



# MERS® System Rules of Membership

Effective Date: June 30, 2025

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## **RULE 1<sup>1</sup>**

### **MEMBERSHIP**

#### *Section 1. The MERS Entities.*

(a) MERS<sup>®</sup> System Services. MERSCORP Holdings, Inc. ("[MERSCORP](#)")<sup>2</sup> and Mortgage Electronic Registration Systems, Inc. ("[MERS](#)") (together, the "[MERS Entities](#)") shall make the [Services](#) of the [MERS<sup>®</sup> System](#) available to each [Member](#) of the MERS<sup>®</sup> System.

(b) MERS; Limited Rights. MERS is a wholly owned subsidiary of MERSCORP, created for the purpose of serving as the [Mortgagee of Record](#) in applicable public land records, solely as [Nominee](#) for the [Note Owner](#) and the Note Owner's successors and assigns, including the [Note Holder](#). MERS shall have no right to retain any payments made for [MERS Loans](#) or to retain any mortgaged properties securing MERS Loans, and shall have no servicing rights relating to MERS Loans. MERS agrees not to assert any rights with respect to MERS Loans or mortgaged properties beyond those specified in the [Governing Documents](#).

*Section 2. Assignment of Rights*. The MERS Entities and each Member may not assign or transfer their respective rights or obligations under the Governing Documents to a non-Member unless expressly authorized in the Governing Documents.

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<sup>1</sup> These MERS<sup>®</sup> System Rules of Membership (the "Rules") supersede, in their entirety, any and all previously published Rules in place up to the effective date of these Rules.

<sup>2</sup> Capitalized terms used within these Rules are defined in the [Glossary](#), which is fully incorporated into and made a part of the Rules, as an appendix to the Rules.

### *Section 3. Resignation of Membership.*

(a) Generally. A Member that decides to resign its membership from the MERS® System shall follow the [Resignation](#) procedures and requirements that are outlined in the Rules and the MERS® System Procedures Manual (the “[Procedures](#)”) (the “[Resignation Requirements](#)”). The Resignation Requirements are subject to a Member’s ability to undertake such actions under applicable federal or state law, regulatory requirements, or other agreements. If a Member determines it is unable to comply with the Resignation Requirements, the Member shall notify MERSCORP and provide its basis in as much detail as the Member deems permissible.

(b) Payment and Reimbursement. A [Resigning Member](#) and a [Resigned Member](#), as applicable, shall be liable and obligated for and immediately pay and reimburse MERSCORP for (1) all invoices due and outstanding at the time of Resignation; (2) all invoices received during or after Resignation; and (3) all costs the MERS Entities incur in completing the activities associated with the Member’s Resignation. The Member shall pay and reimburse such invoices and costs immediately upon notice from the MERS Entities. If the Member fails to do so, MERSCORP may invoice any other Members that are [Servicers](#) or [Investors](#) on active loans registered to the Member’s [Organization Identification Number](#) (“[Org ID](#)”) or any of its [Affiliate Org IDs](#) in the MERS® System for the invoices and costs.

(c) Applicable Rules and Procedures. A Member’s Resignation shall be conducted pursuant to and governed by the Rules and Procedures that are in effect at

the time the Member provides notification of its Resignation to MERSCORP in accordance with the Procedures.

*Section 4. Mergers and Acquisitions.*

(a) Notice to MERSCORP. All Members involved in a merger, acquisition, or combination of entities or in a sale, transfer, or disposition of all or nearly all of the assets, shares, or ownership of an entity that may affect any Member's MERS Loans or MERS® System membership shall provide notice to MERSCORP (as provided in the Procedures and subject to applicable federal or state law, regulatory requirements, or other agreements) no less than 90 days<sup>3</sup> before the effective date of the transaction.

(b) Resignation. Depending on the nature of a specific transaction, and as determined solely by MERSCORP, one or more of the Members involved may be required to complete the Resignation of its or their MERS® System membership(s) before the effective date of the transaction.

*Section 5. Termination of Membership.* MERSCORP may terminate a Member's MERS® System membership for the reasons provided in, and following the processes outlined in, the Rules and Procedures.

(a) Rule and Procedure Violations. Pursuant to the process outlined in Rule 7, MERSCORP may terminate a Member for violations of the Rules and Procedures, and

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<sup>3</sup> All references to "days" in the Rules are to calendar days, unless noted otherwise (e.g., business days). If any deadline under the Rules falls on a weekend or a holiday, the deadline shall be extended to the next business day.

for any errors, delays, and other conduct materially detrimental to the MERS Entities, the MERS® System, or other Members.

(b) Process. The process of [Termination](#) includes, but is not limited to, [Lockout](#) from the MERS® System before Termination, [Deactivation](#) of the Member's Org ID(s) in the MERS® System, possible notification to the Member's trading partners of the Termination, and revocation of any [MERS Corporate Resolutions](#) issued to the Member or to third-parties acting on its behalf pursuant to a [Signing Authority Agreement](#).

(c) Resolving MERS's Interests. When MERSCORP terminates a Member's MERS® System membership, the MERS Entities may assign or release MERS's interest in any MERS Loans registered to the Member's Org ID in the MERS® System, record the assignments and releases in the applicable public land records, and deactivate the MERS Loans in the MERS® System. Any assignments under this Subsection<sup>4</sup> shall be from MERS to the Servicer, [Subservicer](#), or Investor for the MERS Loan, unless the Investor directs MERS to assign MERS's interest to another entity. In the event that the MERS Entities elect to take these actions, they shall notify any other Members that are Servicers, Subservicers, or Investors for any applicable MERS Loans at least 30 days prior to deactivating the MERS Loans in the MERS® System or executing and recording any assignments or releases.

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<sup>4</sup> Unless otherwise stated, any reference in the Rules to a specific "Rule," "Section," or "Subsection" is to the rule, section, or subsection of the Rules, and any reference to "this Rule," "this Section," or "this Subsection" is to the rule, section, or subsection of the Rules within which the reference appears.

(d) Reimbursement. A terminated Member shall be liable and obligated for and immediately pay and reimburse MERSCORP for (1) all invoices due and outstanding at the time of Termination and (2) all costs the MERS Entities incur in completing the activities associated with the Member's Termination. The Member shall pay and reimburse the invoices and costs immediately upon notice from the MERS Entities. If the Member fails to do so, MERSCORP may invoice any other Members that are Servicers or Investors on active loans registered to the Member's Org ID or any of its Affiliate Org IDs in the MERS® System for the invoices and costs.

(e) Immediate Termination. Notwithstanding any other provisions in the Rules and Procedures, MERSCORP may terminate a Member's MERS® System membership immediately—and shall notify the Member prior to, concurrently with, or shortly after the Termination, as the circumstances allow—if MERSCORP reasonably determines that any of the following apply to the Member:

(i) MERSCORP has reasonable grounds to believe that the Member, or any principal associated with the Member,<sup>5</sup> has committed or is responsible for:

- (1) fraud, fraudulent acts, or breaches of fiduciary duty;
- (2) misstatements or omissions of material facts in connection with the Member's [Membership Application](#); or
- (3) material violations of any statutes, rules, or regulations applicable to the Member that are relevant to the provision of services of the MERS® System or the MERS Entities;

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<sup>5</sup> For purposes of Subsection 5(e) of this Rule, the phrase "any principal associated with" when applied to any person or entity means (1) any partner, senior officer, director, or controlling person of such person or entity or (2) any officer or employee of such person or entity who has, or shall have, access to update the MERS® System.

which would cause the Member's continued participation in the MERS® System to result in material detriment to the operational functions, reputation, or business of the MERS® System or the MERS Entities.

(ii) The Member, or any principal associated with the Member, has been convicted—either before filing a Membership Application that failed to disclose the conviction, or at any later time while a Member—of any felony:

(1) that involved the purchase, sale, or pledge of a mortgage loan or any interest therein;

(2) that arose out of conduct of the business of funding, acquiring, lending on the security of, or servicing mortgage loans (or any business ancillary or related to any of the foregoing that is relevant to the provision of services of the MERS® System or the MERS Entities); or

(3) that involved robbery, larceny, embezzlement, fraudulent conversion, forgery, misappropriation of funds or other property, or other dishonest acts;

which would cause the Member's continued participation in the MERS® System to result in material detriment to the operational functions, reputation, or business of the MERS® System or the MERS Entities.

