

MERS[®]

MERS[®] Residential

Process loans, not paperwork[™]



WHAT IS MERS® RESIDENTIAL?

MERS AS ORIGINAL MORTGAGEE

MERS saves lenders time and money, and reduces paperwork, by eliminating the need to prepare and record assignments when trading loans. Borrowers name MERS as mortgagee and nominee for the lender on deeds of trust and mortgages that are recorded in the county land records. Lenders then register the loans on the MERS® System and electronically track changes in servicing and beneficial ownership rights over the life of the loan.

MOM MAKES IT WORK

Fannie Mae, Freddie Mac, VA, FHA, Ginnie Mae, the Federal Home Loan Bank MPPF®, many state housing authorities and all major Wall Street rating agencies have approved language designating "MERS as Original Mortgagee" (MOM) on the security instruments. Loans registered with MERS are immunized against future assignments because MERS remains the mortgagee of record no matter how often servicing is traded between MERS members. Thanks to "MOM," there is no break in the chain of title.

MERS AND RESIDENTIAL LOANS

About two-thirds of all newly originated residential loans in the United States are registered on the MERS® System.

Fannie Mae and Freddie Mac have authorized the following sample MOM language for incorporation into security instruments:

"MERS is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as nominee for Lender and Lender's successors and assigns. MERS is the 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."

Please consult your Fannie Mae or Freddie Mac seller/servicer guide, or your document provider, for state-specific language.



Are your vendors MERS® Ready? Look for this sign when you do business. Lenders and vendors that use this logo can handle your MERS business today.



MERS SAVES TIME AND MONEY

BY USING MERS, *LENDERS* CAN:

- Save \$30 on average* on each loan
- Sell loans faster
- Reduce shipping time and expenses
- Cut documentation errors
- Eliminate “suspense” items
- Streamline and simplify the loan closing process

BY USING MERS, *SERVICERS* CAN:

- Speed up the lien release process
- Eliminate chain of title issues
- Shorten foreclosure times
- Streamline bulk acquisitions and mergers

ELIMINATE THE NEED TO PREPARE AND RECORD ASSIGNMENTS – FOREVER

DUAL ASSIGNMENT TRANSACTION (correspondent registers loan)

3RD PARTY LOAN ORIGINATOR	RECORDED ASSIGNMENT WITHOUT MERS	\$30*
	WITH MERS	\$0
CORRESPONDENT LENDER	RECORDED ASSIGNMENT WITHOUT MERS	\$30*
	WITH MERS	\$0
INVESTOR	COSTS WITHOUT MERS	\$60
	MERS REGISTRATION FEE	\$6.95

YOU SAVE \$53.05 PER LOAN

SINGLE ASSIGNMENT TRANSACTION (correspondent registers loan)

CORRESPONDENT LENDER	RECORDED ASSIGNMENT WITHOUT MERS	\$30*
	WITH MERS	\$0
INVESTOR	COSTS WITHOUT MERS	\$30*
	MERS REGISTRATION FEE	\$6.95

YOU SAVE \$23.05 PER LOAN

WHAT IS THE MERS MEMBERSHIP PROCESS?

1. **Join MERS.** Visit our website, www.mersinc.org, to download the MERS membership application. You may also call us at 800-646-MERS (6377) and ask to speak with your regional representative.
2. **Designate an internal MERS project manager within your company.** After submitting your application, assign the task of integrating MERS into your company to a specific person. This person would typically be an operations, closing, shipping or funding manager who has received full support of senior management.
3. **Contact Investors.** Notify your investors of your intention to become MERS® Ready. If they are also MERS® Ready, request their MERS delivery requirements. If not, inquire if they will accept assignments from MERS. Obtain new delivery instructions (if any) for the first time you deliver MOM loans to them.
4. **Contact your loan origination system (LOS) provider.** Find out what MERS functionality is built into your LOS. Is MIIN generation available? Can your system perform batch file registrations?
5. **Contact your document provider** and ask if they can provide MOM language security instruments.
6. **Contact your warehouse lenders** and see if they have signed an electronic tracking agreement (ETA) with MERS. If not, find out if they will accept an assignment from MERS.

MERS MEMBERSHIP

MERS OFFERS THREE MEMBERSHIP LEVELS

GENERAL For lenders who typically service loans. General memberships are available in four different tiers based on annual volume of loan originations or servicing (whichever is greater).

