generated
 - The New Servicer/Investor receives a *Mortgage Loan Transfer Notices Report*
 - The Mortgage Loan Transfer Notice fee is charged to the New Investor
- The MERS[®] System will cancel the remaining MINs in a TOS/TOB Combo transaction on the transfer deletion date (31 calendar days after the servicing rights Transfer Date, or 31 calendar days after the servicing rights transfer creation date if the servicing rights Transfer Date is retroactive)
- For MINs in a TOS/TOB Combo transaction where the transaction is canceled, the system will automatically reverse the servicing rights transferred at the Sale Date.
- The current and new Servicer, Subservicer, Investor, Document Custodian, and Interim Funder receive a *Physical Transfer of Servicing Rights Report*.
- All Associated Members on the MIN receive the *MIN Milestone Report for Associated Members*.

Reports

The following reports are generated during the TOS/TOB Combination process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- ❑ *Canceled Transfer of Beneficial Rights Report*
- ❑ *Canceled Transfer of Servicing Rights Report*
- ❑ *Current Investor Changes for Pending Transfer of Servicing Rights Report*
- ❑ *Expired Transfer of Beneficial Rights Report*
- ❑ *Expired Transfer of Servicing Rights Report*
- ❑ *Investor Removed by Option 1 Transfer of Beneficial Rights Report*
- ❑ *MIN Milestone Report for Associated Members*
- ❑ *MINs Deleted from Transfer of Beneficial Rights Report*
- ❑ *MINs Deleted from Pending Transfer of Servicing Rights Report*
- ❑ *Modified Batch – Transfer of Servicing Rights*
- ❑ *Overdue Transfer of Servicing Rights Report*
- ❑ *Pending Transfer of Servicing Rights Report*
- ❑ *Physical Transfer of Servicing Report*
- ❑ *Sale of Servicing Rights Report*
- ❑ *Summary of Transfer of Beneficial Rights Rejects Report*
- ❑ *Transfer of Beneficial Rights Rejects Report*
- ❑ *Transfer of Servicing Rejects Report*
- ❑ *Mortgage Loan Transfer Notices Report*

Deactivations

Overview

This chapter explains the processes for deactivating a loan on the MERS[®] System. Loans are deactivated if the debt no longer exists (e.g. at payoff), or if it is assigned out of MERS (e.g. when servicing rights are sold to a non-MERS Member).

A deactivation can be reversed if it was performed in error; see the [Deactivation Reversals](#) chapter.

If a loan that was deactivated because it was assigned out of MERS is later assigned back to MERS, it can be re-registered; see [Re-registration After Deactivation](#).

Involuntary transfer/Default by Servicer (*MERS Only Transaction*)

Overview

The involuntary transfer/default by Servicer deactivation is performed only by MERS on behalf of an Investor. This may occur when the Investor transfers servicing from the current Servicer and *places the servicing with a non-MERS Servicer*. If an involuntary transfer/default by Servicer occurs and the servicing rights are transferred to another MERS Member, the transfer is processed as a transfer of servicing rights (TOS) transaction.

Impact

The Default by Servicer process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Custodians
- Associated Members

Although an involuntary transfer affects these parties, only the investor can initiate an involuntary transfer deactivation.

Business Procedure

MERS performs the following procedures on behalf of the Investor:

“Non-MERS Servicer” is listed on the Organization Lists that displays when you click on the Servicer field.

1. Select Involuntary Transfer as the deactivation reason on the MERS[®] System.
2. Enter the assignee information :
 - * Name
 - * Address
 - * City
 - * State
 - * Zip Code
 - * Contact
 - * Phone
 - * Extension
3. Enter the Servicers information :
 - * Current Servicer Org ID
 - * Current Subservicer Org ID
 - * New Servicer Org ID
 - * New Subservicer Org ID
4. The MERS[®] System updates the new Servicer and Subservicer if present.
5. The involuntary transfer/default by servicer deactivation appears on the MIN-level milestones.
6. The MERS[®] System sends a report to the Investor, Servicer, Subservicer, Custodian, and Interim Funder (if applicable).
7. The Servicer or Investor forwards the assignment to the recorder and adheres to the assignment processing procedures described in this manual and in the [Quality Assurance Procedures Manual](#).
8. If the loan is later assigned to a MERS Member, it can be re-registered (see [Re-registration after Deactivation](#)).

Reports

The following reports are generated during the Default by Servicer deactivation process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Deactivation Summary Report*
- * *Default by Servicer—Servicing Transferred to Non-MERS Servicer Verification Report*
- * *MIN Milestone Report for Associated Members*

Foreclosure

Overview

Based on legal research conducted with foreclosure counsel in each state, foreclosures can be initiated in MERS' name when MERS is the mortgagee of record, thereby avoiding the cost to the Servicer of re-assigning the loan to the Servicer or other third party. For a detailed discussion of these requirements, see Recommended Foreclosure Procedures available on the MERS website at www.mersinc.org.

The MERS Foreclosure process is governed by the following rules:

- The investor determines whether foreclosure proceedings are to be conducted in the name of MERS, the Servicer, or another party.
- If MERS is the mortgagee of record, and the investor designates that foreclosure proceedings are to be conducted in the name of a party other than MERS, through its corporate resolution the MERS Member servicing the loan provides and records an assignment from MERS to the party at the Servicer's expense.
- Even when MERS is the mortgagee, MERS normally does not take title to a mortgage loan or to any property that is subject to a mortgage loan at any time during foreclosure. There are some states, however, where, at the conclusion of the foreclosure sale, the title may momentarily go to MERS before being deeded to the Servicer, Investor, or other party.

All assignments out of MERS must be sent for recording within 14 calendar days of the Deactivation Date on MERS.

Note: MERS recommends that Servicers use Option 2, MERS Remains Mortgagee for MOM and Non-MOM loans to avoid subsequent assignment work and costs.

The Servicer reports the foreclosure activity on the MERS[®] System by first choosing one of the following Pending options

- Foreclosure pending (Option 1), assigned to Servicer. (Not recommended if MERS is the mortgagee of record for the loan as the Servicer must also prepare and record an assignment out of MERS in this case.
- Foreclosure pending (Option 2), MERS remains mortgagee
- Foreclosure Pending (Option 3), iRegistration.

Note: a Foreclosure Pending transaction also can be cascaded to the MERS[®] System from the MERS[®] eRegistry if a foreclosure pending status hasn't yet been reported on the MERS[®] System when the eNote is charged off. This transaction will appear as "Foreclosure Pending, Option 2 – eReg" on reports, milestones, and audit history.

The Servicer will reinstate a loan if the reasons for foreclosure are resolved. The following five options enable the Servicer to stop the pending foreclosure and reinstate the loan:

- * Reinstated or modified (Option 1), assigned back to MERS
The Servicer is also responsible for preparing and recording the assignment back to MERS in this case.
- * Reinstated or modified (Option 1), not assigned back to MERS - Deactivate
- * Reinstated or modified (Option 1), not assigned back to MERS- iRegistration
- * Reinstated or modified (Option 2)
(Must be used if pending Option 2)
Loan reverts to active status.
- * Reinstated or Modified (Option 3), iRegistration
(Must be used if pending Option 3)

The option listed below enables the Servicer to complete the foreclosure:

- * Foreclosure complete—loan deactivated on MERS
If MERS is the mortgagee of record, the Servicer is also responsible for releasing MERS in the county land records in this case.

The final option,

- Foreclosure status reset

enables the Servicer to correct an invalid foreclosure status and place the loan in an active (not in foreclosure) status. This option also can be used to reset the foreclosure status for an iRegistration in Reinstated or Modified Option 3 status if it is assigned to MERS and needs to be converted to a Non-MOM.

Foreclosure and MIN Deactivation

The foreclosure options that cause MIN deactivation are:

- * Foreclosure complete
- * Reinstated or modified (Option 1), not assigned back to MERS- Deactivate

Note: a Foreclosure Complete deactivation also can be cascaded to the MERS[®] System from the MERS[®] eRegistry when the eNote is charged off. This transaction will appear as “Foreclosure Complete – eReg” on reports, milestones, and audit history.

The foreclosure options that do not cause the loan to be deactivated are listed below:

- * Foreclosure pending (Option 1), assigned to Servicer
- * Foreclosure pending (Option 2), retained on MERS
- * Foreclosure Pending (Option 3), iRegistration.
- * Reinstated or modified (Option 1), assigned back to MERS
- * Reinstated or modified (Option 1), not assigned back to MERS- iRegistration
- Reinstated or Modified (Option 3), iRegistration
- * Reinstated or modified (Option 2)

Impact

This process has potential impact to the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Trustees
- * Associated Members

A MIN that is deactivated by a foreclosure complete cannot be reactivated, but the deactivation can be reversed if it was performed in error; see [Deactivation Reversals](#).

Business Procedure

1. The investor determines whether foreclosure proceedings are conducted in the name of MERS (if MERS is the mortgagee of record), the Servicer, or a different party designated by the investor.
2. The Servicer updates the MERS[®] System to indicate that a foreclosure is pending when the Servicer's attorney performs the first legal action.
3. If the default is cured, the Servicer updates the MERS[®] System to reflect the reinstatement/modification.
4. Once the Servicer has liquidated the loan on its servicing system (at completion of the foreclosure sale or at the end of the redemption period) it deactivates the loan on the MERS[®] System.
5. The Servicer or Subservicer may insert a Property Preservation Company Org ID, or the Property Preservation Company may insert itself, on the loan even if the loan is in Foreclosure Complete status.

Reports

The following reports are generated during the foreclosure process. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Foreclosure Verification Report*
- * *Foreclosure Reject Report*
- * *Past Due Foreclosure Terminations Report*
- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*

Paid in Full (includes Short Sales, Third Party Sales, Deeds in Lieu, and Charge Offs not associated with a foreclosure completion)

All Paid in Full deactivations must be entered on MERS within seven calendar days of the payoff of the loan on your company's servicing system.