(iii) The Member, or any principal associated with the Member, has been, or while a Member is, permanently banned from doing business as a result of wrongful or otherwise prohibited actions by the Member with one or more of the following: (1) Fannie Mae, (2) Freddie Mac, (3) Ginnie Mae, (4) the U.S. Department of Housing and Urban Development, or (5) the U.S. Department of Veterans Affairs, and MERSCORP deems Termination reasonably necessary to prevent material detriment to the operational functions, reputation, or business of the MERS® System or the MERS Entities.



*Section 6. Member Bankruptcy.* The MERS Entities and each Member agree that the Governing Documents contain many material continuing performance obligations by a Member and the MERS Entities, and thus constitute a single, integrated executory contract within the meaning of 11 U.S.C. § 365. Upon a Member becoming the subject of a bankruptcy case, receivership, or similar insolvency proceeding, the Member shall continue to timely observe and perform all Member obligations under the Governing Documents, including but not limited to timely performance of all obligations and payment of all fees. Failure of a Member to timely perform all obligations and pay all fees shall entitle the MERS Entities to obtain ex parte relief from the automatic stay of 11 U.S.C. § 362 or other similar laws in order to exercise all rights and remedies available under the Governing Documents. In addition, each Member acknowledges and agrees that (1) applicable law excuses the MERS Entities from accepting performance from or rendering performance to an entity other than a Member, and (2) the Governing Documents are a contract to extend financial accommodations to or for the benefit of the Member, and thus the Member may not assume or assign the Governing Documents or their membership interest pursuant to 11 U.S.C. § 365(c) or other similar laws without consent of the MERS Entities.

## RULE 2 REGISTRATION ON THE MERS<sup>®</sup> SYSTEM

*Section 1.* MERSCORP, in its sole discretion, shall determine the type of membership and level of access to the MERS<sup>®</sup> System permitted to each Member and the types of transactions that such Member may register on the MERS<sup>®</sup> System. No Member may register or attempt to register any transaction not authorized under the Governing Documents or permitted by MERSCORP.

*Section 2.* Subject to Rule 2, Section 1, each Member shall register or cause to be registered each of its MERS Loans on the MERS<sup>®</sup> System and may register any other mortgage loan on the MERS<sup>®</sup> System as an [iRegistration](#). See *also* Procedures (Types of Loans Registered on MERS<sup>®</sup> System) (prohibiting certain types of loans). Any mortgage loan or MERS Loan registered on the MERS<sup>®</sup> System shall reflect any and all applicable transactions with respect to such loans to which such Member is a party, in accordance with the Procedures.

*Section 3.* For a MERS Loan to remain active in the MERS<sup>®</sup> System, the designated Servicer and Note Owner must be Members. The transfer of contractual servicing rights and/or beneficial ownership interests to a non-Member with respect to a mortgage loan registered on the MERS<sup>®</sup> System shall require the Deactivation of such mortgage loan from the MERS<sup>®</sup> System in accordance with the Governing Documents.

*Section 4.* For each of a Member's MERS Loans, the Member, at its own expense, shall cause "Mortgage Electronic Registration Systems, Inc." to appear in the applicable public land records as the Mortgagee of Record as Nominee for the Note Owner and its

successors and/or assigns with respect to each mortgage loan that the Member registers on the MERS® System. At the time that a MERS Loan is registered on the MERS® System, the Member shall use commercially reasonable efforts to verify that it has complied with the preceding sentence, which shall be satisfied by verifying that the information in the applicable public land records and on the MERS® System, as specified in the Procedures, is consistent. Each Member shall maintain an adequate quality assurance program to ensure that the foregoing verification procedures are effective. Upon a Member becoming aware of any discrepancy between the information shown on the MERS® System and the information in the applicable public land records, the Member shall promptly correct the discrepancy. Loans designated as iRegistration on the MERS® System shall be excluded from the requirements of this Section.

*Section 5.* For each of a Member's MERS Loans, the Member shall comply with all applicable laws, regulations, and rules in the performance of the Member's obligations under the Rules.

*Section 6.*

(a) MERS shall act as the Nominee of the Note Owner and the Note Owner's successors and/or assigns, including the Note Holder with respect to each MERS Loan that a Member registers on the MERS® System. Each Member affiliated with a MERS Loan agrees and acknowledges that when MERS is identified as Nominee of the "lender and lender's successors and assigns" in the [Security Instrument](#), MERS as Nominee is the Mortgagee of Record in the Security Instrument for and on behalf of the Note Owner and/or the Note Holder.

(b) Notwithstanding anything to the contrary in these Rules, and without limiting any authority granted in a [Mortgage](#) made directly to MERS as the Mortgagee of Record, as Nominee, with respect to any Mortgage that is subsequently assigned by a Mortgagee of Record and Note Owner to MERS as Nominee:

(i) MERS is expressly appointed as agent for: (1) such Mortgagee of Record and such Mortgagee of Record's successors and/or assigns, and their successors and assigns, and (2) the Note Owner and the Note Owner's successors and/or assigns, including the Note Holder, and their successors and assigns, with the power and authority to exercise the rights and duties of such Mortgagee of Record, Note Owner or Note Holder, to:

- (1) receive any and all notices required or permitted to be given to or received by a mortgagee under a MERS Loan, Mortgage, Security Instrument, or applicable law;
- (2) assign and convey (including recording any assignment) all right, title and interest in the Mortgage, for and on behalf of such Mortgagee of Record, Note Owner, or Note Holder;
- (3) release, in whole or in part, any property covered by the Mortgage, and to record any such release; and
- (4) discharge the Mortgage and to record any such discharge.

(ii) Any Member who executes and records (or causes to be recorded) an assignment of Mortgage or Security Instrument to MERS as Nominee intends to appoint MERS as its agent to execute and record such documents and instruments as it may deem necessary or proper pursuant to the agency granted herein.

(iii) MERS shall have such other and further authority as an agent with respect to a Mortgage assigned as described in Subsection 6(b) of this Rule as may now or hereafter be provided in these Rules with respect to MERS Loans generally.

(iv) As otherwise provided in these Rules, the agency granted under Subsection 6(b)(i) of this Rule is granted by and for the sole benefit of Members. Upon transfer of any MERS Loan to a person who is not a Member, MERS, acting on behalf of the selling Member, shall assign the related Mortgage or Security Instrument in question to such non-member and record such assignment.

(c) In the absence of contrary instructions from the Note Owner, the MERS Entities may rely on instructions from the Servicer or Subservicer shown on the MERS® System in accordance with these Rules and the Procedures with respect to transfers of legal title of the [Note](#) or Mortgage, transfers of contractual servicing rights, and releases of any security interests applicable to such mortgage loan. The Note Owner may give instructions that are contrary to those provided by the Servicer and/or the Subservicer that shall supersede all previous instructions by any other Member; provided, however, the Note Owner must deliver such contrary instructions to MERSCORP, and the MERS Entities may each rely on such instructions until receipt of further instructions from the Note Owner.

(d) If the Note Owner or Investor is involved in a dispute with their Servicer, Subservicer, or warehouse lender, the Members involved shall engage in a good-faith effort to resolve the dispute between the parties. If unable to do so, the Note Owner/Investor may notify MERSCORP regarding activity on the disputed [Mortgage](#)

[Identification Number](#)(s) ("[MIN](#)"(s)), and upon providing proof of ownership, may request that MERSCORP (1) process a transfer transaction or (2) correct the registration for the disputed MIN(s).

(e) Any Member who purchases any right in a MERS Loan shall, by virtue of such purchase, be deemed to have assented to the terms of this Section 6.