LITE For lenders that originate and sell loan servicing rights on a flow basis.

PATRON For vendors and other organizations who work with MERS loans but do not register loans.

REGISTRATION FEES

Members pay a fee each time they register a loan on the MERS® System. This fee covers loan registration and all transfers to a wholesale lender as long as the servicing rights transfer occurs within 269 days of the note date. Loans transferred after 269 days are charged an additional fee. For the most current transaction fee schedule, please visit our website at www.mersinc.org.

“MERS benefits borrowers, mortgage lenders, servicers and Ginnie Mae, among others, in the finance industry.”

— from the **Federal Housing Authority**

“Because of the benefits that will accrue to the veteran as a result of paying this fee, VA will not impose any restrictions concerning the party who pays this fee.”

— from the **Veterans Administration**

PUT US ON THE HUD-1

MERS registration fees are acceptable costs on Federal Housing Administration (FHA)-insured mortgages, and Dept. of Veteran Affairs (VA)-guaranteed home loans. FHA and VA have approved charging the one-time registration fee to the borrower.

Under RESPA, MERS fees can be classified as “third party costs” and can be listed under “Additional Settlement Charges” in the 1300 series on the Good Faith Estimate and HUD-1 Settlement Statement for every type of loan.

Check with your legal counsel for any additional state law requirements.

The image shows a HUD-1 Settlement Statement form. A red circle highlights line item 1305, "MERS REGISTRATION FEE", which is listed under "1300. Additional Settlement Charges". The amount for this fee is 6.95. The total settlement charges are listed as 4,106.65. The form includes various other charges such as recording fees, taxes, and inspection fees. Text at the top of the form explains the purpose of the form and the public reporting burden. The form is identified as "Page 1 of 2" and "form HUD-1 (3/86) ref Handbook 4305.2".

Line Item	Description	Amount
1200	Government fees	0.00
1201	Recording fees: Deed \$ 176.80	0.00
1202	City/county tax/stamps: Deed \$ 176.80	0.00
1203	State tax/stamps: Deed \$ 571.18	0.00
1204		0.00
1205		0.00
1300	Additional Settlement Charges	0.00
1301	Survey to	0.00
1302	Pest inspection to	0.00
1303	Flood Determination FDSI	0.00
1304	Flood Certification FDSI	0.00
1305	MERS REGISTRATION FEE	6.95
1400	Total Settlement Charges (enter on lines 103, Section J and 502, Section K)	4,106.65

HOW MERS WORKS FOR YOU

Step 1: Become a MERS Member

To apply for membership, complete a MERS® Residential membership application by either downloading it from www.mersinc.org, or obtaining a copy from the corporate office at 800-646-MERS (6377).

Step 2: Create a Mortgage Identification Number (MIN)

The MIN is a unique, 18-digit number that lenders must generate and attach to each loan before they can register it on the MERS® System. Lenders can generate this number using their in-house systems, such as a loan origination system.

Step 3: Register the loan with MERS

After the loan closes, members register the loan on the MERS® System. The loan can be registered by a MERS® Ready trading partner, or by the lender using one of our easy-access connections:

- MERS® OnLine gives lenders the power to perform all MERS transactions securely over the Internet.
- Batch transactions use a computer-to-computer interface that lets lender systems speak directly with the MERS® System.

OTHER MERS PRODUCTS

MERS® Commercial

Adaptation of the MERS® Residential process for the commercial mortgage-backed securities and multifamily markets

The MERS® eRegistry

The system of record to identify the current Controller and Location of the Authoritative Copy of the electronic note.

MERS® Link

A subscription-based service that retrieves a robust menu of information on the current servicer of a mortgage registered on the MERS® System.

MERS® 1-2-3

Generates Mortgage Identification Numbers (MINs), prepares closing documents and registers loans on the MERS® System

MERS® ServicerID

A fast and free tool to identify the servicer of any loan registered on the MERS® System.



FREQUENTLY ASKED QUESTIONS

When MERS is listed as the mortgagee, how is the mail that is normally sent to the servicer handled?

MERS forwards all mail to the current servicer or holder of the loan through imaging and email.