Overview

A Paid in Full deactivation is used to deactivate loans when the Servicer accepts payoff funds. This also includes short sales, third party sales, deeds-in-lieu, and charge-offs not associated with a foreclosure completion.

When the Servicer deactivates a loan, its status changes to inactive, and the current date is set as the deactivation date. Loans which are paid in full cannot be reactivated. The deactivation can be reversed if it was performed in error.

Note: a Paid in Full deactivation also can be cascaded to the MERS[®] System from the MERS[®] eRegistry when the eNote is paid off. This transaction will appear as “Paid Off – eReg” on reports, milestones, and audit history.

Impact

This process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Associated Members

Only the loan Servicer or Subservicer can enter a paid in full deactivation/lien release. .

Business Procedure—Paid in Full

1. The Servicer or Subservicer receives payment in full.
2. The Servicer or Subservicer processes a deactivation on the MERS[®] System indicating the loan has been paid in full, and enters a Lien Release Sent Date if available.
3. The paid in full deactivation appears on the MIN-level milestones.
4. The Servicer or Subservicer prepares and records the lien release.
 - If MERS is the mortgagee of record, Mortgage Electronic Registrations Systems, Inc. must be named as the current mortgagee on the lien release documents, and the MIN and SIS telephone number must be included on the documents as described in the [Quality Assurance Procedures Manual](#).
5. If applicable, the Member is also responsible for notifying MERS that a mortgage previously reported as paid in full has not been paid in full by performing a reversal on the MERS[®] System.

Reports

The Paid in Full and Transfer to Non-MERS Servicers processes use the following reports. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Paid in Full Verifications Report*
- * *Payoff Reject Report*
- * *Assignments and Lien Releases Not Quality Reviewed Report*
- * *Assignments and Lien Releases Report*
- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*

Transfer to Non-MERS Member

Overview

A Transfer to Non-MERS Member deactivation is used to deactivate loans when the servicing is transferred to a non-MERS Member, or when a loan where MERS is the mortgagee of record is sold to an Investor who requires a recorded assignment out of MERS.

For loans where MERS is the mortgagee of record, the Servicer must prepare and record an assignment from MERS to the new Servicer or Investor at its own expense.

Impact

This process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Associated Members

Business Procedure—Transfer to Non-MERS Member

1. The Servicer or Subservicer processes a deactivation on the MERS[®] System by selecting the Transfer to Non MERS Member option and entering the following information:
 - Current Servicer Org ID
 - New Servicer Org ID (9999999)
2. For loans where MERS is the mortgagee, the Servicer enters the following assignee information:
 - Name
 - Address
 - City
 - State
 - Zip Code
 - Contact
 - Phone number and extension

(Note: do not enter assignee information for an iRegistration.)
3. The transfer to non-Member deactivation appears on the MIN-level milestones.

All assignments out of MERS must be sent for recording within 14 calendar days of the Deactivation Date on MERS.

Only the loan Servicer or Subservicer can enter a Transfer to non-MERS Member deactivation. The Investor can initiate this transaction through instructions to MERS Corporate Offices.

4. The Servicer or Subservicer prepares the assignment at its own expense.
5. The Servicer or Subservicer forwards the assignment to the county recorder.
6. If the loan is later assigned to a MERS Member, it can be re-registered (see [Re-registration after Deactivation](#)).

Reports

The Paid in Full and Transfer to Non-MERS Servicers processes use the following reports. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Assignments and Lien Releases Not Quality Reviewed Report*
- * *Assignments and Lien Releases Report*
- * *Transfer to Non-MERS Servicer Verifications Report*
- * *Transfer to Non-MERS Servicer Reject Report*
- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*

Deactivation Reversals

Overview

If a MIN is deactivated in error, the Servicer can reverse its inactive status using the Deactivation Reversal transaction.

The deactivation cannot be reversed if an assignment has been sent or recorded removing MERS as the mortgagee of record. However, such a loan may be re-registered if it is assigned back to MERS; see [Re-registration after Deactivation](#).

The deactivation also cannot be reversed on the MERS[®] System if it was cascaded from the MERS[®] eRegistry. You would need to reverse the deactivation on the MERS[®] eRegistry, cascading the deactivation reversal to the MERS[®] System.

The reversal process involves three steps:

- Verify the loan information is current and accurate
- Check the Quality Review flag, if all assignments prior to the deactivation are complete and verified
- Process the reversal.

If information on the MIN is incorrect or out of date, the Servicer must correct it in MIN Information after processing the reversal.

Impact

The reversal process has potential impact on the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Associated Members

Business Procedure

1. Verify that the deactivation can be reversed.
2. Access Reversals, then Deactivation, in MERS[®] OnLine.
3. Enter the MIN.
4. If applicable, set the Quality Review indicator to Yes to indicate that all information is correct and all assignments prior to deactivation were audited.
Note: Quality Review indicator may not be set to Yes for iRegistrations.
5. Submit the reversal transaction.
6. If any corrections need to be made to the loan information, make the changes in MIN Information.
7. Set the Quality Review indicator to Yes when all information is correct and all assignments audited.
Note: Quality Review indicator may not be set to Yes for iRegistrations.

Reports

There are no reports associated with the reversal process.

Modification Agreements

Overview

You can also use the batch process to add a modification agreement to a registered MIN, but you must include all information in the transaction: Modification Date, Modification Amount, and recording information. You can update an existing Modification Agreement using MERS® OnLine only.

You need to report to the MERS® System any Modification Agreement recorded for a loan registered on the MERS® System. The information stored for each Modification Agreement is Modification Date, Modified Note Amount, and recording information. These can be entered at Registration if the loan was modified before it was registered on the MERS® System, or using the Modification Agreement transaction from the MIN Information menu if the loan was registered before it was modified.

A somewhat different procedure is used for CEMAs. See the [CEMAs](#) chapter for details.

When the existing loan is currently registered on the MERS® System:

- Place the existing MIN (and SIS number for loans with MERS as mortgagee) on the Modification Agreement prior to recordation.
- Update the existing loan on the MERS® System, adding the Modification Note Date, Note Amount and recording information.

When a loan has been modified before being registered on the MERS® System:

- Place the MIN from the security instrument (and SIS number for loans with MERS as mortgagee) on the Modification Agreement prior to recordation.
- Register the loan on the MERS® System using the Note Date, Note Amount, and recording information from the original note; and include the Modification Agreement Note Date, Note Amount and recording information.

When assigning a Non-MERS loan to MERS:

- Assign the existing loan to MERS with a new MIN.
- Place the new MIN and SIS number on the Modification Agreement prior to recordation.
- Register the new MIN on the MERS® System using the Note Date, Note Amount, and recording information from the original note; and include the Modification Agreement Note Date, Note Amount and recording information.

Impact

The Modification Agreement process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Originators
- * Third-party originators
- * Investors
- * Associated Members

Business Procedure

When the existing loan is a MERS-registered loan:

1. The Servicer places the existing MIN (and SIS number for loans with MERS as mortgagee) on the Modification Agreement and other applicable documents, and sends the documents for recording.
2. The Servicer adds the Modification Agreement information on the MERS[®] System using the Mod Agree option on the MIN Information menu, or via a batch process, and includes Modification Agreement Note Date and Modification Agreement Note Amount.
3. The current Servicer enters the Modification Agreement recording information when it is received from the recording jurisdiction.

When assigning a Non-MERS loan to MERS:

1. The existing loan is assigned to MERS with a new MIN.
2. The Lender/Servicer places the new MIN and the SIS number on the assignment, Modification Agreement, and other applicable documents prior to recordation.
3. The Lender/Servicer prepares and records the assignment, Modification Agreement, and other applicable documents.
4. The Lender/Servicer registers the MIN.
 - Enter the Note Date and Amount from the original loan.
 - Enter the recording information from the original loan.
 - Enter the Modification Agreement Note Date and Note Amount in the Modification Agreement section of the Registration page.
5. The new Servicer enters the Modification Agreement recording information when it is received from the recording jurisdiction.

Reports

The following reports are generated during the modification process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Assignments and Lien Releases Not Quality Reviewed Report*
- * *Assignments and Lien Releases Report*
- * *MIN Milestone Report for Associated Members*
- * *Maintenance Verification Report*

Consolidation, Extension, and Modification Agreements

Overview

If state law requires a lender to pay taxes only on additional funding of an existing loan or a new loan, the lender may choose a Consolidation, Extension, and Modification Agreement (CEMA) or Modification, Extension, and Consolidation Agreement (MECA) to consolidate or extend the term of an existing loan with or without additional funding to save the taxes associated with refinancing. This practice is predominantly found in New York. On the MERS[®] System, a CEMA or MECA is processed either as a deactivation and a new registration, or as a MIN update, depending on whether the consolidating Lender and the current Servicer are the same entity.

The processing of a CEMA or MECA has two parties: the current Servicer (the party that currently services the existing mortgage) and the new consolidating lender (the party providing the end financing). The two parties may be the same or different entities.

When the existing loan is currently registered on the MERS[®] System, and the current Servicer and the new Lender are different:

- * The current Servicer submits a deactivation paid in full status on the old MIN.
- * The consolidating lender generates a new MIN and places the new MIN and the SIS number on the Modification Agreement prior to recordation.
- * The consolidating lender registers the new MIN on the MERS[®] System and includes the modification agreement note date, note amount and recording information.

OR (if both parties agree)

- The current Servicer transfers the loan to the consolidating lender on the MERS[®] System.
- The consolidating lender places the existing MIN and the SIS number on the Modification Agreement prior to recordation.

