

# MERS® System Membership

## Guide for New Lite MERS® System Members

# Do I? What? How?

### **Do I have a contract with MERSCORP Holdings, Inc. and MERS?**

Yes. Your contract takes the form of the governing documents – the Rules of Membership and the Procedures Manual – combined with your signed membership application. By signing the application, you are agreeing to abide by the Rules and Procedures (the incorporation of the governing documents is referenced in the signature block of the membership application).

### **What does the MERS® System do?**

The MERS® System provides two primary functions:

1. It is a database that MERS® System Members (“Members”) update with information about loans that name Mortgage Electronic Registration Systems, Inc. (“MERS”) as beneficiary, mortgagee or other secured party (“MERS Loans”). MERSCORP Holdings, Inc. uses this information to identify the Servicer for the loan and forwards mail that MERS receives as mortgagee to that Servicer.
2. Members can refer to the MERS® System to see what company is named as Servicer. The general public can use MERS® ServicerID to identify the Servicer, and borrowers can use MERS® ServicerID to identify the Servicer and Investor on a registered loan.

### **How is a MERS Loan created?**

At closing, the originating lender identifies MERS as the mortgagee, beneficiary or other secured party on the security instrument (Mortgage/Deed of Trust). The following is an example of the MERS verbiage on a Fannie Mae/Freddie Mac instrument:

*“MERS is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for the Lender and the Lender’s successors and assigns. MERS is the beneficiary/mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.”*

Following closing, the security instrument is recorded in the land records. Naming MERS as mortgagee, beneficiary or other secured party eliminates the need for assignments of the security instruments when the servicing rights of the loan changes – MERS remains the mortgagee for the life of the loan.

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### Life Cycle of a MOM Loan

01

**Create the Mortgage Identification Number (“MIN”)** prior to, or at the point of, preparing the closing documents. The 18-digit MIN is composed of a Member’s 7-digit Organization ID (“Org ID”), a 10-digit Sequence Number, and a Check Digit. The originator will need to determine a MIN generation source. There are various sources, such as a loan origination system, a closing document program, a fulfillment vendor, or an investor. MINs do not reflect the ownership of the loan; therefore, can be generated by any active Member. The valid MIN must be placed on the security instrument.

02

When the originator’s closing documents are prepared for signing, the **package must include a security instrument (Mortgage/Deed of Trust/etc.) naming MERS as mortgagee, beneficiary or other secured party.** These security instruments are sometimes referred to as MOM documents (“MOM” stands for MERS as Original Mortgagee). A MOM security instrument is the means that you will use to create a MERS Loan. Post closing, the originator will record the security instrument in the land records.

03

Following closing and disbursement of the loan, the **loan must be registered on the MERS® System within seven (7) calendar days.** The responsibility for the registration falls to the originator, who is also the party recording the security instrument that names MERS as mortgagee in the land records. However, this step can be completed by an investor or vendor on the originator’s behalf.

04

**Report the sale of the loan.** When the investor issues the purchase advice confirming purchase of the servicing/beneficial rights of the loan, the originator will report that sale to the MERS® System. The originator does this using a “transfer” transaction. Once the investor accepts the transfer it has control of that record on the MERS® System.

05

**Life of loan updates** on the MERS® System include:

- Paid in Full (e.g., Payoff, Deed in Lieu, Short Sale, etc.)
- Foreclosure and bankruptcy
- Transfer to Non-MERS Status (some scenarios include: when a loan is sold to a Servicer who is not a MERS® System Member, a MOM loan is assigned out of MERS’ name, or when a Member resigns from the MERS® System).

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### Lite Integration Outline

Once MERSCORP Holdings, Inc. receives a membership application from your organization (including all required supporting documentation), your designated Integration Contact will receive an email with your assigned Org ID and instructions on how to schedule a Phase I call with a MERSCORP Holdings Business Integration Manager to initiate your MERS® System Integration.