*Section 7.* When circumstances warrant that a lien should be released (e.g., payment in full, charge-off, etc.), any Member servicing or identified as the Servicer, Subservicer, or Investor for the mortgage loan shall be responsible, at its own expense, to take, or cause to be taken, action in compliance with the Procedures to execute a release of the Security Instrument (a "Lien Release") duly executed by a [MERS Signing Officer](#). If MERSCORP is notified that a Lien Release has not been executed in compliance with the Procedures and, after giving notice of such failure (1) to the Members shown on the MERS® System as the Servicer or Subservicer, if any, in order to provide the Member(s) with an opportunity to promptly cure any such failures or deficiencies (unless such Member(s) are no longer in business or cannot otherwise be located or contacted, in which case notice shall not be required), and (2) to the Investor, if the Servicer or Subservicer is unavailable or non-responsive, and the Member(s) fail to take such action or give MERSCORP notice that the MERS Loan should not be released, then the MERS Entities, upon evidence that the lien should be released, reserve the right to release such lien. Such Member(s), upon demand, shall reimburse the MERS Entities for out-of-pocket costs in connection with the Lien Release, including any penalties incurred by the MERS Entities for failure to release the lien or take other action in a timely manner, and shall pay an administrative fee as

shown in the [MERS® System Pricing Schedule](#) (as defined in Rule 5, Section 1(a)). If the MERS Entities receive a request from a third party to release a lien for a loan that either (1) is not registered on the MERS® System or (2) is registered on the MERS® System to an inactive Member as Servicer, Subservicer, or Investor, the MERS Entities shall take reasonable steps to determine if the loan has been paid in full. If the MERS Entities determine that the loan has been paid in full, or are unable to determine whether or not the loan has been paid in full after taking such reasonable steps, MERS may release the lien for such loan.

*Section 8.* The MERS Entities and the Member agree that: (1) the MERS® System is not a mechanism for creating or transferring liens or interests in mortgage loans, and (2) MERS® System membership or a Member's use of the MERS® System shall not modify or supersede any agreement between or among the Members and/or any other parties having liens or interests in mortgage loans registered on the MERS® System. Actual transfers of liens to or from MERS in the mortgage loans are reflected in the public land records as described in this Rule.

### **RULE 3**

#### **OBLIGATIONS OF MERS ENTITIES**

*Section 1.* MERSCORP shall make reasonable efforts to properly identify [Urgent Mail](#) and shall forward to the designated Servicer or Subservicer Member(s), as reflected on the MERS<sup>®</sup> System, within two business days of receipt at the MERSCORP mail processing center, in the form prescribed by and otherwise in accordance with the Procedures, all properly identified Urgent Mail received by MERSCORP or MERS with respect to MERS Loans registered on the MERS<sup>®</sup> System. In the event the Servicer and Subservicer are no longer active Members, MERSCORP shall forward Urgent Mail to the Investor, as reflected on the MERS<sup>®</sup> System.

This Section and the Procedures section on MERSCORP Mail Services do not apply to loans that have been inactive on the MERS<sup>®</sup> System for ten or more years and have been archived from the MERS<sup>®</sup> System. (See Rule 9, Section 4(b)(ii) (Inactive Loan Archival); Procedures, Inactive MIN Record Archival Process; see *also* Procedures, MERSCORP Mail Services.) The MERS Entities are under no obligation to forward mail received for archived loans. However, in their sole discretion, the MERS Entities may choose to do so, whether for indemnification purposes or for other reasons.

Nothing in this Section shall limit or alter the obligations of any Member, current or former, under Rules 13 and 14.

*Section 2.* MERSCORP shall provide Members with access to certain standard reports concerning information contained on the MERS<sup>®</sup> System, as specified in the Procedures, and such other reports as MERSCORP may determine from time to time.



*Section 3.* Upon request from the Member in accordance with the Procedures, MERS shall furnish to the Member a duly authorized MERS Corporate Resolution appointing one or more officers of such Member (or for Members that do not have officers in their organizational structure, then employees who would be considered the equivalent of officers and who possess a level of authority ordinarily reserved for officers), selected by such Member, as MERS Signing Officers. Such MERS Corporate Resolution shall grant MERS Signing Officers the limited authority to take action as officers of MERS as prescribed by the MERS Corporate Resolution. MERS shall respond to such request within three business days of receipt. All actions required to be taken by Members under these Rules to release, discharge, assign, or convey a Mortgage, Deed of Trust, or other form of Security Instrument in the public land records shall be taken by and through a MERS Signing Officer or a [MERS Corporate Officer](#) in the name of MERS as the Mortgagee of Record.

*Section 4.* If a [MERS Entity](#) receives any reimbursement from a fidelity bond or insurance policy, either for payments on an Indemnified Claim (see Rule 13) or for any loss of principal or interest on a MERS Loan, the proceeds shall be held in trust for and promptly paid to the Member who is shown as the Servicer on the MERS® System on behalf of the Note Owner, unless otherwise instructed by the Note Owner.

## RULE 4

### RULES AND PROCEDURES

*Section 1. Establishing Rules and Procedures.* MERSCORP may establish reasonable Rules and Procedures governing MERS<sup>®</sup> System membership and the business and operation of MERSCORP, MERS, and the MERS<sup>®</sup> System. The Rules and Procedures are part of the Governing Documents that contain the terms and conditions that govern the relationship between each Member, the MERS<sup>®</sup> System, and the MERS Entities. In the event of any conflict between the Rules and any other document in the Governing Documents, the provisions of the Rules shall control. Members shall be bound by and agree to the Rules and Procedures—as well as any changes made to the Rules and Procedures under this Rule—in the same manner as they are bound by and agree to the provisions of all Governing Documents.

*Section 2. Changes by MERSCORP.* MERSCORP may make changes to the Rules and Procedures, at its discretion, subject to the process outlined in this Rule. Such changes may include additions, deletions, and revisions to existing rules and procedures, as well as the addition of new rules and procedures and the deletion of existing rules and procedures.

(a) *Notice to Members.* MERSCORP shall notify all Members of any proposed changes to the Rules or Procedures, including a copy of the proposed changes and the proposed timeline, no fewer than 60 days before the proposed adoption date of the changes. MERSCORP's proposed timeline shall allow for a reasonable transition period

between the proposed adoption date and the proposed effective date, as determined by the nature of the changes.

(b) Member Comments. Members may submit to MERSCORP for its consideration their comments with respect to the proposed changes and the proposed timeline. Member comments must be submitted to [MERS-Rule4@ice.com](mailto:MERS-Rule4@ice.com) no later than 45 days from the date of the notice provided by MERSCORP. MERSCORP shall review and consider all submitted comments and make available to Members a summary of the submitted comments.

(c) Final Changes. MERSCORP may, at its discretion, proceed with any changes to the Rules and Procedures that it proposed under the process outlined in this Rule, along with any revisions it elects to make in response to Members' comments, provided that the final changes do not impose additional obligations or liabilities on Members or limit the obligations or liabilities of MERSCORP beyond those in the initial changes circulated for comment.

(d) Compliance Timing. Members shall not be required to comply with any changes and shall not be subject to any disciplinary actions for noncompliance until the final effective date of the changes, which shall be reflected on the cover page of the Rules or Procedures, as applicable.

**Section 3. Proposals by Members**. At any time, Members may submit to MERSCORP for its consideration any proposals for changes to the Rules or Procedures. Member proposals shall be sent to [MERS-Rule4@ice.com](mailto:MERS-Rule4@ice.com). MERSCORP shall acknowledge

receipt of and review each Member proposal within 30 days. If MERSCORP, at its discretion, approves a Member proposal, or any portion or variation of it, MERSCORP shall circulate the proposed changes to all Members following the process outlined in Section 2 of this Rule. Notwithstanding the foregoing, MERSCORP is under no obligation to approve, circulate, or implement any Member proposal.

*Section 4. Immediate Changes.* If MERSCORP determines, in its reasonable judgment, that any immediate changes to the Rules or Procedures are needed—for example, due to urgent legal, regulatory, or operational issues—it may adopt the changes concurrently with notice to all Members, without otherwise following the process outlined in Section 2 of this Rule. The notice shall set forth the reason for the changes and provide for a reasonable transition period before the effective date of the changes, as determined by the nature of the changes.