When the existing loan is currently registered on the MERS[®] System and the current Servicer and the new Lender are the same entities:

- The current Servicer/Lender places the existing MIN and the SIS number on the Modification Agreement prior to recordation.
- The current Servicer of the loan updates the existing MIN, adding the Modification Note Date, Note Amount and recording information onto the MERS[®] System.

If the existing loan is not currently registered on the MERS[®] System:

- The current Servicer places the new MIN and the SIS number on the assignment prior to recordation.
- If the current Servicer is not the Consolidating Lender, the current Servicer transfers the loan to the Consolidating Lender on the MERS[®] System.
- The Consolidating Lender (who may or may not be the current Servicer) places the new MIN and the SIS number on the Modification Agreement prior to recordation.
- The Consolidating Lender registers the new MIN on the MERS[®] System and includes the Modification Agreement Note Date, Note Amount and recording information.

Impact

The CEMA process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Originators
- * Third-party originators
- * Investor
- * Associated Members

Business Procedure

When the existing loan is currently registered on the MERS[®] System, and the current Servicer and the Consolidating Lender are different:

1. The current Servicer deactivates the old MIN as a paid in full.
2. The consolidating lender generates a new MIN and places it on the Modification Agreement and other applicable documents prior to recordation.
3. The consolidating lender prepares and records the Modification Agreement, including the new MIN (and the SIS number for loans with MERS as mortgagee).
4. The Lender or new Servicer registers the new MIN, using the original Note Date, original Note Amount, and security instrument recording information from the previous MIN on the new MIN, and entering the Modification Agreement information including Modification Note Date and Modification Agreement Note amount on the modification agreement tab (as well as any prior assignment and modification details and recording information), at Registration..
5. The new Servicer enters the Modification Agreement recording information when it is received from the recording jurisdiction.

OR (if both parties agree)

1. The current Servicer transfers the loan to the consolidating lender on the MERS[®] System.
2. The new Servicer confirms the transfer.
3. The new Servicer prepares and records a Modification Agreement, placing the existing MIN on the Modification Agreement and other applicable documents prior to recordation.
4. The new Servicer enters the Modification Agreement information, including Modification Note Date and Modification Agreement Note amount, on the MERS[®] System.
5. The new Servicer enters the Modification Agreement recording information when it is received from the recording jurisdiction.

When the existing loan is currently registered on the MERS[®] System, and the current Servicer and new Lender are the same:

1. The consolidating Lender/Servicer prepares and records a Modification Agreement, placing the existing MIN and SIS number on the Modification Agreement and other applicable documents prior to recordation.
2. The Servicer adds the Modification Agreement Note Date and Modification Agreement Note Amount to the existing MIN using the Mod Agree option on the MIN Information menu, or via a batch process.
3. The current Servicer enters the Modification Agreement recording information when it is received from the recording jurisdiction.

When assigning a Non-MERS loan to MERS:

1. The current Servicer prepares and records an assignment to MERS of the existing loan with a new MIN, placing the MIN and SIS number on the assignment prior to recordation.
2. The consolidating lender (who may or may not be the current Servicer) prepares and records a Modification Agreement, placing the new MIN and SIS number on the Modification Agreement and other applicable documents prior to recordation.
3. The consolidating lender or new Servicer registers the MIN within 14 days of the assignment date, using the original Note Date, Original Note Amount, and recording information from the existing loan at Registration.
4. The consolidating lender or new Servicer enters the Modification Agreement information, including the Modification Agreement Note Date and Modification Agreement Note Amount (as well as any prior assignment and modification details and recording information), either at Registration, or as a MIN Update after Registration.
5. The consolidating lender or new Servicer enters the Assignment recording information when it is received from the recording jurisdiction.
6. The consolidating lender or new Servicer enters the Modification Agreement recording information when it is received from the recording jurisdiction.

Reports

The following reports are generated during the CEMA deactivation process. For a detailed description of each report, see the [MERS® Reports Handbook](#):

- * *Deactivation Summary Report*
- * *Assignments and Lien Releases Not Quality Reviewed Report*
- * *Assignments and Lien Releases Report*
- * *MIN Milestone Report for Associated Members*
- * *Maintenance Verification Report*

Assumption of Mortgage

Overview

A mortgage debt is assumed when the following occurs:

- * A new borrower assumes the outstanding mortgage debt.
- * A new borrower is added to the existing loan obligation.
- * An existing borrower is removed from the loan obligation

The Servicer or Subservicer is responsible for entering the new borrower information on the system.

When entering a mortgage assumption, you need:

- * MIN
- * New borrower name(s)
- * Primary borrower's SSN

Original borrower(s) information is needed to execute a lien release and remains in the system for the life of the loan. When an assumption occurs, the new borrowers become the current borrowers. Interim borrower(s) are not tracked.

The assumption date is not captured on the MERS[®] System. The date the assumption information is entered on MERS will be reflected in the MIN-level milestones.

Impact

The Assumption of Security Instrument process affects the following types of organizations:

- * Servicers
- * Subservicers
- * Investors
- * Associated Members

Business Procedure

Only information regarding the original borrower and the current borrower is stored. Interim borrowers are not tracked.

1. Select the Assumption function from the MERS[®] OnLine main menu
2. Enter the MIN for the mortgage being assumed
3. If there is no information for the original borrower, the MERS[®] System copies the current borrower information into the original borrower fields
4. Enter the information into the current borrower information fields for all borrowers remaining after the assumption:
 - Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)
 - OR**
 - Title
 - First name
 - Middle name
 - Last name
 - Honorific
 - Social security number or tax ID
(required for primary borrower)
5. The assumption appears on the MIN-level milestones.

For foreign nationals with neither a SSN nor a Tax ID, enter 111111111 for SSN.

Reports

The following Assumption of Mortgage reports are available on the MERS[®] System. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- * *Assumption Verification Report*
- * *Assumption Rejects/Warnings Report*
- * *MIN Milestone Report for Associated Members*

Processing Recording Information

Overview

Signed mortgage documents are recorded in the county (or other jurisdiction) land records to make public record of the security interest (as evidenced by a security instrument such as a mortgage or deed of trust) and assignment of the mortgage.

If MERS is identified as the mortgagee on the security instrument, there is no need for an assignment to MERS. The Security Instrument recording information is entered on the MERS[®] System when it is received.

If an assignment is recorded naming MERS as the mortgagee, when the loan is registered on the MERS[®] System the original Security Instrument recording information is entered on the MERS[®] System, and the assignment recording information is entered when it is received.

Once MERS is named as mortgagee, no further recorded or unrecorded assignments are necessary as long as the servicing rights are sold to another MERS Member and remain on MERS and the investor does not require an assignment out of MERS.

The MERS[®] System will allow updates to Assignment and Security Instrument recording information from the Registering Member Org ID for the MIN as long as the MIN is active and its Quality Review flag is set to “No.”

If a modification agreement is recorded for a loan with MERS as mortgagee, its recording information must be updated by the current Servicer.

The Servicer of the loan is responsible to MERS for entering the recording information, but may contract with the originator to enter the recording information even if the loan has already been transferred.

Recording information is optional for iRegistrations.

Impact

Recording information processing affects the following types of organizations:

- * Servicers
- * Previous Servicer (from the most recent Transfer of Servicing)
- * Subservicers
- * Previous Subservicer (from the most recent Transfer of Servicing)
- * Investors
- * Interim Funders
- * MERS Corporate Offices
- * Originators
- * Third-party originators
- * Custodians
- * Title Companies
- * Associated Members

Business Procedure

1. Enter the following security instrument recording information on the MERS[®] System within 30 days of registration of a loan with MERS as mortgagee:
 - * Security instrument type (if not already entered)
 - * Trustee (if not already entered for Deed of Trust)
 - * Mortgagee or Beneficiary (if not already entered)
 - * MOM indicator (if not already entered)
 - * Security instrument recording date
 - * Security instrument number (or Torrens Certificate number)
 - * Security instrument book or liber number
 - * Security instrument page or folio number
 - * Recording type (recording or rerecording)

When adding or modifying Assignment information, you are required to enter the Assignment Sent Date, if it is not already entered. Assignment Sent Date must be entered within five days of the assignment date.

2. For loans assigned into or out of MERS, enter the following assignment recording information within six months of the assignment date:
 - * Assignment type
 - * Assignment sent date (if not already entered)
 - * Assignment instrument or document number
 - * Assignment book or liber number
 - * Assignment page or folio number
 - * Assignment recording date

3. For loans with MERS as mortgagee that have had prior assignments recorded, enter the following historical assignment information within 30 days of registration:
 - * Assignee name
 - * Assignee address
 - * Assignee internal mail stop
 - * Assignee city
 - * Assignee state
 - * Assignee ZIP code
 - * Assignee contact name
 - * Assignee phone number
 - * Assignee phone extension
 - * Assignor name
 - * Assignor address
 - * Assignor city
 - * Assignor state
 - * Assignor standard ZIP code and extension
 - * Recording Information:
 - * Assignment type
 - * Assignment instrument or document number
 - * Assignment book or liber number
 - * Assignment page or folio number
 - * Assignment recording date

When adding or modifying Assignment information, you are required to enter the Assignment Sent Date, if it is not already entered. Assignment Sent Date must be entered within five days of the assignment date.

4. Enter the following modification agreement recording information on the MERS[®] System within six months of the modification of a loan with MERS as mortgagee:
 - * Modification Agreement Note Date (if not already entered)
 - * Modification Note Amount (if not already entered)
 - * Recording date
 - * Instrument or document number
 - * Book or liber number
 - * Page or folio number
5. Set the Quality Review flag when all recording information is accurate and complete and data integrity has been confirmed, no later than 12 months after the Registration Date for loans with MERS as mortgagee.
Note: Quality Review indicator may not be set to Yes for iRegistrations.
6. Recording information is optional for iRegistrations.