If I close a loan in the name of MERS and then sell the loan to a non-MERS member, do I have to record an additional assignment from MERS back to us as the original lender?

No. An additional assignment back to you as the original lender is not necessary. You would record an assignment from MERS to the lender to whom you are selling. A member of your staff is appointed as a MERS certifying officer who will have the authority to sign as a MERS officer.

Have service bureaus and software vendors modified their systems to accommodate use of MERS?

Yes. MERS provides service bureaus and software vendors with detailed information about MERS operations and system interfaces. If they haven't already done so, tell your vendors they need to become MERS® Ready for your business.

MERS SUPPORT

A variety of sources are available to help you seamlessly integrate MERS into your organization:

Regional Sales Directors are available nationwide for site visits for you and your clients.

Business Integration Directors will guide you through the implementation process.

The MERS Website: www.mersinc.org is a convenient online resource filled with technical manuals, forms, and other instructional materials.

MERS Conferences provide specialized education sessions for new and experienced members throughout the year.

Training via the Internet, phone, and on site are available.

Help Desk staff provide active members with personal assistance on everything from system and technical questions to procedural issues.



Tel. 800.646.MERS (6377)

Fax. 703.748.0183

www.mersinc.org

If you have any other questions or to request more information, please contact the MERS Customer Division at 800-646-MERS (6377).

MERS[®] System

Residential Membership Application

Instructions:

Thank you for your interest in becoming a member of MERS. To ensure that your application will be reviewed as quickly as possible, please use the following application checklist.

HAVE YOU:

- Completed **ALL** required company contacts (page 1)?
- Listed all memberships or subscriptions to other MERS products (page 2)?
- Provided two investor or business references with contact information (page 3)?
- Attached a copy of your lender's license or certificate of incorporation (required for company name verification)?

NOTE ON PAYMENT OF MEMBERSHIP FEES: You will be billed as stated in the [MERS Fee Schedule](#). Please do not send payment with this application.

If you have any questions, please contact the MERS corporate office (number below) for your [regional director](#) or the membership manager.

Email, fax or mail your completed and signed application to:

MERS
Attn: Membership Manager
1818 Library Street, Suite 300, Reston, Va. 20190
Tel: (800) 646-6377
Fax: (703) 748-0183
Email: applications@mersinc.org



1-800-646-MERS
www.mersinc.org



MEMBERSHIP APPLICATION

MERS-Assigned ORG ID#:

(MERS USE ONLY)

Company Information (PLEASE TYPE OR PRINT)

Legal Company Name:		State of Incorporation:	
d.b.a., If Applicable:			
Street Address:			
City:		State:	Zip:
Main Phone:		Main Fax:	
Toll-Free Number:		Corp. Web Site: www.	

Company Contacts (ALL FIELDS ARE REQUIRED—PLEASE COMPLETE)

	Name	Title	Phone	Email
MERS Project Mgr <i>(To be interviewed)</i>				
Executive Sponsor				
Office of the CEO				
Operations				
Secondary				
General Counsel				
Finance				
Loan Production				
Loan Servicing				
Information Tech.				
Compliance				
MERS Billing				
MERS Operations				
Person to receive all communications from MERS				

NOTE: Please complete ALL fields above before proceeding with the rest of the application

Please Check The Boxes That Reflect Your Volumes For the Most Recent 12-Month Period:

Annual Production Volume	
Under \$250 Million	<input type="checkbox"/>
\$250 Million - \$1 Billion	<input type="checkbox"/>
> \$1 Billion - \$10 Billion	<input type="checkbox"/>
> \$10 Billion	<input type="checkbox"/>
N/A	<input type="checkbox"/>

Size of Servicing Portfolio	
Under \$2 Billion	<input type="checkbox"/>
\$2 Billion - \$10 Billion	<input type="checkbox"/>
> \$10 Billion - \$50 Billion	<input type="checkbox"/>
> \$50 Billion	<input type="checkbox"/>
N/A	<input type="checkbox"/>

Do you have additional active memberships or subscriptions to other MERS products (e.g., MERS® Link)?
Yes No Type _____

Name	MERS Org ID
_____	100
_____	100
_____	100

Please list the name and OrgID of other MERS members your company may have affiliations with. **NOTE:** you may be required to execute a Parent/Child Agreement.