## **RULE 5**

### **FEES AND COSTS**

#### *Section 1.*

(a) Transaction Fees. Each Member shall pay such fees, charges, and assessments to MERSCORP for membership, registrations, transfers, other transactions on the MERS® System, and other services rendered by MERSCORP as shall be determined from time to time by MERSCORP, in its sole discretion, and specified in a fee schedule promulgated by MERSCORP, which may change from time to time—the MERS® System Pricing Schedule.

(b) Pricing Schedule. MERSCORP shall provide all Members with at least 30 days' advance notice of changes to the MERS® System Pricing Schedule with the effective date of the new fees.

(c) Registration Fee Responsibility. If a Member registers a mortgage loan on the MERS® System pursuant to these Rules and Procedures, and that Member subsequently transfers the servicing of that mortgage loan to another Member without first paying the registration fee to MERSCORP pursuant to Rule 5, Section 1(a), and the transferor fails to pay such registration fees due to bankruptcy, receivership, conservatorship, or because the transferor is no longer in business or cannot otherwise be located or contacted, MERSCORP shall invoice the transferee and the immediate payment of those registration fees shall be the responsibility of the transferee. Any monies received by MERSCORP from the bankruptcy estate of the transferor or from or on behalf of the transferor shall be applied as a credit to the transferee's MERSCORP account. If a MERS

Loan has not been registered on the MERS® System and the transferor is unable to register the mortgage loan due to bankruptcy, receivership, conservatorship, or because the transferor is no longer in business or cannot otherwise be located or contacted, then the transferee must register the mortgage loan and pay the corresponding registration fee pursuant to Rule 5, Section 1(a). If the transferee fails to pay any registration fees (1) within 60 days of the payment due date and (2) after notice of delinquency at approximately 30 days after the due date, and if such fees are not being disputed in good faith by the transferee, the transferee may be subject to Lockout from the MERS® System pending full payment of all outstanding balances.

*Section 2. Costs for Litigation-Related Expenses.* MERSCORP shall have the authority to charge a Member for any litigation-related expenses that are caused directly by the Member or incurred at the Member's request. These litigation-related expenses may include, without limitation, the cost of producing records pursuant to a subpoena, court order, or other legal process in any litigation or other legal proceeding to which the Member is a party (and in which the MERS Entities are not named as parties) or in which records relating to the Member are required to be produced, whether such production is compelled by the Member or by any other person that is a legitimate participant in such request, demand, or proceeding. However, as set forth in Rule 9, Section 1(e), MERSCORP shall give the Member notice of such subpoena, court order, or legal process in advance of producing the records to enable the Member to pursue its legal rights to refuse or quash the request. Regardless of the reason, MERSCORP may only charge the Member under this Section for reasonable expenses.

*Section 3. Delinquency Fees.* MERSCORP, in its discretion, reserves the right to impose reasonable interest and penalties on delinquent fee payments and the Member shall promptly pay such amounts to MERSCORP at the prevailing rate set by MERSCORP in accordance with the MERSCORP's invoicing instruction(s).

*Section 4. Excess Mail Costs and Fees.* If MERSCORP determines that the MERS Entities' receipt of mail involving a foreclosure proceeding, lawsuit, or code violation resulted from a violation of any of these Rules, including but not limited to Rule 13, Section 3, or the Procedures, then MERSCORP shall be entitled to charge the Member a fee as per the MERS® System Pricing Schedule determined by MERSCORP for each filing or document in the proceeding or for each piece of mail received related to the foreclosure proceeding, lawsuit or code violation that MERS forwards to the Member beyond 30 days after the initial service of process or notification that MERS received on behalf of that Member.

*Section 5. Past Due Invoices.* MERSCORP's invoices sent to a Member in the normal course of business based on the published MERS® System Pricing Schedule are due and payable within 30 days of the invoice date. The Member will receive a delinquency notice at approximately 30 days past due if payments are not received on time. Any accounts with payments past due greater than 60 days, which are not being disputed in good faith by the Member, may cause the Member to be subject to Lockout from the MERS® System until all outstanding balances are paid in full and/or to Termination of MERS® System membership for non-payment and non-cooperation.

**RULE 6**  
**[OMITTED]**



## RULE 7

### DISCIPLINARY ACTIONS

*Section 1. Disciplinary Actions.* MERSCORP may, at its discretion, discipline a Member for each violation of the Rules or the Procedures, or for any errors, delays, or other conduct materially detrimental to the MERS Entities, the MERS<sup>®</sup> System, the MERS<sup>®</sup> eRegistry, or other Members (each a “[Violation](#)”). Disciplinary actions for Violations may include, but are not limited to, monetary penalties, Lockout from the MERS<sup>®</sup> System, and Termination of MERS<sup>®</sup> System membership. Any monetary penalties shall be as prescribed in the [MERS<sup>®</sup> System and MERS<sup>®</sup> eRegistry Penalty Schedule](#), which is fully incorporated into and made a part of the Rules, as an appendix to the Rules.

(a) Reporting. Members shall promptly report to MERSCORP, at [MERS-rulenotifications@ice.com](mailto:MERS-rulenotifications@ice.com), any potential Violation discovered by the Member. MERSCORP shall use reasonable efforts to ensure that confidentiality, if any, with respect to reported information is preserved.

(b) Notice. When MERSCORP becomes aware of a potential Violation attributable to a Member, MERSCORP shall send the Member a notice that briefly describes the potential Violation, identifies the corresponding monetary penalty, and allows the Member 30 days to provide a response and to remediate the Violation (the “Response and Remediation Period”). The Member may request more time, if needed, which MERSCORP shall consider in good faith.

(c) Response and Remediation. The Member’s response may contest the Violation. If the Member does not contest the Violation, the Member’s response shall

detail the status of its remediation of the Violation. The Member's remediation of the Violation shall include:

(1) explaining why the Violation occurred; (2) curing the Violation, if possible; (3) describing the extent of the Violation and any underlying issues, including any related Violations; and (4) outlining what actions the Member has taken and will take to prevent the Violation from recurring.

If the Member contests the Violation, the Member or MERSCORP may seek resolution through the dispute process in Rule 10, Section 4. If a Violation is in dispute under Rule 10, Section 4, MERSCORP shall take no further disciplinary actions against the Member until the dispute is resolved or abandoned.

(d) Monetary Penalty. After the Response and Remediation Period, if MERSCORP determines that a Violation occurred, MERSCORP may impose the corresponding monetary penalty for the Violation, regardless of any remediation of the Violation by the Member. MERSCORP shall notify the Member of any imposed monetary penalty either in the Lockout Warning notice discussed in Subsection (e) of this Section (if remediation is unsatisfactory) or in a separate notice (if remediation is satisfactory).

The total monetary penalties imposed for multiple Violations arising from the same set of circumstances shall not exceed \$25,000. For example, if a candidate for MERS signature authority inadvertently was not included on a MERS Corporate Resolution for a Member, or if a third party signed documents prior to the issuance of a MERS Corporate Resolution appointing that third party, the maximum amount assessed would be capped at \$25,000 regardless of the number of documents signed without authority.

Monetary penalties are separate from and in addition to any indemnification obligations to the Companies. Payment of monetary penalties under this Rules does not relieve a Member from its indemnification obligations under Rules 13 and 14.

(e) Lockout Warning. After the Response and Remediation Period, if MERSCORP determines that a Violation occurred and that the Member has not remediated the Violation to MERSCORP's reasonable satisfaction, MERSCORP shall send the Member a notice of the potential for Lockout from the MERS® System and Termination of MERS® System membership. The Member shall have 30 days after the notice to remediate the Violation and pay any imposed monetary penalty (the "Lockout Warning Period"). If the Member sufficiently remediates the Violation and pays any imposed monetary penalty during the Lockout Warning Period, no further action will be taken, and the disciplinary matter shall be closed.

(f) Lockout. After the Lockout Warning Period, if the Member has not remediated the Violation to MERSCORP's reasonable satisfaction and paid any imposed monetary penalty, MERSCORP may subject the Member to Lockout from the MERS® System. The Member shall then have 30 days to remediate the Violation and pay any imposed monetary penalty before Termination (the "Lockout Period"). If the Member does so, MERSCORP shall promptly cancel the Lockout if no other grounds remain under the Rules or Procedures for the imposition of a Lockout.