Reports

The following security instrument and assignment recording reports are available on the MERS[®] System. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- Assignments and Lien Releases Report*
- Registration Assignments Not Sent Report*
- Registration Assignments without Recording Information Report*
- Deactivation Assignments Not Sent Report*
- Deactivation Assignments without Recording Information Report*
- On-Request Missing Assignment Recording Report*
- On-Request Missing Security Instrument Recording Report*
- MIN Milestone Report for Associated Members*

Property Preservation

Overview

Servicers use property preservation companies to maintain and manage properties. For other Members and MERS[®] Link Subscribers to use the MERS[®] System to find and contact the property preservation company and/or contact for a property, each Member can identify one or more Property Preservation contacts for their organization, and up to four Property Preservation Companies as Associated Members on each MIN. Some municipalities have agreed to use MERS[®] Link to access these contacts in lieu of requiring Members maintaining local properties to maintain property preservation contact information on a local database for each property.

Members with a Property Preservation Company Line of Business may insert or delete their Org ID as Property Preservation Company on any MIN on which they have a Property Preservation Company Relationship with the Servicer or Subservicer. Property Preservation Company Org IDs may be updated when the MIN is active or when it is in Foreclosure Complete status.

Whenever the Servicer on a MIN is changed (e.g. by TOS, TOS/TOB Combo, Transfer to Non-MERS Member) all Property Preservation Company Org IDs are removed from the MIN.

Once reflected on the MIN as an Associated Member, the Property Preservation Company receives all Associated Member reports, has view-only access to loan details, and appears in the MERS[®] OnLine and MERS[®] Link MIN Summaries for that MIN.

Property Preservation contacts appear on the Member Summary available from the Org ID hyperlink available on the MERS[®] Link MIN Summary and the MERS[®] OnLine MIN Summary for Non-Rightsholders.

Impact

Property Preservation processing affects the following types of organizations:

- * Servicers
- * Subservicers
- * MERS[®] Link Subscribers
- * Municipalities

Business Procedure

1. Servicer, Subservicer, and Property Preservation Company each create one or more Property Preservation contacts using the Contacts page in MERS[®] OnLine.
2. Property Preservation contacts are displayed on the MERS[®] Link Member Summary, and on the MERS[®] OnLine Member Summary, for each Member.
3. Servicer or Subservicer may create a Relationship to a Property Preservation Company, using the Relationships page in MERS[®] OnLine, to allow that company to insert or remove itself as a Property Preservation Company on that Servicer or Subservicer's loans.
4. Any Member can specify up to four Property Preservation Company Org IDs in their Registration Default Settings so they will be included by default as Associated Members on all loans registered in MERS[®] OnLine.
5. Servicer or Subservicer may insert a Property Preservation Company on its loans regardless of whether a relationship has been set up.
6. Property Preservation Company may insert or remove itself on any loan for a Servicer or Subservicer for which they are reflected in a Property Preservation Company relationship if the loan is in Active or Foreclosure Complete status.
7. Once reflected on the loan, Property Preservation Company may view all information for that loan except Social Security Numbers and Tax Identification Numbers.

8. Property Preservation Company appears in the MERS[®] Link and MERS[®] OnLine MIN Summaries for the loan, with an Org ID hyperlink to the Property Preservation company's Member Summary on the MERS[®] Link MIN Summary and the MERS[®] OnLine MIN Summary for non-rightsholders.
9. Servicer or Subservicer may update Property Preservation Company named on MIN in Active or Foreclosure Complete status.
10. Property Preservation Company receives all Associated Member reports for each MIN on which it is reflected as a Property Preservation Company, and receives the Maintenance Verification report if it inserts or removes itself on a MIN.

Reports

The following reports are available on the MERS[®] System for Property Preservation Companies. For a detailed description of each report, see the [MERS[®] Reports Handbook](#):

- ❑ *MIN Milestone Report for Associated Members*
- ❑ *Change Notification Report*
- ❑ *Maintenance Verification Report*

MERS[®] InvestorID

Overview

MERS[®] InvestorID was created to assist our Members in complying with the new requirements of the Helping Families Save Their Homes Act of 2009 and in their effort to provide more transparency regarding residential mortgage loans.

When a loan secured by the primary home of the borrower is sold, transferred or assigned, the new owner of the note must notify the borrower in writing within thirty days of the transfer of ownership. MERS[®] InvestorID generates these notices automatically when a Transfer of Beneficial Rights (TOB or combo TOS/TOB) transaction is completed on the MERS[®] System for a MOM or Non-MOM loan; notices are not generated for iRegistration loans.

MERS[®] InvestorID sends a system-generated Mortgage Loan Transfer Notice to the Primary Borrower at the Property Address reflected for each MIN, informing the borrower of the change of ownership. The Transfer Date on the notice is the one entered when the transfer transaction is initiated, which must correspond to the New Investor's Acquisition Date. Optional daily reports available to the Investor, Servicer, and Subservicer detail the Mortgage Loan Transfer Notices generated, and the TOB milestone shows a Notice was generated.

To use a different address and/or telephone number depending on whether your organization is listed as Investor or Servicer in MERS[®] ServicerID, on the telephone Servicer Identification System, and on Mortgage Loan Transfer Notices, you can enter either or both alternate address and select the option to use it.

Investors who have developed their own notification process can opt out of MERS[®] InvestorID. Member Options are also available for Investors to choose whether to disclose investor details in proprietary applications (MERS[®] OnLine, MERS[®] Link, XML Inquiry and Batch Inquiry) and public applications (MERS[®] ServicerID and the telephone Servicer Identification System). During your MERS integration, these options are set by your MERS Business Integration Resource. If you wish to change them after integration, you must contact MERS.

Impact

MERS[®] InvestorID affects the following types of organizations:

- ★ Investors

Business Procedure

1. During MERS integration, inform your Business Integration Resource (BIR) if you wish to opt out of any of the following:
 - Automated Mortgage Loan Transfer Notices
 - Display of Investor contact information in public applications
 - Display of Investor contact information in proprietary applications

Your BIR sets up your Member Options accordingly.

2. After integration,
You are responsible for maintaining the following information:
 - Investor Alternate Address option and contact information
 - Servicer/Subservicer Alternate Address option and contact information
 - Selection of optional Mortgage Loan Transfer Notices report

Email ppd@mersinc.org if you wish to change the following options:

- Automated Mortgage Loan Transfer Notices
 - Display of Investor contact information in public applications
 - Display of Investor contact information in proprietary applications
3. Unless you have opted out of displaying Investor information in public applications, your investor contact information will be displayed for loans on which your organization is listed as Investor in MERS[®] ServicerID and on the telephone Servicer Identification System.
 4. Unless you have opted out of displaying Investor information in proprietary applications, your investor contact information will be displayed for loans on which your organization is listed as Investor in MERS[®] Link, and in MERS[®] OnLine and XML and Batch Inquiry for non-rightsholders.

5. Unless you have opted out of the automatic Mortgage Loan Transfer Notices:
- A notice is generated on your behalf whenever a Transfer of Beneficial Rights (TOB or combo TOS/TOB) transaction is completed to your organization as the New Investor. The Notice:
 - Is mailed within seven days
 - Shows Subservicer contact information for “the mortgage company servicing your mortgage loan” if a Subservicer is listed for that MIN, unless the Subservicer Exception option is selected.
 - Shows Servicer contact information for “the mortgage company servicing your mortgage loan” if no Subservicer is listed for that MIN, or the Subservicer on the MIN has their Subservicer Exception option selected.
 - Uses Investor Alternate Address contact information if the Investor’s “Use Investor Alternate Address – Public” option is selected.
 - Uses Servicer/Subservicer Alternate Address contact information if the Servicer’s or Subservicer’s “Use Servicer/Subservicer Alternate Address – Public” option is selected.
 - The TOB milestone reflects that a Notice was generated.
 - The optional daily Mortgage Loan Transfer Notices report is generated for the Investor, Servicer, and Subservicer.
 - Each notice generated appears on the New Investor’s monthly billing reports and invoice.

Reports

The following daily report related to Mortgage Loan Transfer Notices is available on the MERS[®] System. For a detailed description of this report, see the [MERS[®] Reports Handbook](#):

- *Mortgage Loan Transfer Notices*

Reporting

Overview

The MERS[®] System provides scheduled monthly reports, daily activity-based exception and confirmation reports, and on-request reports. The reports reflect the previous days' processing and are not real time ad hoc reports. MERS maintains reports generated from the previous day's activity, and makes them available to you on-line for thirty calendar days.

We suggest that you implement a procedure for downloading your reports at least once a week and storing them until they are no longer needed, or until after reconciliation of the data with your internal systems.

MERS provides a standard set of reports that you can access electronically.

- Tab-delimited text files can be imported into software applications your company supports for further manipulation.
- PDF files can be viewed or printed using Adobe Reader.

You can view on-line or print your formatted reports from MERS[®] OnLine.

Reports can also be retrieved through the File Transfer Protocol (FTP) process. The MERS[®] System places report files in each Member's directory at the conclusion of each processing cycle, which can then be retrieved. See the [MERS[®] Integration Handbook Volume II](#) for detailed instructions.

If you have written a program to retrieve the report data files generated by the MERS[®] System, a consolidated report data file for selected daily transactions is available. This will allow you to develop one common program to process this file, and eliminate the need for a separate program for each report data file. To verify that your automated process has been successful, and to assist in recovery if your automated process is interrupted, MERS also produces the *List of Reports Produced*.

MERS prices transactions on the last business day of the month. The two-digit report mnemonic for the monthly report is LD.

Reports reflect updates submitted to MERS prior to 10 p.m. Eastern Time the previous business day.

As your business grows, and more MINs are registered, your reports will increase in size. Many of the reports generated by the MERS® System are mandatory, while others are optional. As each company has its own reconciliation and loan accountability process, you may determine that your organization does not need certain optional reports. The MERS® System provides the ability to select which optional reports you receive.