Please Check All That Apply To Your Organization:

- | | | |
|--|---|--|
| <input type="checkbox"/> Broker | <input type="checkbox"/> Mortgage Insurer | <input type="checkbox"/> Lender (See note below): |
| <input type="checkbox"/> Conduit | <input type="checkbox"/> Servicer | Retail _____% |
| <input type="checkbox"/> Custodian | <input type="checkbox"/> Subservicer | Wholesale _____% |
| <input type="checkbox"/> FHLB | <input type="checkbox"/> Tax Service | Correspondent _____% |
| <input type="checkbox"/> Federal Reserve Bank | <input type="checkbox"/> Title Company | NOTE: Please indicate above the percentage that applies to your origination activity. |
| <input type="checkbox"/> Flood Insurer | <input type="checkbox"/> Trustee | |
| <input type="checkbox"/> Hazard Insurer | <input type="checkbox"/> Vendor/Servicer Provider | |
| <input type="checkbox"/> Housing Agency | Describe: _____ | |
| <input type="checkbox"/> Interim Funder / Warehouse Lender | <input type="checkbox"/> Consultant / Other: | |
| <input type="checkbox"/> Investor | Describe: _____ | |

Origination Activity

Volume: # _____	Units Closed Monthly (Notes: _____)	
On Average, days from the note date the loan is sold:	<input type="checkbox"/> Within 10 Days	<input type="checkbox"/> Hold for first payment
	<input type="checkbox"/> Interim Servicing (collect 2+ payments)	<input type="checkbox"/> Other (Please specify): _____
Wholesale: Do you close loans in the broker's name?	<input type="checkbox"/> Yes <input type="checkbox"/> No	TPO? <input type="checkbox"/> Yes <input type="checkbox"/> No

Trading Partners: Primary Investors You Sell To

(If more room is needed, please list using separate sheet)

Company Name	Main Contact	Phone	E-Mail	% Sold/MO

Servicing Released? Yes No

Are you selling directly to Fannie Mae, Freddie Mac and/or Ginnie Mae? Yes No

List Housing Agencies if Applicable:

Servicing Released? Yes No

Warehouse Lender(s):

Do They Accept MERS? Yes No

If servicing, what is your system?

If sub-servicing, who do you use?

Origination and Doc Prep System

LOS System Used:	Version #:
Does LOS have MERS functionality? (check all that apply)	<input type="checkbox"/> MIN Generation <input type="checkbox"/> MIN to DOCS
	<input type="checkbox"/> Registration to MERS® System
Doc Prep System(s) Used:	Does it support MERS documents? <input type="checkbox"/> Yes <input type="checkbox"/> No
Are documents controlled centrally? <input type="checkbox"/> Yes <input type="checkbox"/> No	If no, explain:

Investor References (must be completed)

FHA Mortgagee ID Number:	
VA Approval Number:	
Fannie Mae Seller / Servicer ID Number:	
Name of Fannie Mae Contact and Phone:	
Freddie Mac Seller / Servicer ID Number:	
Name of Freddie Mae Contact and Phone:	
Ginnie Mae Issuer Number:	
Name of Ginnie Mae Contact and Phone:	

Please tell us how you heard about MERS: _____

MERS® FraudALERT:

Will your company subscribe to MERS® FraudALERT?	<input type="checkbox"/> Yes (please complete the rest of this section and follow the instructions in the addendum and procedures) <input type="checkbox"/> No (skip the rest of this section and sign and date the application below)	
If yes, please list the email address that will receive notification alerts:		
Please list your administrator for MERS® FraudALERT:	Full name:	
	Title:	
	Department:	
	Phone:	
	Email:	

PLEASE SIGN BELOW

By completing, signing, and submitting this application, the Applicant is agreeing to be a MERS Member. The Applicant hereby agrees to pay all fees and expenses set forth in the MERS Fee Schedule, which may change from time to time; abide by all existing MERS Rules and Procedures, which are incorporated herein by reference and may be amended from time to time; and comply with the Terms and Conditions set forth in the attached addendum entitled "Terms and Conditions."

Go to www.mersinc.org/mersproducts/publications.aspx?Mpid=1 for the Rules of Membership, Terms and Conditions and the pricing sheet.

