



## SELLER/SERVICER RISK SELF-ASSESSMENT

# Mortgage Electronic Registration Systems (MERS)

MERS® is an electronic system that assists in the tracking of mortgage loans, servicing rights, and security interests. To initiate the electronic tracking, the seller/servicer assigns a special MERS Mortgage Identification Number (MIN) to the loan and registers it in MERS\*. (\*MERS is a registered trademark of MERSCORP Holdings, Inc.)

## IN THIS DOCUMENT

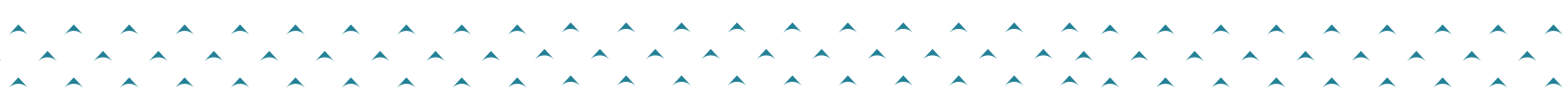
- Self-Assessment Checklist
- Common Findings and Documentation

## RESOURCES

- *Selling Guide* B8-7-01, Mortgage Electronic Registration Systems (MERS)
- Guide to Delivering eMortgage Loans to Fannie Mae

## ONE SELLER/SERVICER'S STORY

Our small mortgage company is growing and needs to adopt new practices. For example, to continue expanding our investor relationships, we need to begin using the Mortgage Electronic Registration Systems (MERS) to track loans, servicing rights, and security interests. How do we get started?



## Self-Assessment Checklist **REQUIRED**

Written policies and procedures for registering loans with MERS.

A process to create a standard MERS security instrument for each jurisdiction, prepared in a timely manner. Instructions for state-specific security instruments are in the Fannie Mae *Selling Guide*.

A process that includes steps to report the MERS registration when the loan is delivered to Fannie Mae.

A process that includes detailed steps on how to resubmit corrected information if an error is made on the initial submission.

A process to ensure that for each MERS-registered mortgage, the applicable MIN is included on the security instrument and related documents.

### **ADDITIONAL CHECKLIST ITEMS** **RECOMMENDED**

An oversight process to ensure that information pertaining to MERS is always updated and accurate.

If controls related to MERS are imbedded in the loan origination system, ensure they are also documented in a procedure to show evidence of activities and requirements.

## Common Findings and Documentation

### MORTGAGE ORIGINATION RISK ASSESSMENT (MORA) AND SERVICER TOTAL ACHIEVEMENT AND REWARDS (STAR)

Fannie Mae conducts regular reviews to evaluate compliance with our guidelines and assess operational risks. Reviews are conducted by a team that operates independently of customer account relationship management in Fannie Mae's Single-Family mortgage business. A Mortgage Origination Risk Assessment (MORA) or Servicer Total Achievement and Rewards™ (STAR™) review is intended to be a joint activity conducted by the review team with the active participation of your organization.

The **common findings** and **required documentation** listed below are specific to the topic of this risk self-assessment, Mortgage Electronic Registration Systems.

#### COMMON FINDINGS

- The seller/servicer does not have comprehensive policies and procedures in place to comply with Fannie Mae MERS requirements.
- The seller/servicer is not following its policies and procedures to comply with Fannie Mae MERS requirements.
- The seller/servicer's MERS policies and procedures do not include all the required components.

#### REQUIRED DOCUMENTATION FOR A REVIEW

Written policies and procedures related to the MERS registration of mortgages that are sold to Fannie Mae must address:

- The generation and assignment of the 18-digit MIN.
- Processes to ensure the MERS registration information is provided to Fannie Mae upon delivery.
- Processes to ensure accurate and timely preparation and recordation of security instruments, assignments, lien releases, and other documents related to MERS-registered mortgages.
- Processes in place to address the correction of the MIN as necessary.
- Processes to ensure that for each MERS-registered mortgage, the applicable MIN is included on all documents related to the mortgage.

#### WHAT'S NEXT?

Use the insights you've gained — especially any gaps identified in your practices and processes — to create a customized action plan.