



# MERS Quick Facts

## Products and Services

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### What is MERSCORP Holdings?

MERSCORP Holdings, Inc. operates the MERS® System, MERS eRegistry and all other MERS products. There are more than 5,000 lenders, servicers, subservicers, investors and government institutions who are MERS System Members.

### What is MERS?

Mortgage Electronic Registration Systems, Inc. (MERS) is a wholly-owned subsidiary of MERSCORP Holdings, and its sole purpose is to serve as mortgagee in the land records for mortgages registered on the MERS System. MERS is a nominee for the lender and subsequent buyers (“beneficial owners”) of a mortgage loan and serves as a common agent for the mortgage industry.

### What is the MERS System?

The MERS System is a national electronic database that tracks changes in mortgage servicing rights and beneficial ownership interests in loans secured by residential real estate. More than two-thirds of all newly originated residential loans in the United States are registered on the MERS System.

### Are MERS loans recorded in the public land records?

All mortgages (or deeds of trust) registered on the MERS System are recorded in the public land records. The MERS System is not a legal system of record nor a replacement for the public land records. No legal interests are transferred on the system; they’re only tracked. “MERS as original mortgagee” eliminates breaks in the chain of title because the lien is grounded in MERS’ name.

### How does MERS become a mortgagee?

There are two ways. At closing, the borrower and lender both agree to standard language in the security instrument making MERS the original mortgagee, with the right to act on behalf of the lender. The standard language is approved and used by Fannie Mae, Freddie Mac, Ginnie Mae, the Federal Housing Administration (FHA) and the Veterans Administration (VA). If MERS was not recorded as the original mortgagee on the security instrument, a lender can record an assignment of the mortgage to MERS after closing.

### What does “MERS as original mortgagee” mean to borrowers?

MERS’ role and rights are clearly spelled out in the security instrument between borrower and lender. When borrowers sign the mortgage security instrument at closing, they agree to standard language that grants and conveys legal title of the mortgage to MERS as mortgagee, giving the company the right to act on behalf of the current and subsequent owners of the loan.

### Does MERS collect mortgage payments from borrowers?

No. MERS, MERSCORP Holdings or the MERS System do not service mortgages. Mortgage lenders, or other mortgage servicing companies, collect payments from borrowers and manage their loans. Borrowers who have questions about their loans, or who need help with foreclosure prevention, should contact the company they send their payments to—not MERS or MERSCORP Holdings.

## **What does MERS do for lenders?**

As the mortgagee of record, MERS receives service of process, legal notices and other mail regarding the mortgaged properties. MERSCORP Holdings, Inc., on behalf of MERS, sorts, scans and transmits documents electronically to the appropriate MERS System Member. Because MERS, as the mortgagee of record, serves as a common agent for its Members, recording an assignment of the mortgage is eliminated when ownership of the promissory note or servicing rights transfer between Members because MERS will continue to hold the mortgage lien and receive all legal notices. This reduces work and cost.

## **Does MERS have the documents for loans registered on the system?**

MERS is not a document custodian and doesn't hold promissory notes or mortgage documents on behalf of the lender, servicer or investor.

## **How does MERS benefit borrowers?**

MERS as original mortgagee eliminates breaks in the chain of title, resulting in less work and lower fees paid by the lender—fees that would ultimately be passed down to the homeowner and/or consumer. MERSCORP Holdings, Inc. provides access to MERS ServicerID free of charge to homeowners, county officials, and regulatory officials (subject to privacy restrictions). The MERS System is also used by local governments around the nation to identify parties responsible for maintaining vacant properties and addressing code violations.

## **How do homeowners know who their servicer or investor is?**

Homeowners can access contact information on the servicer and investor of their mortgage loans registered on the MERS System at [www.mersinc.org](http://www.mersinc.org) or toll-free at (888) 679-6377. Transfer of ownership of the promissory note and servicing rights are not recordable transactions. However, the Truth In Lending Act (TILA) requires that borrowers be notified of ownership changes. Real Estate Settlement Procedures Act (RESPA) regulations also provide for notice of servicing changes.

## **What is the MERS eRegistry?**

The MERS eRegistry is a centralized registry that is utilized by the mortgage industry to meet specific legal requirements associated with eNotes. It identifies the owner (Controller) and custodian (Location) for registered eNotes, providing greater liquidity, transferability and security for lenders. It will reduce the risk and generate more profits for lenders because the Notes registered on it will be in electronic format. It shortens the timeframe between the closing and the securitization of the loan, enabling the Note to move instantly, creating faster funding.

The MERS eRegistry is one of multiple functions utilized by participants to satisfy the control requirement of Section 201(c) of the E-SIGN Act and Section 16(c) of the UETA with respect to a transferrable record ("eNote"). Its role is to be the authorized source to identify the party that has control of the eNote and the Location (i.e., the party that maintains the authoritative copy of the eNote). Each participant is responsible for determining that all the functions, including the MERS eRegistry as set forth herein, utilized by the participant and its service provider(s) constitute a system that satisfies the control requirements of Section 201(c) of the E-SIGN Act and Section 16(c) of the UETA.

## MERSCORP Holdings, Inc: Statistics

**Who:** MERSCORP Holdings, Inc. operates the MERS System, MERS eRegistry and all other MERS products and services. The MERS System is a national electronic database that tracks changes in mortgage servicing and beneficial ownership interests in residential mortgage loans on behalf of its members. The MERS eRegistry is the system of record for identifying the Controller (holder) and Location (custodian) for the authoritative copy of an eNote. Learn more about the MERS System or MERS eRegistry at: [mersinc.org](http://mersinc.org).

**When:** Established in Oct. 1995 in Delaware. The MERS System began registering and tracking mortgage loans in 1997. The MERS eRegistry was launched in 2014.

**Why:** The concept of the MERS System was created in the 1990s, in response to changes in the mortgage finance industry, to streamline the mortgage process by using e-commerce to replace paperwork.

The MERS eRegistry was created when the legality of eNotes was established with the enactment of the federal Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA).

**Membership:** More than 5,000 originators, servicers, lenders, brokers and vendors servicing the mortgage industry.



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