Date: _____ **Email address:** _____

Signature of Officer:** _____
(Please print this form, sign, date and fax back to MERS, or attach a digitized signature and send via e-mail)

***The Applicant agrees that by attaching or inserting the Applicant's authorized representative's electronic signature, his/her electronic signature is intended to bind the Applicant and the Applicant acknowledges that the electronic signature shall have full force and effect as to the Applicant agreeing to the terms of this Application.*



FEE SCHEDULE: RESIDENTIAL PRICING

MERS fees consist of an annual membership fee, certain types of transaction fees, and other charges as applicable. Membership fees vary according to a company's size, annual production, or transaction and servicing volumes. Initial membership fees are billed following the receipt of a signed membership application, and annual renewals are billed based on the anniversary date of membership.

MEMBERSHIP FEES

MEMBERSHIP TYPE	ANNUAL PRODUCTION VOLUME	SIZE OF SERVICING PORTFOLIO	ANNUAL MEMBERSHIP FEE
General Member: Tier 1	Less than \$250 million	Under \$2 billion	\$500
General Member: Tier 2	\$250 million to \$1 billion	\$2 billion to \$10 billion	\$2,000
General Member: Tier 3	\$1 billion to \$10 billion	\$10 billion to \$50 billion	\$5,500
General Member: Tier 4	More than \$10 billion	More than \$50 billion	\$7,500
Lite Member	N/A	N/A	\$264
Patron Member	N/A	N/A	\$1,000

The Greater Of **OR** **=**

MEMBERSHIP TYPES

MEMBERSHIP TYPE	DEFINITION
General Membership	For lenders who typically service loans. General memberships are available in four different tiers based on annual volume of loan originations or servicing (whichever is greater; see table above)
Lite Membership	For lenders who originate and sell loan servicing rights on a flow basis within 30 days
Patron Membership	For vendors and other organizations who work with MERS loans but do not register them

TRANSACTION FEES

MOM & Non-MOM Loans	Amount (per loan)	MERS® iRegistrations	Amount (per loan)
Registration Fee	\$6.95	Registration Fee	\$0.97
Pre-Closing Registration Fee	\$0.97	Pre-Closing Registration Fee	\$0.97
• Post-Closing (after paying pre-closing registration fee of \$0.97)	\$5.98	Conversion of iRegistration to Non-MOM Fee	\$5.98
MERS® 1-2-3 Registration Fee	\$7.95	Seasoned Servicing Transfer Fee	\$0.97
Seasoned Servicing Transfer Fee	\$6.95	Intracompany Transfer Fee	\$0.97
Intracompany Transfer Fee	\$2.50	Transfer to Non-MERS Member Fee	\$0.97
Transfer to Non-MERS Member Fee	\$1.00		
Transactions Authorized by Member Certificate	\$10.00		

OTHER CHARGES

MERS CORPORATE SEALS: \$25.00 each (plus shipping).

MERS® InvestorID MORTGAGE LOAN TRANSFER NOTICE: \$0.97 per notice, charged to new investor.

EXCESS MAIL FEE: \$12.00 charged for each document as defined in Rule 5, Section 4 of the [MERS Rules of Membership](#).

EXTERNAL RESEARCH FEE: \$95.00 charged for each loan requiring additional research because the MERS® System does not reflect the correct information.

TRAINING: Training via conference call is available to all MERS members without charge. Training at a member's site is also available for \$750 (plus airfare, hotel and other reasonable expenses). Other training arrangements can be made depending upon a member's needs. Members who choose to travel to the MERS corporate office for training will not be charged a fee.

VALUE-ADDED SERVICES: Any value-added services are priced, disclosed and agreed to with members prior to the service being rendered.

DEFINITION OF TERMS

CONVERSION OF iREGISTRATION TO NON-MOM: charged to the MERS member who initiates a Conversion transaction to change an iRegistration loan to Non-MOM when the loan is assigned to MERS.

INTRACOMPANY TRANSFER FEE: charged for transfers of loans between one or more Organization IDs assigned to the same member or between members in a parent/child relationship.

MERS® 1-2-3 REGISTRATION: registration of loans onto the MERS® System by a MERS® 1-2-3 participant when a preliminary registration file was previously generated.

MERS® InvestorID MORTGAGE TRANSFER NOTICE: A system-generated letter mailed to the borrower when the investor on their MERS® System-registered loan changes. Fee is charged to the new investor.