(g) Resignation. At any time before Termination under Subsection 1(h) of this Rule, the Member may elect to resign its MERS® System membership in lieu of Termination, in which case the Member must complete the Resignation Requirements in

the Rules and Procedures. If the Member begins the Resignation process, MERSCORP shall take no further disciplinary actions against the Member (1) if the Member timely completes the Resignation process or (2) until the Member abandons or fails to timely complete the Resignation process.

(h) Termination. After the Lockout Period, if the Member has not remediated the Violation to MERSCORP's reasonable satisfaction and paid any imposed monetary penalty, or has not resigned its MERS® System membership, MERSCORP may terminate the Member's MERS® System membership in accordance with Rule 1 and the Procedures.

(i) Mitigating Factors. Notwithstanding any of the foregoing, MERSCORP may, at its discretion, consider mitigating factors, including those provided by the Member, in its determination of whether and to what extent to discipline a Member for a Violation. For example, mitigating factors may include, but are not limited to, whether the Member self-reported the issue; whether the Violation was a first-time offense; the extent of any actual or potential harm to the MERS Entities, the MERS® System, or other Members; and the remediation steps taken by the Member.

(j) Repeat Offenses. If the nature of a Member's Violation is the same or substantially similar to a prior Violation by the Member within the previous 365 days, and if the Violation is at least partly caused by the Member's failure to remediate or to follow the remediation plan for the prior Violation, its willful disregard of the Rules or Procedures, or its negligence or bad faith, MERSCORP may, at its discretion, double the monetary penalty for the Violation.

*Section 2. Lockout or Termination to Prevent Material Detriment.* Notwithstanding Section 1 of this Rule, should MERSCORP in its reasonable judgment determine that immediate actions are necessary to prevent a material detriment to the operational function, reputation, or business of the MERS® System, a MERS Entity, or other Members, MERSCORP may at any time institute either a Lockout of a Member from the MERS® System or a Termination of a Member's MERS® System membership (under Rule 1, Section 5, as modified by this Subsection). For either action, MERSCORP shall promptly notify the Member of the issue and the Lockout or Termination—prior to, concurrently with, or shortly after the Lockout or Termination, as the circumstances allow. In the event of a Lockout under this Subsection, MERSCORP shall subsequently use commercially reasonable efforts to engage in good-faith discussions with the Member to resolve the issue as promptly as practicable. If MERSCORP determines that any Violation(s) occurred in connection with the issue that resulted in Lockout or Termination under this Subsection, MERSCORP may also require remediation (in the case of Lockout only) and impose corresponding monetary penalties (in either case) under Section 1 of this Rule.

*Section 3. Conflicts Between External Requirements and the Rules or Procedures.* Notwithstanding the preceding Sections of this Rule, in the event of any conflict between the Rules or Procedures and any legal or regulatory requirements imposed on a Member by any United States federal or state regulatory body, agency, or court, the Member shall notify MERSCORP of the conflict, to the extent notification is permissible, and the MERS Entities shall cooperate with the Member in good faith to determine how to resolve the

conflict. During those good-faith discussions, no Violation will be deemed to have occurred, and no disciplinary actions shall be taken against the Member.

## **RULE 8**

### **FORECLOSURE AND BANKRUPTCY**

#### *Section 1.*

(a) With respect to each MERS Loan for which the Note Owner or the Note Owner's Servicer has decided to: (1) initiate foreclosure proceedings, whether judicial or non-judicial, or (2) file a Proof of Claim or file a Motion for Relief from Stay in a bankruptcy ("Legal Proceedings"); the Note Owner or the Note Owner's Servicer shall cause a MERS Signing Officer to execute an assignment of the Security Instrument from MERS to the Note Owner's Servicer, or to such other party expressly and specifically designated by the Note Owner. The Member and/or Note Owner agrees and acknowledges that MERS has the authority to execute such assignment of the Security Instrument in accordance with the immediately preceding sentence. The assignment of the Security Instrument must be executed, notarized, witnessed (if applicable), be in recordable form, be promptly sent for recording in the applicable public land records, and comply with all applicable laws, regulations and rules.

(b) The Member servicing a MERS Loan shall be responsible for processing foreclosures in accordance with the applicable agreements between such Member and the Note Owner and all applicable laws, regulations and rules.

(c) Any Member whose MERS Signing Officer initiates a foreclosure or files a Legal Proceeding in MERS's name could be disciplined by MERSCORP pursuant to Rule 7; provided however, if the Member voluntarily dismisses such foreclosure or withdraws

the filed Legal Proceedings within 21 days of filing the action, no disciplinary actions will be taken.<sup>6</sup>

(d) The Note Owner or the Note Owner's Servicer shall cause the Signing Officer to execute the assignment of the Security Instrument from MERS to the Note Owner, or the Note Owner's Servicer, or such other party expressly and specifically designated by the Note Owner, before initiating foreclosure proceedings or filing Legal Proceedings and promptly send the assignment of the Security Instrument (in recordable form) for recording in the applicable public land records.

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<sup>6</sup> The authority to initiate foreclosures and file Legal Proceedings in the name of MERS granted to a Member's MERS Signing Officers under the Member's MERS Corporate Resolution is revoked for actions initiated on or after July 22, 2011, the effective date of this revocation.



## RULE 9

### INFORMATION OWNERSHIP AND USE

#### *Section 1. Confidentiality.*

(a) Information. The MERS Entities and each Member shall at all times keep confidential and not sell or otherwise disclose, directly or indirectly, to any third party, any information accessed through or contained on the MERS<sup>®</sup> System or any other information discussed in this Section, except for information (1) that they own; (2) that is of the type that is available in public records; or (3) that is aggregated and anonymized such that individual members, borrowers, and loans cannot be identified.

Notwithstanding, and in addition to, this and the other Subsections of this Section, the MERS Entities are authorized to do each of the following: (1) to use any information discussed in this Section to operate the MERS<sup>®</sup> System; and (2) to use any information discussed in this Section as part of their internal quality control process, including to monitor compliance with operational standards and time frames, to compile transaction volume reports to track current or previous usage levels, and to project future usage.

(b) MERS<sup>®</sup> System Org IDs and MINs. Each Member acknowledges and agrees that the Member's Org ID, any of its Affiliate Org ID(s), and each MIN associated with such Org ID(s) are the property of MERSCORP, and that the use of such Org ID(s) and MINs are subject to the terms and conditions of the Governing Documents.

(c) Nonpublic Personal Information. The MERS Entities and each Member shall use a reasonable degree of care consistent with the Federal Trade Commission's "Standards for Safeguarding Customer Information" (16 C.F.R. Part 314) (the

“Safeguards Rule”) to preserve the security and confidentiality of any “nonpublic personal information” (as defined in 15 U.S.C. § 6809(4)) (“NPPI”) provided by the other party. To that end, they shall take all reasonable action by instruction, agreement, or otherwise with its directors, officers, employees, affiliates, agents, and third-party suppliers, as applicable, to satisfy their obligations with respect to confidentiality, non-disclosure, and limitation of use of any such NPPI. The MERS Entities and each Member shall further ensure that the provisions of this Subsection also apply to any third-party vendors that they retain that will have access to any such NPPI.

(d) Other Nonpublic, Confidential Information. The MERS Entities and each Member shall at all times keep confidential any other nonpublic information that is provided by the other party and that is designated as “Confidential” or that the receiving party has a reason to know is confidential in nature. The MERS Entities and each Member shall use a reasonable degree of care to preserve the confidentiality of any such information, and to take all reasonable action by instruction, agreement, or otherwise with their directors, officers, employees, affiliates, agents, and third-party suppliers, as applicable, to satisfy their obligation with respect to confidentiality, non-disclosure, and limitation of use of any such information. The confidentiality obligations and use limitations of this Subsection shall not apply to information that is a matter of public knowledge or to which the receiving party has access free of such obligations or limitations.