#### PHASE I

During this call, you and the Business Integration Manager will:

- Discuss the core concepts of MERS and the MERS® System
- Review your submitted membership application and determine eligibility for membership approval
- Identify the tools and resources your organization has in place that will be used to carry out key MERS® System procedures
- Review any applicable fees, including annual membership fees, MERS® System registration fees, and transaction fees
- Provide a general overview of the second phase of MERS® System Integration (“Phase II”).

#### PHASE II

To begin Phase II, notify the Business Integration Manager when your organization is 2-4 weeks from closing your first MERS Loan (this timeframe may have been determined during your Phase I call).

**1. Phase II Webinar** – This 90-minute webinar will cover:

- **MERS® System Procedures Questionnaire:** Used to develop your organization’s procedures for its specific use of the MERS® System, including who will be responsible for carrying out these procedures within your organization, and also identifying your profile settings on the MERS® System.
- **Quality Assurance (QA) Plan:** Template which identifies the QA standards, requirements, and validations you are responsible for performing on the MERS® System.
- **Example Documents:** Example MOM security instrument (e.g., mortgage, deed of trust, security deed) with a MIN and an assignment out of MERS.

- **“Reply All” to Test Email:** Response confirming ability to receive emails and open password-protected attachments from the MERSCORP Holdings Help Desk.
- 2. Submit all required deliverables** that were covered during the Phase II webinar to the Business Integration Manager for approval and notify the Business Integration Manager once you have closed and disbursed funds on your first MERS Loan.
  - 3. Training** – The Business Integration Manager will help you schedule the two-hour Lite Training Demonstration, which covers MERS® System functions available to your organization.
  - 4. Complete Test Transactions** – At the end of training, you will login to the MERS® System training site to complete a test registration and transfer.
    - Notify the Business Integration Manager once you have successfully completed the test transactions to receive feedback.
  - 5. Activation** – The Business Integration Manager will activate your Org ID on the MERS® System and provide your initial MERS® System login credentials.
    - Your organization’s System Administrator must login to the MERS® System and set up user roles, IDs and passwords.
  - 6. MERS® System Integration is complete** – Once your organization has registered your first closed MERS Loan or is named on a registration by your vendor or investor (if applicable), you will receive confirmation that integration has been completed.
    - If you need assistance after completing the MERS® System Integration process, our Help Desk is available Mon-Fri 8:00AM-10:00PM Eastern Time by calling (888) 680-6377 or by email at [helpdesk@mersinc.org](mailto:helpdesk@mersinc.org).

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## Glossary

Assignment from MERS	A legal instrument/document that transfers the interest held by MERS in a Mortgage from MERS to another entity.
Assignment to MERS	A legal instrument/document that transfers the interest held by an entity in a Mortgage from that entity to MERS.
Corporate Resolution Management System (CRMS)	A web-based application (owned and operated by MERSCORP Holdings) used by Members to request Corporate Resolutions appointing Signing Officers and to manage the certification of Signing Officers.
CRMS Manager (CM)	The Member contact responsible for managing and administering the CRMS for the Member. The <b>CM</b> is required to be an employee of the Member.
MERS	Acronym for Mortgage Electronic Registration Systems, Inc., a Delaware corporation wholly owned by MERSCORP Holdings. MERS acts as the Mortgagee in the applicable public land records, solely as Nominee for the Lender and the Lender's successors and assigns.
MIN	Acronym for Mortgage Identification Number. The <b>MIN</b> is a unique 18-digit number that is permanently assigned to a Mortgage registered on the MERS® System. The <b>MIN</b> is composed of a Member's 7-digit Org ID, a 10-digit Sequence Number, and a Check Digit.
MOM	A loan secured by a MERS as Original Mortgagee Security Instrument. The language written into a <b>MOM</b> Security Instrument establishes MERS as the Mortgagee and Nominee for the Lender, its successors and assigns.
Non-MOM	A loan secured by a Mortgage that names MERS as Mortgagee through an Assignment to MERS. Non-MOM loans include iRegistration loans subsequently converted to a <b>Non-MOM</b> .
Registration	The transaction used to enter the required information into the MERS® System to report that a loan exists that is secured by a Mortgage with MERS as the Mortgagee.