MERS® iREGISTRATION: loan registered on the MERS® System for informational purposes only where MERS is not the mortgagee or assignee.

REGISTRATION: registration of loans onto the MERS® System.

SEASONED SERVICING TRANSFER FEE: charged to the MERS member who initiates a seasoned servicing transfer transaction to another member. Seasoned Servicing Transfers are defined by the particular Purchase and Sale Agreement between a buyer and a seller that identifies a predefined portfolio of servicing to be sold on a specific sale date and transferred on a specific transfer date. Seasoned Servicing Transfers typically occur independent of the sale of the beneficial rights of the loans in a portfolio.

***NOTE:** Currently, there are no additional transaction fees for transfers of beneficial rights. There is also no fee for Flow Transfers of Servicing. A Flow Transfer of Servicing is defined by a Purchase and Sale Agreement that identifies a commitment to deliver a specified dollar volume (unpaid principal balance) of servicing on a specific delivery schedule associated with the sale of beneficial rights. The MERS® System will not permit a Flow Transfer of Servicing if the transfer date is greater than 270 days from the note date on that loan. In this case, the Seasoned Servicing Transfer Fee applies.*

TRANSACTIONS AUTHORIZED BY MEMBER CERTIFICATE: Charged to member authorizing MERS to initiate a transaction to reflect the correct servicer on the MERS® System. This fee is charged in addition to the applicable Intracompany or Seasoned Servicing Transfer fee.

TRANSFER TO NON-MERS MEMBER : members who transfer servicing to a non-MERS Member are charged a nominal deactivation fee. **For MOM and Non-MOM loans, members are also responsible for preparing and recording an assignment from MERS to the buyer.**

Fee Schedule

Use of MERS[®] FraudALERT is not subject to an additional membership fee. Usage is covered under the scheduled membership fee for the MERS[®] System.

TRANSACTIONS (See notes below)	PRICE PER LOAN
MERS [®] FraudALERT registration ¹	\$1.17
MOM/Non-MOM registration ²	\$5.78
Monitoring fee ³	See below

NOTES

1. This fee is the initial application or pre-closing fee.
2. If you convert a pre-closing loan registration to a MOM (MERS as Original Mortgagee) or Non-MOM (assigned to MERS) registration at closing, or convert a MERS[®] iRegistration to a Non-MOM registration, this fee applies. There is no charge for converting a pre-closing registration to a MERS[®] iRegistration at closing. Fees for future transfers on the MERS[®] System still apply. Please see the [MERS[®] System fee schedule](http://www.mersinc.org/MersProducts/pricing.aspx?mpid=1) for more information (<http://www.mersinc.org/MersProducts/pricing.aspx?mpid=1>).
3. Fees are assessed for the 24/7 monitoring of your pipeline against fraudulent activity. The following fee schedule is a monthly charge:

No. of MINs*	Monthly Charge
0-99	\$ FREE
100 – 1,000	250.00
1,001 – 5,000	500.00
5,001 – 10,000	1,500.00
10,001 – 100,000	2,500.00
100,001 – 500,000	7,500.00
500,001 – 1 million	15,000.00
1,000,001 – 5 million	30,000.00
Over 5 million	50,000.00

*Volume applies for your entire loan portfolio registered on the MERS[®] System.