More specific instructions can be found in the [MERS® OnLine User Guide](#), or the [Optional Reports Quick Reference Guide](#), available on our website at www.mersinc.org.

Impact

The Reporting process affects the following types of organizations:

- * Servicers
- * Sub-Servicers
- * Originators
- * Third-party originators
- * Interim funding organizations
- * Investors
- * Custodians
- * Associated Members
- * MERS Corporate Offices

Business Procedure – Retrieving Reports

To retrieve reports OnLine:

1. Select Reports from the MERS® OnLine main menu
2. Select the day for which you want to view a report.
3. Select the particular report you want to view.
4. View, print, or save the report
5. Review the report and reconcile with your internal systems.
6. Correct errors, warnings, and rejects.
7. Resolve and resubmit rejected transactions to MERS® System.

Reports generated by the MERS® System are only available from the previous six reporting cycles. To obtain a report older than six reporting cycles, contact the MERS Help Desk at (888) 680-6377 for assistance

You can also use a system-to-system method to retrieve your reports. See the [MERS® Integration Handbook Volume II](#) for information on using other methods to retrieve report files.

After six processing days, reports are available only in zipped formats. Just download the zipped format and unzip it to view the report.

After thirty days, reports will be archived; you will need to contact the MERS® Help Desk if you need to retrieve one of these archived reports, and there will be a fee.

Reports

See the [MERS® Reports Handbook](#) for Report details.

Business Procedure – Requesting a Portfolio Analysis Report

The *Portfolio Analysis Report* is an on-demand report that shows extensive information about the MINs requested, and enables you to select parameters to restrict the search criteria. You can request this report via the MERS® OnLine application, from the Reports menu.

The *Portfolio Analysis Report* is available free of charge for the first two report requests per month. Additional reports are available for a fee. When you request a report through MERS® OnLine, it will display the number of reports your organization has requested in the current month. It will alert you if you've reached the limit of free reports and will be charged for subsequent reports in that month.

If you request a subsequent report, but the previous report has not yet generated, a Pending Request message will display listing the date the report is scheduled to run. You can proceed with your request to generate another report or cancel it.

When requesting the Portfolio Analysis Report, you are provided with the following options:

Report Schedule capability allows you to choose when the report will be generated. Below are the available Frequency options:

- Every Month-end – last processing day of the month
- Every Quarter-end – last processing day of the quarter
- On Request – the date you want the report to be generated. This date, however, cannot be in the past or greater than sixty days from the current date, and must be a valid MERS processing date.

Note and Registration Date Ranges

- For On Request Portfolio Analysis Reports, you can enter data in the Note from and through date fields, and the Registration from and through date fields to designate a specific range.

Report Body (content)

- You can request the data on the report to be shown in Summary or in a Detailed format. If neither option is chosen, the default setting is Detail.

When selecting detail criteria, you have the ability to include only default fields, or choose other fields to include on the report. The report confirmation page will show the specific fields you have selected.

Report Medium

- You have the option to receive your Portfolio Analysis Report in report form or a data file or both. At least one option must be chosen when requesting your report.
- Select MINs
To select the MINs to be included on the report, you will indicate the appropriate Line of Business (LOB). For example, you may want to show all MINs for which you are the Servicer. The LOBs you can choose from are limited to those already selected on your Member Information on the MERS® System.

Group MINs

- The MINs on the report will be grouped by the Line of Business you select on the “Group the Selected MINs by” field. Building on the above example, you can group the MINs for which you are Servicer by Investor. So you’d have a group of Freddie Mac MINs, then a group of Fannie Mae MINs, etc. You can also select which Organizations you want included on your report.

Report Sort Criteria

- When the Report Detail option is selected, you must choose to have the data further sorted either by MIN within a Member’s group of MINs or by Pool/Investor number within a Member.

Quality Review Flag

- When a Detailed Report is requested, the QR indicator will appear on the PDF report and data file.

MIN Status and MIN MOM Values

- You can select MINs with a MOM value of “MOM” or “Non-MOM” or “iRegistration” or “Any”. “Any” will select MOM, Non-MOM, and iRegistration MINs. On the report, MIN status is displayed as I for iRegistration, Y for MOM and N for Non-MOM.
- You can also select MINs with any MIN status or limit the report to MINs with certain MIN statuses (e.g. active, paid in full, preclosing, etc.)

Reports

The following reports are associated with this procedure. For a detailed description of this report, see the [MERS® Reports Handbook](#):

- ❑ *Detail Portfolio Analysis Report (OB)*
- ❑ *Summary Portfolio Analysis Report (OC)*

Business Procedure – Requesting Other On-Request Reports

You can also request On-Request Reports from the Reports menu, including:

- On-Request Missing Assignment Recording
- On-Request Missing Security Instrument Recording

These reports are always generated in tab-delimited text format so you can import and manipulate them using any commercial software.

Each report is available free of charge once per month. If you need the same report again the same month, you will need to contact the MERS Help Desk for a workorder request, which will incur a fee.

If you attempt to schedule either report when it is already pending, a Pending Request message will display listing the date the report is scheduled to run. You can cancel or change the date of the scheduled report, but you cannot schedule more than one report at a time.

When requesting these reports, you are provided with the following options:

Report Run Date:

These reports always run on the last processing day of the week. The next four available dates are available from the dropdown list

Registration Date Range

You can enter a date range to designate only MINs registered during a specific date range, or leave blank to include all MINs.

Assignment Sent Date Range

For the Missing Assignment Recording report, you can enter a date range to designate only MINs for which Assignments were sent during a specific date range, or leave blank to include all MINs.

Reports

The following reports are associated with this procedure. For a detailed description of this report, see the [MERS® Reports Handbook](#):

- ❑ *On-Request Missing Assignment Recording Report*
- ❑ *On-Request Missing Security Instrument Recording Report*

MERS Mail Services

Overview

Members must not use the MERS address as the return address for documents sent to be recorded.

As the mortgagee of record, MERS frequently receives mail from organizations that search the county land records to identify the mortgagee(s) with an interest in property. It is also possible, but unlikely, that for the same reason, MERS could receive funds intended for current Servicers or Subservicers. To address these situations and ensure that correspondence is promptly routed to the correct destination, MERS has established a mail facility as part of its operation.

MERS should never receive, and will not forward, mail or service of process for iRegistration loans.

The MERS Mail Center and Customer Service areas are responsible for the receipt, handling, and scanning of physical mail documents into electronic images. All mail, whether in the form of paper or funds, is indexed to the appropriate MIN and images are routed electronically to the current Servicer or Subservicer for that MIN. FileNet is used as the electronic imaging system and Member's email address given to MERS for official communications from MERS is used to route the images to MERS Members. You are responsible for notifying the MERS Help Desk if this email address changes, and for forwarding documents to the new servicer or subservicer if you have sold the loan.

All communication, mail images, and broadcast messages generated by the MERS Help Desk are sent to the Member's email address. Ensure that personnel assigned to manage the mailbox are given the appropriate password and trained to handle and distribute communication received. You can also create email rules to automatically redistribute email to the appropriate persons or departments. See [Training Bulletin 2007-01](#) for subject line conventions.

The MERS address should not be given directly to organizations that normally direct mail to the Servicer or Subservicer. (For example, hazard insurance companies and taxing authorities.) All types of mail currently received and handled by Servicers continue to be the Servicer's responsibility.

Impact

Document imaging and retrieval affects the following types of organizations:

- * Servicers
- * Subservicers
- * MERS Corporate Offices

Business Procedure

1. Mail is received by the MERS Mail Center, opened and prepared for electronic scanning.
2. Mail is assigned an Image Control Number (ICN) and scanned by the MERS Mail Center.
3. MERS Mail Center performs a quality assurance review on all images to ensure clarity and legibility.
4. Original documents are filed in a temporary storage area in the MERS Mail Center.
5. Scanned images are transmitted to MERS Customer Service area for routing to correct MERS Member.
6. MERS Customer Service attempts to identify the current Servicer or Subservicer of the document image based on the information contained in the document or by using the MERS[®] System to index the MIN.

Contact the MERS Help Desk whenever your document handling information changes.

If the document images are successfully matched to a MOM (MERS as Original Mortgagee) or Non-MOM (assigned to MERS) MIN, the following occurs:

- ⇒ Document images are forwarded to the Subservicer if one exists on the MIN, otherwise to the Servicer, by Member's MERS e-mail address within one business day of receipt. (See [Training Bulletin 2007-01](#) for subject line conventions.)
- ⇒ MERS Customer Service documents the date and time of this action in its tracking system.

If the document image cannot be associated with a MIN, MERS Customer Service will:

- ⇒ Send broadcast email message (with "Member Notice: Unidentified Mail" in subject line) to all MERS Members with borrower name, address, and/or other identifying information (Lot, Block, Parcel, etc.)
- ⇒ Contact the sender for further identifying information

If the above steps have been taken and the Servicer still hasn't been identified, MERS will research the county land records*

You can create email rules to automatically redistribute email to the appropriate person or department.

*A fee may be assessed to the Member not meeting MERS Quality Assurance Standards. Please refer to [Announcement 2008-08](#) for details

7. For items successfully routed to the current MERS Member Servicer or Subservicer, MERS Customer Service also handles the disposition of the original mail document. Original mortgage documents and funds are forwarded to the Subservicer if one exists on the MIN, otherwise to the Servicer.

- * For original mortgage documents, MERS Customer Service accesses the Member's profile in the MERS[®] System to determine how the Member has designated the documents be forwarded to its operation. MERS Customer Service then ships the documents to the Member using the mailing instructions indicated in the profile. MERS Customer Service updates the date and time of this action in its tracking system.

- The Regular Address in your Member Profile is used for regular mail.
- If you have chosen overnight mail, the Overnight Address and overnight account information from your Member Profile is used.