(e) Compulsory Disclosure. If compelled by law, subpoena, court order, regulatory request, or other legal process, the MERS Entities and Members may produce any of the

information discussed in this Section. However, if permitted by law, regulation, and agreement, the party compelled to produce the information (1) shall use reasonable efforts to notify the party that provided the information to the compelled party before producing it; (2) shall upon request provide the providing party a copy of the information to be produced; and (3) shall upon request cooperate with the providing party to resist, limit, or delay production. For MERS® System information, the MERS Entities shall notify the current or final Servicer or Investor reflected on the MERS® System for the applicable loan(s).

*Section 2. Information Security.*

(a) Program. MERSCORP has implemented and shall maintain, and shall cause its third-party vendors to implement and maintain, an information security program consisting of reasonable administrative, physical, and technical safeguards designed to meet the objectives set forth in 16 C.F.R. § 314.3(b) of the Safeguards Rule.

(b) Member Requests.

(i) Regarding MERCORP's Controls and Procedures. A Member shall notify MERSCORP if the Member reasonably believes that MERSCORP's controls and procedures designed to safeguard the confidentiality and security of the information stored on the MERS® System fail to meet the objectives specified in the Safeguards Rule. In that event, MERSCORP agrees the Member (or a mutually agreeable third-party representative) shall be given access to monitor that MERSCORP has satisfied the provisions of Subsection 2(a) of this Rule, including access to MERSCORP-generated

summaries of audits, test results, or other equivalent evaluations of the controls and procedures designed to safeguard the confidentiality and security of the information stored on the MERS® System.

(ii) Regarding Other Standards and Requirements. The MERS Entities acknowledge that Members are or may be required to comply with various other information security standards and legal requirements. If a Member assesses MERSCORP's information security controls and procedures and notifies MERSCORP of additional efforts the Member believes are needed to comply with such other standards and requirements, the MERS Entities shall reasonably consider and attempt to accommodate the request.

(c) Business Recovery Plan. As part of the controls and procedures required by Subsection 2(a) of this Rule, MERSCORP maintains, and shall continue to maintain, a business recovery plan, pursuant to Rule 12, Section 9.

(d) Data Breach. The MERS Entities and each Member shall promptly notify the other party in the event of any unauthorized access or theft of the other party's data, and shall take reasonable efforts to remedy and mitigate the effects of the data breach. The notifying and notified parties shall coordinate and cooperate in good faith on developing the content of any related public statements or any required notices. The MERS Entities' ultimate corporate parent, Intercontinental Exchange, Inc., provides all cybersecurity services for the MERS Entities, including for data breaches.

*Section 3. Reliance on MERS® System Information Prohibited.* Each Member agrees and certifies that it shall not use information accessed from the MERS® System (other than information that the Member already possesses)—including, but not limited to, borrower and mortgage information—as either (1) a factor in determining a borrower’s or employee’s eligibility (a) for credit or insurance to be used primarily for personal, family, or household purposes; (b) for employment; (c) for a government-issued license; or (d) to continue to retain an existing credit account; or (2) a factor in assessing a consumer’s credit or payment risks with respect to an existing obligation.

*Section 4. Record Retention.*

(a) Generally. MERSCORP shall maintain records related to the provision of Services for a period of at least seven years or as required by law, if longer. Such records shall include, but not be limited to, those relating to processes, procedures, and controls for quality assurance, quality control, document retention, personnel training, handling of complaints, and compliance with law.

(b) MERS® System Information. For operational and business purposes, MERSCORP maintains information on the MERS® System for a loan, including consumer loan information, until the loan has been in an inactive status on the MERS® System for a specified period of time, as follows:

(i) Social Security Number Deidentification. Social Security Numbers are deidentified once the corresponding loan has been inactive on the MERS® System for seven years. (See Procedures, Inactive MIN Record SSN and TIN Deidentification).

(ii) Inactive Loan Archival. Once a loan has been inactive on the MERS® System for ten years, the corresponding record is archived from the MERS® System except for limited data fields that are retained on the MERS® System for tracking purposes (MIN, Investor, Servicer, Subservicer, Deactivation Date, Purged Status). (See Procedures, Inactive MIN Record Archival Process).

(c) Loss Prevention. MERSCORP shall use reasonable best efforts to prevent the loss, destruction, or alteration of Member records and information, including by maintaining appropriate back-up files and off-site copies of such records and information.

*Section 5. Privacy Policy*. The MERS Entities' Privacy Policy—which is available on the MERS Entities' website—is fully incorporated into and made a part of this Rule, by reference.

*Section 6. Survival*. The rights and obligations of the MERS Entities and each Member under this Rule shall survive the Resignation or Termination of the Member's MERS® System membership.

## **RULE 10**

### **MISCELLANEOUS**

*Section 1. Insurance.* The MERS Entities, at their own expense, shall maintain a fidelity bond and an errors and omissions insurance policy on all officers, employees or other persons acting for MERS in any capacity requiring such persons to handle funds, money, documents or papers relating to mortgage loans registered on the MERS<sup>®</sup> System; provided however, that the MERS Entities shall not be required to maintain coverage for persons who may be appointed at the request of the Member as MERS Signing Officers. A Member, at its own expense, shall also maintain a fidelity bond and an errors and omissions insurance policy on any such persons that MERS may appoint at the Member's request as a MERS Signing Officer for the purpose of executing documents in the name of MERS. Upon request, the MERS Entities 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. Notwithstanding the foregoing, Members with assets of at least \$1 billion may elect to self-insure rather than obtain coverage with third-party carriers.

*Section 2. Notices.* Unless otherwise specified in the Governing Documents or in writing by a party, any notice, request, response, or other communication that is required or permitted to be given or made to the party pursuant to any provision of the Governing Documents shall be given or made in writing, and shall be sent as follows.

(a) MERS Entities. For the MERS Entities, either (1) via email to [MERS-generalcounsel@ice.com](mailto:MERS-generalcounsel@ice.com) (delivery receipt requested); (2) via registered or certified mail (return receipt requested and postage prepaid) to MERSCORP General

Counsel, 5660 New Northside Drive NW, 3rd Floor, Atlanta, GA 30328; (3) via a nationally recognized overnight courier (prepaid and providing proof of delivery) to that address; or (4) via any other method approved by MERSCORP.

(b) Members. For a Member, either (1) via email to the [Executive Sponsor](#) designated by the Member in its [Member Profile](#); (2) via email to a “Legal” contact designated by the Member in its Member Profile; (3) for mail forwarding, via email to the corresponding inbox designated by the Member; (4) for a [Legal Filing](#), lawsuit, proceeding, appeal, or similar matter, via any corresponding contact provided by the Member, or via any contact provided by the Member for legal matters; or (5) via any other method approved by the Member.

*Section 3. Governing Law.* The Governing Documents and the relationship between the MERS Entities and a Member with respect to the MERS® System shall be governed by and construed in accordance with the laws of New York without regard to any choice of law provisions.

*Section 4. Disputes.*

(a) Notice. In the event of any dispute that arises from or relates to the Governing Documents or the relationship between a MERS Entity and a Member with respect to the MERS® System, the party that desires to raise the dispute shall provide notice of its position to the other party (a “Dispute Notice”). For a dispute by a Member regarding a potential Violation under Rule 7, Section 1, the Member shall notify MERSCORP at



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[MERS-rulenotifications@ice.com](mailto:MERS-rulenotifications@ice.com). For all other disputes, notice shall be provided in accordance with Rule 10, Section 2.

(b) Discussions. After a Dispute Notice is received, the parties involved shall engage in good-faith discussions to resolve the dispute. If the dispute has not been resolved within 30 days of the Dispute Notice, and if the parties have not mutually agreed to extend this period, either party may submit the dispute to arbitration in accordance with Section 5 of this Rule.

*Section 5. Arbitration*. If the parties involved in a dispute raised under Section 4 of this Rule are not able to resolve the dispute after completing the required good-faith discussions, arbitration shall be the sole and final recourse for resolution of the dispute. In that event, either party may submit the dispute to confidential, binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. The following provisions shall also apply to arbitrations:

- (1) The place of arbitration shall be Washington, DC.
- (2) Judgment on an award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
- (3) The arbitrator(s)' fees and the administrative fees and costs of the arbitration proceedings shall be paid by the party that initiated the arbitration.
- (4) Each party to the arbitration shall otherwise bear its own costs and expenses, including attorneys' fees and costs.