TERMS AND CONDITIONS

1. MERS, which shall include MERSCORP, Inc. and Mortgage Electronic Registration Systems, Inc., and the Member shall abide by these Terms and Conditions, the Rules and Procedures (collectively, the "Governing Documents"), copies of which will be supplied upon request. The Governing Documents shall be a part of the terms and conditions of every transaction that the Member may make or have with MERS or the MERS® System either directly or through a third party. The Member shall be bound by any amendment to any of the Governing Documents.
2. The Member, at its own expense, shall promptly, or as soon as practicable, cause MERS to appear in the appropriate public records as the mortgagee of record with respect to each mortgage loan that the Member registers on the MERS® System. MERS shall serve as mortgagee of record with respect to all such mortgage loans solely as a nominee, in an administrative capacity, for the beneficial owner or owners thereof from time to time. MERS shall have no rights whatsoever to any payments made on account of such mortgage loans, to any servicing rights related to such mortgage loans, or to any mortgaged properties securing such mortgage loans. MERS agrees not to assert any rights (other than rights specified in the Governing Documents) with respect to such mortgage loans or mortgaged properties. References herein to "mortgage(s)" and "mortgagee of record" shall include deed(s) of trust and beneficiary under a deed of trust and any other form of security instrument under applicable state law.
3. MERS shall at all times comply with the instructions of the holder of mortgage loan promissory notes. In the absence of contrary instructions from the note holder, MERS shall comply with instructions from the Servicer shown on the MERS® System in accordance with the Rules and Procedures of MERS.
4. No rights or obligations of the Member with respect to any data or information supplied to MERS by or on behalf of the Member shall be altered or affected in any manner by the provision of such data or information to MERS (except as otherwise specifically provided in these Terms and Conditions or the Rules of Membership).
5. If the Member uses MERS as Original Mortgagee (MOM) on the security instrument, the loan must be registered on the MERS® System within 10 days of the Note Date.
6. MERS and the Member agree that: (i) the MERS® System is not a vehicle for creating or transferring beneficial interests in mortgage loans, (ii) transfers of servicing interests reflected on the MERS® System are subject to the consent of the beneficial owner of the mortgage loans, and (iii) membership in MERS or use of the MERS® System shall not modify or supersede any agreement between or among the Members having interests in mortgage loans registered on the MERS® System.
7. If the Member has a third-party register loans (the "Registrar") on the MERS® System on behalf of the Member, the Registrar shall not be deemed an agent of MERS. The Registrar shall be solely an agent for the Member, and MERS is only giving consent to the Member to use a Registrar to enter information on the MERS® System on behalf of the Member. The Member agrees that MERS is not liable to the Member for any errors and omissions, negligence, breach of confidentiality, breach of the Rules and Procedures, or willful misconduct of the Registrar, or any employee, director, officer, agent or affiliate of the Registrar in performing its services to the Member.
8. The Member shall promptly pay to MERS the compensation due it for transactions registered on the MERS® System and other services rendered to the Member based on the then current MERS fee schedules, which may change from time to time. The Member shall promptly pay to MERS any interest and penalties on delinquent fee payments at the rate set by MERS from time to time. MERS shall have the authority to impose reasonable penalties and fines on Members for breach of the Governing Documents, and the Member shall promptly pay such fines in accordance with the terms of their imposition.
9. MERS shall indemnify and hold harmless the Member, and any employee, director, officer, agent or affiliate of the Member ("Member Party"), from and against any and all third-party claims, losses, penalties, fines, forfeitures, reasonable attorney fees and related costs, judgments, and any other costs, fees and expenses ("indemnified Payments") that the Member Party may sustain directly from the negligence, errors and omissions, breach of confidentiality, breach of the Terms and Conditions, breach of the Rules and Procedures, or willful misconduct of MERS, or any employee, director, officer, agent or affiliate of MERS ("MERS Indemnified Claim"). Notwithstanding the foregoing, MERS shall not be liable or responsible under the terms of this Paragraph for any losses or claims

resulting from the actions or omissions of any person other than an employee, director, officer (who is also an employee of MERS), agent or affiliate of MERS.

The Member shall indemnify and hold harmless MERS, and any employee, director, officer, agent or affiliate of MERS ("MERS Party"), for any Indemnified Payments which do not result from a MERS Indemnified Claim and which such MERS Party incurs (i) from the negligence, errors and omissions, breach of confidentiality, breach of the Terms and Conditions, Rules and Procedures, or willful misconduct of a Member Party, (ii) with respect to a transaction on the MERS® System initiated by such Member, or (iii) as a result of compliance by MERS with instructions given by the Member, or its designee, as beneficial owner, servicer or secured party shown on the MERS® System ("Member Indemnified Claim").

MERS shall promptly notify the Member if a claim is made by a third party against either MERS or the Member with respect to any mortgage loan registered on the MERS® System in which the Member is shown on the MERS® System as beneficial owner, servicer or secured party in accordance with the Rules and Procedures. The Member shall promptly notify MERS if a claim is made against the Member that may be subject to the indemnification provisions of this Paragraph.

The obligations of MERS and the Member under this Paragraph shall survive the termination of the Member's use of the MERS® System.