- * For funds, MERS Customer Service logs when the funds were received, forwards the remittance plus any accompanying attachments to the MERS Member Servicer or Subservicer by overnight delivery, and documents to whom the funds were sent.

- * All other unclaimed paper mail is stored in its physical hard copy form for a period of 30 calendar days. At that point, all paper mail is destroyed.

You can choose to have original mortgage documents delivered to you by regular mail, or by overnight delivery at your expense.

Reports

No reports are associated with this process.

MERS Help Desk

Overview

The MERS Help Desk serves as a point of contact for MERS Members in support of the following:

All communication, mail images, and broadcast messages generated by the MERS Help Desk are sent to each Member's official communication from MERS email address. Ensure that personnel assigned to manage the mailbox are given the appropriate password and trained to handle and distribute communication received.

- * MERS[®] System
- * MERS functional questions associated with mortgage banking
- * Technical support
- * MERS connectivity
- MERS document image viewer for mail
- Changes to your official communication from MERS email address

Other highlights of the MERS Customer Service/Help Desk are:

- * Toll-free access to the Help Desk, 1-888-680-MERS(6377), 8 a.m. to 10 p.m. eastern time, Monday through Friday.
- * Off-hour technical support available for emergency technical issues.
- * Broadcast bulletins regarding connectivity or system issues posted for MERS Members by email, OnLine broadcast message, and Help Desk Phone System.
- * Real-time tracking system used for all open inquiries and issues to ensure timely resolution.
- * Online MERS[®] ServicerID (www.mers-servicerid.org) and telephone Servicer Identification System (SIS) at 1-888-679-MERS(6377) available to general public and MERS Members to provide Servicer contact information at the MIN level. Faxback feature on SIS can confirm Servicer contact information in writing.
- * MERS[®] Link, a browser-based MERS application that provides you information regarding the current Servicer of a mortgage registered on MERS.
- * XML Inquiry and Batch Inquiry transactions provide information on loans matching search criteria entered using a system-to-system interface.
- * Processing of system enhancement requests submitted from Members via the "Enhancement Request" option available on www.mersonline.org and www.mersinc.org.

Impact

The Customer Service/Help Desk impacts the following types of organizations:

- * MERS Members
- * MERS Corporate Offices

Business Procedure—Help Desk

- * MERS Member calls the MERS Help Desk at 1-888-680-MERS(6377).
- * A Help Desk representative answers the call.
- * A record is opened in the tracking system
- * One of the following occurs:
 - * If the item is a general inquiry or training support issue and does not impact additional users or processing, the Help Desk representative resolves the problem or responds to the Member's request, updates the tracking record, and no further action is necessary.
 - * If the Help Desk representative determines that further action is required:
 - ◇ The Help Desk representative coordinates the resolution of the problem with the appropriate MERS area(s) and monitors the progress.
 - ◇ An interim status is provided to the MERS Member at a predetermined frequency based on the following service levels.

Initiate Problem Resolution

<u>Description</u>	<u>Service Level</u>
Severity 1 —Significant problem affecting multiple users	Immediately
Severity 2 —Significant problem affecting a single user	Within 2 hours
Severity 3 —Problem has reasonable circumvention; user can continue processing with minimal loss of efficiency or functionality	Within 48 hours, except for scheduled holidays
Severity 4 —User inquiry or problem that does not affect the user	Within 5 days

<u>Description</u>	<u>Service Level</u>
Application Support— Severity 1	4 hours
Application Support— Severity 2	8 hours
Other problems— Severity 1	24 hours
Other problems— Severity 2	48 hours

- ◇ The Help Desk representative confirms with the MERS Member that resolution is acceptable.
- ◇ The Help Desk representative verifies that all action taken has been documented and closes the record in the tracking system.

Business Procedure—MERS® ServicerID

- * MERS Member or a member of the public accesses MERS® ServicerID at www.mers-servicerid.org.
- * User chooses to search by MERS Mortgage Identification Number (MIN), borrower and/or property information, or FHA/VA/MI certificate.
- * One of three scenarios occurs:
 - * If no loan matching those search criteria is found, the system indicates no loans matched the criteria entered.
 - * If the MIN/SSN is on file and **active**, the system provides the name, city, state and telephone number of the current Servicer. The name, city, state and telephone number of the current Investor is also provided unless the Investor has chosen not to disclose their contact information publicly.

If the loan is an **iRegistration**, the system displays a disclaimer indicating the loan is registered on the MERS® System for informational purposes only, and MERS is not the mortgagee on this loan.
 - * If the MIN/SSN is on file but **not active because of foreclosure, payoff, transfer of servicing out of MERS, CEMA or Renewal/Extension**, the system provides the name, city, state, and telephone number of the last known MERS Servicer.

Business Procedure—Servicer Identification System

- * MERS Member or a member of the general public calls the Servicer Identification System (SIS) at 1-888-679-MERS(6377).
- * The SIS prompts the caller to enter a MERS Mortgage Identification Number (MIN) or the Social Security Number (SSN) of the primary borrower and property ZIP code (optional).
- * One of three scenarios occurs:
 - * If the MIN/SSN entered by the caller is **not on file**, the system indicates the Servicer/MIN is not on file.
 - * If the MIN/SSN is on file and **active**, the system provides the name, city, state and telephone number of the current Servicer. The name, city, state and telephone number of the current Investor is also provided unless the Investor has chosen not to disclose their contact information publicly.

If the loan is an **iRegistration**, the system includes a disclaimer indicating the loan is registered on the MERS[®] System for informational purposes only, and MERS is not the mortgagee on this loan.
 - * If the MIN/SSN is on file but **not active because of foreclosure, payoff, transfer of servicing out of MERS, CEMA or Renewal/Extension**, the system provides the name, city, state, and telephone number of the last known Servicer.
- * If the caller chooses the faxback option, he or she is prompted to enter the 10-digit facsimile number.
 - * The SIS sends the Servicer name, address and telephone number to the caller by facsimile using the number entered by the caller. The name, city, state and telephone number of the current Investor is also provided unless the Investor has chosen not to disclose their contact information publicly.

Prospective members can also obtain general MERS membership information through this faxback feature.

Business Procedure—MERS® Link

- Any MERS Member with access to MERS® OnLine selects the MERSLink option on the MERS® OnLine Main Menu, OR
a MERS Member or MERS® Link Subscriber selects the MERS® Link Sign On tab on the MERS corporate website, and enters their Org ID, User ID, and Password to log in.
- * MERS® Link prompts the user to enter one or more identifying characteristics on a loan.
- * One of three results occurs:
 - * If the information entered by the User does not match any loan **on file**, the system indicates that the MIN is not on file.
 - * If the information entered by the User does match a loan **on file**, the system provides a loan summary page including Servicer, Investor (unless the Investor has chosen not to disclose their contact information in proprietary applications) and Property Preservation Company information.

Business Procedure—XML Inquiry

XML Inquiry is available both during and outside normal processing hours, except during scheduled maintenance windows. You may send up to 30 requests per minute; for larger volumes, see Batch Inquiry on the next page.

- * MERS Member sends XML Inquiry Request to MERS[®] System, requesting status or summary information for a specific MIN, property, or borrower.
- * The MERS[®] System returns a synchronous response containing the requested information for up to 20 loans matching those search criteria. If more than 20 loans match the search criteria, information for the 20 loans registered most recently is returned, with an indicator that more than 20 loans matched the criteria in the request.
- * For a status request, the response contains, for each MIN:
 - * MIN
 - * Status (active, inactive, or Pre-Closing)
 - * MOM Indicator (Y for MOM loan, N for Non-MOM or iRegistration)
 - * iRegistration Indicator (Y for iRegistration, N for MOM or Non-MOM)
 - * Servicer Org ID and Name
 - * Subservicer Org ID and Name, if present
 - * Investor Org ID and Name, unless the requester is not associated with the loan and the Investor has chosen not to disclose their contact information in proprietary applications
 - * Property Preservation Company Org ID and Name, if present
- * For a summary request, the response contains the same information included on the MIN Summary page in MERS[®] OnLine; specific fields included depend on whether the requesting Member is associated with the MIN and whether the MIN has been archived.

For more information about the XML MIN Inquiry transaction, see [MERS[®] Integration Handbook Volume II.](#)

Business Procedure—Batch Inquiry

- * MERS Member sends Batch Inquiry via flat file to MERS[®] System, requesting status or summary information for one or more specific MINs, properties, or borrowers.
- * The MERS[®] System returns a flat file containing the requested information matching those search criteria.
 - * For a status request, the response contains, for each MIN:
 - * MIN
 - * Status (active, inactive, or Pre-Closing)
 - * MOM Indicator (Y for MOM loan, N for Non-MOM, or I for iRegistration)
 - * Servicer Org ID and Name
 - * Subservicer Org ID and Name, if present
 - * Investor Org ID and Name, unless the requester is not associated with the loan and the Investor has chosen not to disclose their contact information in proprietary applications
 - * For a summary request, the response contains the same information included on the MIN Summary page in MERS[®] OnLine; specific fields included depend on whether the requesting Member is associated with the MIN and whether the MIN has been archived.

For more information about the Batch Inquiry transaction, including the current parameters for maximum requests in the same file, see [*MERS[®] Integration Handbook Volume II.*](#)

Reports

No reports are associated with this process.