*Section 6. Independent Contractor*. It is understood and agreed that all of the Services performed hereunder or pursuant to the Governing Documents shall be performed by

MERSCORP, as an independent contractor, or, in the case of MERS acting as nominee with respect to a MERS Loan, as Nominee.

*Section 7. Third-Party Rights.* The Governing Documents shall not confer any benefits upon, or create any rights, benefits, remedies, obligations or liabilities under the Governing Documents in favor of any third parties, including any other Member. As between Members, the Governing Documents shall not confer any rights, benefits, remedies, obligations or liabilities upon, or create any rights in favor of, one Member in relation to another Member, and shall not be deemed incorporated in, or made part of, any contract entered into between Members.

*Section 8. Vendor Management.*

(a) Generally. The MERS Entities acknowledge that they provide Services to the Members, in the capacity as vendors to the Members, and that Members have internal and external requirements with respect to their vendors. The MERS Entities shall cooperate with reasonable requests by Members, as determined by the MERS Entities, with respect to the MERS Entities' roles as vendors to Members. The MERS Entities make vendor management materials available to Members via an online portal, which can be accessed via the MERS® Member Site. The materials include general information regarding the MERS Entities, as well as due diligence documents and other standard vendor management documentation. Members shall review those materials before submitting vendor management requests to the MERS Entities.

(b) Regulatory.

(i) Requirements. The MERS Entities also recognize that various Members are subject to regulation by, among others, the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau, which require such Members to comply with certain vendor management policies, including with respect to the relationship of each of those Members with the MERS Entities. The MERS Entities agree to use commercially reasonable efforts to comply with such vendor management requirements, subject to Subsection (a) of this Section, and shall take all appropriate actions to ensure that their relationships with subcontractors and service providers are subject to and conducted in compliance with vendor management standards and procedures.

(ii) Requests. The MERS Entities shall use commercially reasonable efforts to assist a Member in order to enable the Member to comply with any specific request or directive made to or imposed on it by any federal or state agency having jurisdiction over the Member, subject to Subsection (a) of this Section, including providing the Member with access to the records, procedures, and facilities relating to the provision of Services to the Member, and/or providing the Member with summary or actual results of audits and performance reports, in each case during normal business hours and upon reasonable request to MERSCORP and subject to limitations relating to confidentiality obligations and commercial reasonableness. The MERS Entities shall take appropriate actions to ensure that its subcontractors and service providers are aware of and comply with such requirements.

*Section 9. Survival.* The rights and obligations of the MERS Entities and each Member under Sections 2, 3, 4, and 5 of this Rule shall survive the Resignation or Termination of the Member's MERS<sup>®</sup> System membership.

## **RULE 11**

### **SERVICES**

*Section 1.* MERSCORP shall provide, either directly or through a third party, the Services for MERS and the MERS<sup>®</sup> System in compliance with reasonable performance standards.

*Section 2.* MERS may terminate MERSCORP as service provider at any time upon giving at least 30 days' prior notice to MERSCORP.

In the event that MERSCORP is so terminated as service provider to MERS and with respect to the operation of the MERS<sup>®</sup> System (a “Service Provider Replacement Event”), then MERS shall, with the approval of its Board of Directors, promptly (and in any event within two business days of such Service Provider Replacement Event) notify the Members and designate one or more qualified third parties (each, a “Replacement Service Provider”) to provide such Services to MERS and the MERS<sup>®</sup> System.

In connection with such Service Provider Replacement Event and appointment of a Replacement Service Provider, MERSCORP shall reasonably cooperate at the request of MERS in connection with the transition to such Replacement Service Provider in order to facilitate a timely and efficient transition.

Notwithstanding anything contained in these Rules to the contrary, if a Service Provider Replacement Event occurs, (1) MERSCORP shall be deemed to no longer be a party to or subject to these Rules, except (a) to the extent required by the preceding paragraph and (b) that the rights to, and obligations of, MERSCORP regarding indemnification and confidentiality shall survive; (2) MERSCORP shall no longer be entitled to any Member fees, charges and assessments, and all Member fees, charges

and assessments shall be payable directly by Members to MERS or the Replacement Service Provider(s) as directed by MERS; and (3) the Replacement Service Provider(s) shall be deemed substituted for MERSCORP for purposes of these Rules, with such amendments as MERS may make as deemed necessary or appropriate in accordance with the provisions of these Rules applicable to amendments.

## **RULE 12**

### **REPRESENTATIONS AND WARRANTIES**

*Section 1. Work Standards.* MERSCORP represents and warrants that the Services shall be rendered with promptness and diligence in accordance with the practices and high professional standards used in well-managed operations performing services similar to the Services and shall be performed in a workmanlike and cost-effective manner. MERSCORP represents and warrants that it shall use, and shall require all third-party vendors to use, adequate numbers of qualified personnel with suitable training, education, experience, and skill to perform the Services and satisfy the performance standards.

*Section 2. Maintenance.* MERSCORP represents and warrants that the equipment and software used in the performance of the Services shall be maintained so that they operate in accordance with the performance standards, including (1) maintaining such equipment in good operating condition, subject to normal wear and tear, (2) undertaking prudent repairs and preventive maintenance on such equipment, and (3) performing prudent software maintenance, including timely updating software used in the performance of the Services, including the MERS® System, to meet any applicable legal or regulatory changes.

*Section 3. Technology.* MERSCORP represents and warrants that the Services shall be provided using proven technology, which shall take advantage of technological advancements in the industry.

*Section 4. Non-Infringement.* MERSCORP represents and warrants that it shall, and shall require its third-party vendors to, perform its responsibilities in a manner that does not infringe, or constitute an infringement or misappropriation of, any patent, copyright, trademark, trade secret or other propriety rights of any third party. MERSCORP is responsible for supervision of third-party vendors hired by the MERS Entities.

*Section 5. Software Ownership or Use.* MERSCORP represents and warrants that, with respect to the software used in the performance of the Services, it owns, and is authorized to provide access to Members for their use of, MERS® system(s).

*Section 6. Authorization.* MERSCORP represents and warrants that it has the requisite corporate power and authority to carry out its responsibilities.

*Section 7. Malicious Programs.* MERSCORP represents and warrants that it shall take reasonable business precautions to ensure that it and any third-party vendors providing the Services shall not code or introduce any [Malicious Programs](#) into the MERS® System and any other systems and software used to provide the Services, and to monitor, filter and remove any such Malicious Programs that may be introduced into the MERS® System.

*Section 8. Licensing and Qualification.* The MERS Entities represent and warrant that each MERS Entity has obtained all state licenses and has qualified to conduct business in all fifty states, the District of Columbia, and United States territories where such licensing and/or qualification is required by law for the MERS Entities to provide the



Services or for an entity to serve as the Mortgagee of Record, solely as Nominee for the Note Owner and its successors and assigns.

*Section 9. Business Recovery Plan.* MERSCORP represents and warrants that it has in place and shall continue to maintain a fully effective business recovery plan and shall make the plan available for viewing by Members upon request. MERSCORP shall routinely (no less often than once per year) test its business recovery plan to ensure its continued effectiveness and capability of protecting its Members in the event of a disaster. Such testing shall be designed to ensure that the MERS® System can be restored within 48 hours after the determination of a disaster under the plan. MERSCORP shall provide a written summary of the results of such testing to Members upon request.

*Section 10. Member Recordation.* For a MERS Loan, the Member hereby represents and warrants to the MERS Entities that a Security Instrument, or an assignment of a Security Instrument, as may be required under applicable state law, naming MERS as the Mortgagee of Record, has been or, as soon as practicable, shall be properly prepared, executed, and delivered to the applicable public land records recording office for recording in compliance with the Governing Documents.