10. MERS and the Member shall maintain appropriate insurance coverage that shall include an errors and omissions insurance policy and a fidelity bond. MERS shall not be required to maintain coverage for persons who may be appointed at the request of the Member as certifying officers of MERS. The Member's policies shall protect and insure MERS against losses in connection with the release or satisfaction of a mortgage loan without having obtained payment in full of the indebtedness secured thereby. Upon request, MERS or the Member shall cause to be delivered to the other a certified true copy of such errors and omissions insurance policy and fidelity bond.

In the event of any loss of principal or interest on a mortgage loan or any Indemnified Payments for which reimbursement is received from a fidelity bond or any errors and omissions insurance policy or other insurance policy, the proceeds from any such bond or insurance shall be held in trust for and be promptly paid to the Member who is shown as the servicer on the MERS® System on behalf of the beneficial owner unless otherwise requested by the beneficial owner.

11. Any notice or other communication which is required or permitted to be given or made to MERS pursuant to any provision of the Governing Documents shall be given or made in writing and shall be sent by nationally recognized overnight courier, or facsimile followed by delivery of the original via first class mail, addressed as follows: MERS, Corporate Secretary, 1818 Library Street, Suite 300, Reston, Virginia, 20190.
12. These Terms and Conditions and all transactions effected by the Member with MERS shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its choice of law provisions.
13. Neither the Member nor MERS shall institute a proceeding before any tribunal to resolve any controversy or claim arising out of or relating to these Terms and Conditions, Rules and Procedures, or the breach, termination or invalidity thereof (a "Dispute), before such party has sought to resolve the Dispute through direct negotiation with the other party. If the Dispute is not resolved within thirty (30) days after a written demand for direct negotiation, the parties shall attempt to resolve the Dispute through mediation. If the parties do not promptly agree on a mediator, either party may request the then chief judge of the Circuit Court of Fairfax County, Virginia to appoint a mediator. All mediation proceedings hereunder shall be held in Washington, D.C. If the mediator is unable to facilitate a settlement of the Dispute within a reasonable period of time, as determined by the mediator, the mediator shall issue a written statement to the parties to that effect and the aggrieved party may then seek relief in accordance with the arbitration provisions of this Paragraph. The fees and expenses of the mediator shall be paid by the party initiating the Dispute.

In the event that the Member and MERS are not able to resolve a Dispute in accordance with the mediation provisions of this Paragraph, such Dispute shall be settled by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof; provided, however, that the place of arbitration shall be Washington, DC, and fees and expenses for the arbitration proceedings shall be paid by the party initiating arbitration.

Recording Requested By:

[Company Name]

And When Recorded Mail To:

[Company Name]

[Name of Natural Person]

[Street Address]

[City, State Zip Code]

[Space Above This Line For Recording Data]

**(SAMPLE)
DEED OF TRUST**

MIN:

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated _____, together with all Riders to this document.

(B) "Borrower" is _____ . Borrower is the trustor under this Security Instrument.

(C) "Lender" is _____ .
Lender is a _____ organized and existing under the laws of _____ .
Lender's address is _____ .

(D) "Trustee" is _____ .
Initials _____

(E) **“MERS”** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the beneficiary 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.

(F) **“Note”** means the promissory note signed by Borrower and dated _____ .
The Note states that Borrower owes Lender _____ Dollars (U.S. \$ _____)
plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than _____

(G) **“Property”** means the property that is described below under the heading “Transfer of Rights in the Property.”

(H) **“Loan”** means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) **“Riders”** means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower *[check box as applicable]*:

- | | | |
|--|---|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Revocable Trust Rider | |
| <input type="checkbox"/> Other(s) <i>[specify]</i> | | |

(J) **“Applicable Law”** means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) **“Community Association Dues, Fees, and Assessments”** means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) **“Electronic Funds Transfer”** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) **“Escrow Items”** means those items that are described in Section 3.

(N) **“Miscellaneous Proceeds”** means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) **“Mortgage Insurance”** means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) **“Periodic Payment”** means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(Q) **“RESPA”** means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor

Initials _____

legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the

[Type of Recording Jurisdiction] of [Name of Recording Jurisdiction]:

Assessor's Identification Number:

which currently has the address of

[City], California [Street] ("Property Address"):
[Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

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THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow

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