Glossary

<i>Acquisition Date</i>	The date of acquisition recognized in the books and records of the Purchaser.
<i>Agency ID</i>	A number assigned by a government agency to uniquely identify a mortgage company.
<i>Assignment</i>	A transfer to another of any property, real or personal, or of any rights or estates in said property.
<i>Associated Member</i>	A MERS Member that has been granted inquiry only access to loan information by the Servicer/Subservicer of a mortgage registered on MERS.
<i>Assumption</i>	Taking over by one party of an obligation that was originally incurred by another. In MERS [®] System, this results in replacement of the Primary Borrower and all Co-Borrowers.
<i>Batch</i>	A group of one or more MINs identified to be included in a Transfer of Beneficial or Servicing Rights transaction.
<i>Batch File</i>	A system-to system transaction used to update the MERS[®] System .
<i>Batch Inquiry</i>	Transaction used to look up information on loans matching search criteria entered using a flat file format.
<i>Beneficial Rights Transfer</i>	A transfer of the security interest under the mortgage or deed of trust. These transfers are tracked for MERS Members on the MERS [®] System.
<i>BIR</i>	Business Integration Resource. The MERS employee who assists you in incorporating the MERS [®] System into your business processes.
<i>Bulk Transfer</i>	The process of transferring the servicing rights of multiple loans on the MERS [®] System in a one-time transaction.
<i>CEMA</i>	Consolidation, Extension, and Modification Agreement. Also known as MECA
<i>Check digit</i>	The final digit of the 18-digit Mortgage Identification Number (MIN), which is calculated using the MOD 10 Weight 2 algorithm.
<i>Co-Borrower</i>	The first borrower listed on the Security Instrument is the Primary Borrower for that loan on the MERS [®] System. Each additional borrower listed on the Security Instrument is a Co-Borrower for that loan on the MERS [®] System. Names listed on the Security Instrument but not the Note should be entered as Co-Borrowers on the MERS [®] System. Names listed on the Note but not the Security Instrument should not be entered on the MERS [®] System.
<i>Confirmation</i>	The transaction used by an Investor, Servicer, or Subservicer to indicate if a pending transfer transaction should be accepted or rejected.
<i>Conversion</i>	The process by which an iRegistration loan is converted to a Non-MOM loan if it is assigned to MERS. Uses the Registration transaction.
<i>Deactivation</i>	When a loan becomes inactive on the MERS [®] System for one of the following reasons: <ul style="list-style-type: none"> • Paid in Full (includes payoff, deed in lieu, short sale, etc.) • Transfer to non-MERS Servicer • Involuntary transfer/default by Servicer • Involuntary transfer/default by Subservicer • Foreclosure Complete • Reinstated or modified (option 1), not assigned back to MERS
<i>Deactivation Reversal</i>	The process for reactivating a MIN that was deactivated in error.

<i>DTD</i>	Document Type Definition. A file that defines the “markup language” that will be used to describe the data. It defines and names the elements that can be used in the document, the order in which the elements can appear, the element attributes that can be used, and other document features.
<i>EDI</i>	Electronic Data Interchange. The system-to-system exchange of business transactions between one or more business partners in a standard format.
<i>eNote</i>	A Transferable Record as defined by E-SIGN or UETA, whichever is applicable.
<i>ESIGN</i>	Electronic Signatures in Global and National Commerce Act. A federal statute that establishes the legal validity and enforceability of electronic signatures, contracts, and other records in interstate and foreign commerce transactions, if not superseded by certain state laws otherwise authorizing such activities.
<i>ETA</i>	Electronic Tracking Agreement. An agreement that is used when a mortgage originator pledges mortgages to a warehouse lender as collateral through a line of credit or other financing arrangement.
<i>FIPS Code</i>	The code assigned by the Federal Information Processing Standards (FIPS) Publications issued by the National Institute of Standards and Technology (NIST) to represent a county or other entity treated as an equivalent legal and/or statistical subdivision of the 50 states, District of Columbia, and the possessions and freely associated areas of the United States.
<i>Flat File Format</i>	This is the optional proprietary format for system-to-system input to the MERS® System . Members that are not X12 capable can use this format.
<i>Flow Loan Registration</i>	A loan registered on the MERS® System 270 days or less after the note date.
<i>Flow Transfer</i>	MERS defines flow as a Transfer Date 270 days or less after the Note Date . There is no fee for this transaction nor limitations to the number of times a MIN can be included in Flow Transactions.
<i>Foreclosure Status</i>	The field reflecting the current status of a MIN in foreclosure on the MERS® System. “Foreclosure Complete” and “Reinstated or modified (option 1), not assigned back to MERS” statuses deactivate the MIN. The following is a list of MERS foreclosure statuses: <ul style="list-style-type: none"> • Foreclosure pending (option 1), assigned to Servicer • Foreclosure pending (option 2), retained on the MERS® System • Foreclosure pending (option 3), iRegistration • Reinstated or modified (option 1), assigned back to MERS • Reinstated or modified (option 1), not assigned back to MERS-deactivation • Reinstated or modified (option 1), not assigned back to MERS- iRegistration • Reinstated or modified (option 2) • Reinstated or modified (option 3) • Foreclosure complete • Foreclosure status reset
<i>FTP</i>	File Transfer Protocol
<i>Funding Date</i>	<i>Funding Date</i> is defined as the date the borrower becomes obligated for the debt and interest starts to accrue. In some states, this may be different from the date the borrower signs the note, or the date the note is drawn.
<i>General Public</i>	Refers to any non-MERS Member who requests information. Only selected information will be accessible through an automated servicer identification system and the customer must provide required information to activate and release requested information.
<i>Integration</i>	The process by which a Member completes procedural changes, training, and system testing of transactions prior to being live in the MERS® System.

<i>Interim Funder</i>	Organization with an interim financial interest on a loan prior to the sale of the loan to the permanent Investor , who has chosen to have their secured interest in each loan represented in a way that only they can release on the MERS [®] System .
<i>Interim Funder Interest</i>	The financial interest on a loan that an organization has prior to the sale of the loan to the permanent Investor . Examples of organizations are warehouse lenders, Wall Street firms, and other parties that extend interim funding to originators.
<i>Investor</i>	The owner of the beneficial interest in a loan.
<i>iRegistration</i>	Loan registered on the MERS [®] System for information only, where MERS is not the mortgagee. iRegistration loans may be included in transactions (e.g. TOS, TOB, deactivation, foreclosure), but assignment and recording information is optional, and the Quality Review flag cannot be set to “Y.”
<i>Lender</i>	The payee on the note.
<i>Lien Release</i>	An instrument releasing the security interest recorded in the county land records (also discharge, satisfaction, reconveyance).
<i>Line of Business (LOB)</i>	The types of business in which a Member is active on the MERS[®] System . These are listed in the Member’s Member Profile .
<i>Member</i>	Refers to all organizations whose signed MERS Membership Application has been submitted and approved, and whose fees are current.
<i>Member Profile</i>	MERS-specific information about a MERS Member that is required at the time of initial setup. The member profile indicates the Member’s MERS business process preferences, billing, and other information.
<i>MERS</i>	MERSCORP, Inc., which owns and operates the MERS [®] System, the MERS [®] eRegistry, and MERS [®] eDelivery; and Mortgage Electronic Registration Systems, Inc., its wholly owned and bankruptcy remote subsidiary, which acts as the mortgagee of record in the public land records and as nominee for the lender and its successors and assigns.
<i>MERS[®] 1-2-3</i>	A complete online solution to achieve MERS [®] Ready status for Lenders that sell loans servicing-released. Through interfaces with approved document preparation companies, it generates a MIN to be presented on a MOM security instrument or assignment. It also warehouses data to pre-populate the fields on the MERS Registration page, thereby eliminating approximately 80% of the required data entry.
<i>MERS actual Transfer Date</i>	The date servicing of the loans is transferred in the MERS database. This date will be the same as the servicing Transfer Date unless the buyer does not confirm the transfer on time.
<i>MERS[®] eDelivery</i>	A secure method for distributing eMortgage packages from one MERS [®] eRegistry Member to another, using the existing MERS [®] eRegistry infrastructure and transaction security requirements.
<i>MERS[®] eRegistry</i>	An electronic note registry that serves as the system of record to identify the current controller and location of the authoritative copy of an electronic note.
<i>MERS Help Desk</i>	Provides support of MERS systems and procedures, via telephone and email, to MERS Members.
<i>MERS[®] InvestorID</i>	An initiative to provide more transparency regarding residential mortgage loans. Uses information entered on the MERS [®] System to generate a Notice of New Creditor required by the Helping Families Save Their Homes Act of 2009 when a TOB is completed for a MOM or Non-MOM loan. Investors who have developed their own notification process can opt out of MERS [®] InvestorID.
<i>MERS[®] Link</i>	Browser-based access to the MERS[®] System to retrieve information about the current Servicer of a mortgage registered on the MERS [®] System. If supported by the Servicer, it may have a “hot link” to the Servicer’s website for Customer Service information. MERS [®] Link also can be accessed via the American Land Title Association web site or through a subscription to the service

<i>MERS® Lite Member</i>	A lender that has signed a MERS Member Agreement solely so that it can sell loans with MERS as the nominee for the lender on the security instrument to other MERS Members. This type of Member sells servicing-released within 30 days of loan closing.
<i>MERS® OnLine</i>	Browser-based access to the MERS® System , found at www.mersonline.org .
<i>MERS® Servicer ID</i>	Browser-based access to servicer contact information for loans registered on the MERS® System. Available to the public at www.mers-servicerid.org .
<i>MERS® System</i>	An electronic registry that tracks changes in loans servicing and beneficial ownership rights. Member companies update the registry via MERS® OnLine (the browser-based interface) or through batch file interfaces.
<i>MIN</i>	Mortgage Identification Number. The MIN is an 18-digit number composed of the 7-digit Organization ID , the 10-digit sequence number, and the check digit.
<i>MIN Archival</i>	The process that removes MINs that have been deactivated on the MERS® System. Limited information is still available on the MIN.
<i>MIN Status</i>	The field reflecting the reason for current status of a loan on the MERS® System .
<i>MOM</i>	MERS as the Original Mortgagee. Language written into security instruments that establishes MERS as the Original Mortgagee and nominee for the Lender, its successors and assigns.
<i>Mortgage Loan Transfer Notice</i>	A Notice of New Creditor required by the Helping Families Save Their Homes Act of 2009. Generated automatically when a TOB is completed for a MOM or Non-MOM loan, using the information entered on the MERS® System, unless the New Investor has opted out of MERS® InvestorID.
<i>My MERS</i>	The MERS® OnLine functionality that allows Members to create a list of frequently used Org IDs .
<i>Non-Member Passive Investor</i>	An Investor that is not a Member of MERS and performs no active functions on the MERS® System .
<i>Non-MOM</i>	A loan for which MERS is the mortgagee through an assignment.
<i>Note Date</i>	<i>Note Date</i> is the date on the Note. In some states, the date the borrower signs the note, or the date the note is drawn, may or may not be the actual date on which interest begins to accrue (see Funding Date).
<i>Option 1 (beneficial rights)</i>	The lender/seller of the beneficial interest initiates the transfer of beneficial rights outside of MERS (e.g., using MIDANET or MORNET). The Investor sends confirmation of the transfer to MERS through an X12 transaction. Once the X12 file is submitted, it cannot be canceled. Interim funding interests are released automatically when the X12 transaction is processed by the MERS® System .
<i>Option 1 MIN Cycling</i>	The automated transaction that reprocesses MINs that have been rejected due to reason of non-registration, when delivery has been attempted to an Option 1 Investor . The cycle and reprocess occurs for 10 calendar days from the effective Transfer Date .
<i>Option 1TOS (Default by Servicer)</i>	An Option 1 Investor may use this transaction to reflect a transfer of servicing on that Investor's loans to another MERS Member Servicer due to default by the previous MERS Servicer. This transaction is billed to the Investor, and leaves the loan active on the MERS® System.
<i>Option 2 (beneficial rights)</i>	In the Option 2 process, the current Investor , Servicer , or Subservicer creates a beneficial rights transfer transaction. Then the new Investor confirms the transfer. Interim funding interests must be released separately.
<i>Optional EDI Format</i>	See Flat File format .

<i>Organization Identification Number (Org ID)</i>	A MERS assigned seven-digit number uniquely identifying a Member of MERS. The seven digits of the Org ID comprise the first seven digits of the 18-digit MIN .
<i>Original Borrower</i>	The entity listed as the borrower on the original note. May be different from the current borrower on a loan if the loan has been assumed.
<i>Original Note Holder</i>	The loan originator, if not a MERS Member. Displayed as Originating Organization.
<i>Original Trustee</i>	The entity listed as Trustee on the Deed of Trust.
<i>Originating Org ID</i>	The Org ID of the loan originator. This organization's Org ID and Name are displayed as Originating Organization.
<i>Originating Organization</i>	The originator of the loan. If the originator is a MERS Member, that Member's Org ID is entered in the Originating Org ID field, and its Org ID and Name are displayed for Originating Organization. If the originator is not a MERS Member, the originator's name is entered in the Original Note Holder field and displayed for Originating Organization.
<i>Parent/Child Relationship</i>	Relationship established by MERS on the MERS [®] System for Members who execute a Parent/Child Agreement. Only the parent Org ID is billed Membership fees, and transactions reflecting seasoned servicing transfers between the Org IDs named in the relationship are billed as Intracompany Transfer rather than Seasoned Servicing Transfer fees.
<i>Passive Investor</i>	An Option 2 Investor that is a Member of MERS but does not actively confirm transfers to it on the MERS[®] System .
<i>Pool Number</i>	The number assigned to a grouping of loans by the Investor ; required for securitization.
<i>Pre-Closing</i>	Loan registered on the MERS [®] System before the note date with a status of Pre-Closing (not active). May be registered as an active iRegistration, MOM, or Non-MOM when the loan closes, but a Pre-Closing may not be updated or included in any other transaction except Registration Reversal.
<i>Primary Borrower</i>	The first borrower listed on the Security Instrument is the Primary Borrower for that loan on the MERS [®] System. Each additional borrower listed on the Security Instrument is a Co-Borrower for that loan on the MERS [®] System.
<i>Property Preservation Company</i>	MERS Member with which a Servicer or Subservicer contracts to maintain a property.
<i>Property Preservation Contact</i>	Contact for inquiries about maintenance of properties.
<i>Quality Review Flag</i>	An indicator that the information required to perform a lien release or an assignment is accurate and complete on the MERS[®] System .
<i>Reactivation</i>	The process of activating a previously deactivated MIN for the same borrower, property, and lien type. MINs deactivated by Paid in Full or Foreclosure Complete cannot be reactivated.
<i>Recordation</i>	The act of recording the loan assignment and/or security instrument in the public land records. The current Servicer is responsible for entering the recording information on the MERS[®] System .
<i>Registrar</i>	A company to whom a Member has contracted business activities such that the Registrar would be the initiator of the business activity that triggers a transaction to the MERS [®] System.
<i>Registration</i>	The process of entering required information into the MERS[®] System to report to MERS that a loan exists with MERS as the Mortgagee, or to reflect an iRegistration.

Registration Reversal	The process of reversing a loan that was registered in error.
Sale Date (servicing rights)	In a servicing transfer , the date the contractual servicing rights are transferred from seller to buyer. This date is stipulated in the Purchase and Sale Agreement.
Seasoned Loan Registration	A loan registered on the MERS® System more than 270 days after the note date .
Seasoned Transfer	MERS defines “seasoned” as Transfer Date more than 270 days after the note date . A seasoned loan transfer fee is charged to the seller for seasoned servicing transfers.
Security Instrument (SI)	A formal legal document securing repayment of a debt (e.g. mortgage or deed of trust).
Security Instrument Recording Date	The date the security instrument was recorded in the county recorder’s office.
Security Instrument Type	Indicates whether the security instrument is a deed of trust, mortgage, or land contract.
Sequence Number	The 10-digit number assigned by the MERS Member to uniquely identify a loan. The 10 digits of the sequence number comprise the 8 th through 17 th digits of the 18-digit MIN .
Servicer	The entity that has the contractual right to service a loan and responsibility for the servicing of the loan for the Investor . In some cases the Servicer contracts with a Subservicer . If so, both the Servicer and the Subservicer must be MERS Members to register the loans on the MERS® System .
Servicer Identification System (SIS)	Telephone-based access to the MERS® System . It allows anyone to query the system to obtain information on the current servicer on a MERS-registered loan. This system was previously named the Voice Response Unit (VRU). Also the name of the browser-based system available to the public (MERS® Servicer ID).
Servicing Rights	The ownership rights of the current Servicer for servicing loans.
Servicing Rights Transfer	The sale of servicing rights from the current Servicer to a new Servicer. These transfers are tracked for MERS Members on the MERS® System.
SIS Number	Servicer Identification System number: 888-679-MERS(6377)
Standard EDI Format	Accredited Standards Committee X12 standard.
Subservicer	The entity with whom the Servicer has contracted to service its loans. The Subservicer is not the legal owner of servicing rights .
System to System	An alternative to using MERS® OnLine , it’s a method of transmitting information directly from a Member or vendor system to the MERS® System . This includes flat files and EDI X12 transmissions.
TOB	Transaction used to reflect a Transfer of Beneficial rights on the MERS® System. See Beneficial Rights Transfer .
TOS	Transaction used to reflect a Transfer of Servicing rights on the MERS® System. See Servicing Rights Transfer .
TOS Option 1 (default by servicer)	Transaction used by an Option 1 Investor to reflect a Transfer of Servicing Rights on the MERS® System due to default by servicer.
TOS/TOB Combo	Transaction used to reflect a simultaneous transfer of beneficial rights and servicing rights to an Option 2 Investor. Both flow and seasoned loans may be included in this transfer.

<i>Transfer Cancellation Date</i>	The date the transfer transaction is canceled on the MERS® System if all MIN confirmations and rejections are not received.
<i>Transfer Creation Date</i>	The date that the transfer transaction is initiated on the MERS® System .
<i>Transfer Date (beneficial rights)</i>	The date beneficial ownership of a loan is transferred from one Investor to another. In most cases this will be concurrent with the funding date by the new Investor.
<i>Transfer Date (servicing rights)</i>	According to the Purchase and Sale Agreement between the buyer and the seller, the date the responsibility for servicing the loans passes from seller to buyer.
<i>Transfer to Non-MERS Member</i>	Transaction used to deactivate a loan on the MERS® System when it is assigned out of MERS and/or servicing is transferred to a Non-MERS Member.
<i>Trustee</i>	One who holds title to real property under the terms of a deed of trust.
<i>UETA</i>	Uniform Electronic Transaction Act. A uniform form of statute that various states have enacted to establish the legal validity and enforceability of electronic signatures, contracts, and other records within the enforcing state; when enacted by a state, it may take the place of the provisions of ESIGN.
<i>Undisclosed Investor</i>	Investor is not a MERS Member. Contact Servicer or Subservicer for information.
<i>Update</i>	A change to information outside of a previously defined business process (corrections, updates to previously null fields, etc.)
<i>Vendor</i>	A MERS Member who performs various transactions on the MERS® System on behalf of another Member under a contractual agreement.
<i>Warehouse/Gestation Lender</i>	Associated Member with an interim financial interest on a loan prior to the sale of the loan to the permanent Investor . Their interest in each loan is released automatically when servicing is transferred. The Warehouse/Gestation Lender has view only access to the loan on the MERS® System.
<i>X12 Format</i>	A predefined non-proprietary layout at a transaction set level. This is the recommended format for system-to-system transmissions to the MERS® System .
<i>XML</i>	Extensible Markup Language. XML is a markup language designed specifically for delivering information over the World Wide Web. In creating an XML document, the user creates and assigns the element names.
<i>XML Inquiry</i>	Transaction used to look up information on loans matching search criteria entered using an XML request.