*Section 11. Assignments from MERS.* For a MERS Loan, when the MERS Loan has been sold or transferred to a non-Member or whenever an assignment from MERS is otherwise required under the Governing Documents, the Member hereby represents and warrants to the MERS Entities that an appropriate assignment of Security Instrument as may be required under applicable state law, identifying MERS as the assignor and executed by a MERS Signing Officer, has been or, as soon as practicable (in compliance

with Rule 8), shall be properly prepared, executed, and delivered to the applicable public land records recording office by the Member or Member's designee for recording in compliance with the Governing Documents.

*Section 12. Compliance.* MERSCORP represents and warrants that it complies with all applicable laws, regulations, and rules with respect to the Services it provides in connection with the MERS® System. This includes laws, regulations, and rules regarding data privacy and protection to the extent applicable to MERSCORP and the Services it provides.

## **RULE 13**

### **INDEMNIFICATION**

*Section 1. Mutual Indemnification.* The MERS Entities and each Member agree to indemnify, defend, and hold harmless one another, in accordance with this Rule.

(a) Indemnification by the MERS Entities. The MERS Entities shall indemnify, defend, and hold harmless each Member and its employees, directors, officers, agents, and affiliates (each, a “Member Party”) from and against any and all liabilities, damages, claims, losses, penalties, fines, forfeitures, reasonable attorney fees and related costs, judgments, and any other costs, fees, and expenses, arising out of or relating to any third-party claim, lawsuit, cause of action, proceeding, arbitration, subpoena, or penalty to or against a Member Party, based on or the result of the negligence, errors and omissions, breach of confidentiality, breach of the Governing Documents, or reckless or willful misconduct of the MERS Entities or their employees, directors, officers, agents, or affiliates (a “MERS Indemnified Claim”). However, the MERS Entities shall not be liable or responsible under this Rule for the actions or omissions of a Member’s MERS Signing Officer or a Member’s third-party [Vendor](#). Likewise, a Member’s Vendor is not and shall not be deemed a vendor or service provider of the MERS Entities.

(b) Indemnification by Members. Each Member shall indemnify, defend, and hold harmless the MERS Entities and their employees, directors, officers, agents, and affiliates (each, a “MERS Party”) from and against any and all liabilities, damages, claims, losses, penalties, fines, forfeitures, reasonable attorney fees and related costs, judgments, and any other costs, fees, and expenses, arising out of or relating to any third-party claim,

lawsuit, cause of action, proceeding, arbitration, subpoena, or penalty to or against a MERS Party, based on or the result of:

- (1) the negligence, errors and omissions, breach of confidentiality, breach of the Governing Documents, or reckless or willful misconduct of a Member Party;
- (2) any action or omission by a Member Party with respect to a transaction on the MERS® System;
- (3) compliance by a MERS Party with instructions given by a Member Party or its designee, as Note Owner, Servicer, Subservicer, [Interim Funder](#), or other secured party shown on the MERS® System (see *also* Rule 2, Section 6(c));
- (4) any action or omission by a Member Party with respect to a Mortgage, deed of trust, or security deed for which MERS is or was the mortgagee, beneficiary, or grantee of record; or
- (5) the failure of a Member Party, in accordance with Rule 2, Section 7, to take appropriate action to extinguish a lien corresponding to a MERS Loan or to inform MERSCORP in a timely and accurate manner that the lien should not be released (including, but not limited to, MERS releasing a lien under Rule 2, Section 7 that should not have been released, and a Member Party wrongfully refusing to release a lien after receiving notice that it should be released);
- (6) any action or omission by a Member's MERS Signing Officer; or
- (7) any action or omission by a Member's third-party Vendor

(a "Member Indemnified Claim") (together, MERS Indemnified Claims and Member Indemnified Claims are "Indemnified Claims").

**Section 2. Handling of Indemnified Claims.** If an Indemnified Claim is made, the following provisions shall apply.

(a) **Notice.** When a party seeking indemnification (the "Indemnified Party") receives notice of an Indemnified Claim, the Indemnified Party shall promptly notify each party from which it seeks indemnification (each, an "Indemnifying Party").

(b) Response and Defense. Each Indemnifying Party shall promptly respond to the Indemnified Party and either confirm or contest indemnification.

If an Indemnifying Party confirms indemnification, the Indemnified Party may, but shall not be obligated to, participate in the defense of the Indemnified Claim, at its own expense and use counsel of its own choosing; provided, however, that the Indemnifying Party has the right to control the defense of the Indemnified Claim.

If an Indemnifying Party contests indemnification or fails to timely respond; if the Indemnified Party reasonably concludes at any time that an Indemnifying Party's provision of defense is inadequate; or if an Indemnifying Party fails to timely defend, contest, or otherwise protect against an Indemnified Claim and fails to timely contest the Indemnified Party's right to indemnification; then the Indemnified Party may upon notice to the Indemnifying Party defend against the Indemnified Claim, make any compromise or settlement, and seek to recover all associated damages, payments, fees, expenses, and costs from the Indemnifying Party under the dispute process in Rule 10, Section 4.

(c) Cooperation. The Indemnified Party shall provide cooperation and assistance that an Indemnifying Party reasonably requests, in which case the Indemnified Party shall be entitled to recover reasonable fees, expenses, and costs of such cooperation and assistance.

(d) Updates. Each Indemnifying Party shall update the Indemnified Party regularly regarding the status of an Indemnified Claim and how it is being handled and resolved.

(e) Settlement. Each Indemnifying Party shall not, without the Indemnified Party's consent, compromise or settle an Indemnified Claim if such compromise or settlement

would reflect or require a monetary payment by the Indemnified Party, would impose an injunction or other equitable relief upon the Indemnified Party, would require an admission of wrongdoing by the Indemnified Party, or would not include the release of the Indemnified Party.

*Section 3. Members' Additional Indemnification Obligations.* With respect to a Member Indemnified Claim for which a Member is responsible under this Rule, the Member's indemnification obligations under this Rule also include, but are not limited to, the following:

(a) Legal Filings. When a Member receives a Legal Filing from a MERS Entity, the Member shall review the Legal Filing, confirm or contest indemnification, and if confirmed, handle the Legal Filing and the matter in which it is filed appropriately and timely on the MERS Entity's behalf. This may include retaining outside counsel (or directing the Member's in-house counsel) to defend the MERS Entity in connection with the Legal Filing and the matter in which it is filed.

(b) Service. Members are not authorized to and shall not accept service of process on behalf of a MERS Entity without express authorization from MERSCORP.

(c) Notifying Outside Counsel. The Member shall inform its outside counsel of the Member's indemnification obligations under this Rule.

(d) Asserting MERS Defenses. The Member or its retained counsel shall take all necessary and appropriate actions to promptly assert any valid defenses available to the MERS Entity, even if such defenses are unavailable to the Member. Such defenses

include, without limitation, that any claims against the MERS Entity should be dismissed because the MERS Entity is neither the Servicer nor the Note Owner of any subject mortgage loans.

(e) Paying Judgments. If a judgment is entered against a MERS Entity, the Member shall promptly either pay the full amount of the judgment or post a Surety Bond, Letter of Credit, or the equivalent that is acceptable to the court for the amount of the judgment. However, to the extent permitted by the jurisdiction, the Member may delay the payment or posting pending any: (1) motion to set aside or vacate the judgment; (2) appeal of the judgment; or (3) other challenges to the judgment made by the Member or a MERS Entity. The obligations of this Subsection apply regardless of whether the Member or a MERS Entity defended the Member Indemnified Claim and regardless of whether the Member or a MERS Entity had notice of the Member Indemnified Claim (provided that if a MERS Entity received notice, the MERS Entity properly notified the Member under Rule 3).

(f) Providing Filings. Upon request, the Member shall provide MERSCORP with: (1) copies of all filings accessible to the public that the Member receives from third parties and notice of protected filings (e.g., those filed under seal) that it receives from third parties; (2) copies of all public filings the Member files on its own behalf; and (3) copies of all filings the Member files on behalf of a MERS Entity.

(g) Continuing Obligations. A Member shall not be relieved of its indemnification obligations under Rule 13 by either (1) a third party failing to properly notify the Member of a Legal Filing or (2) the Member properly notifying MERSCORP of a Legal Filing.

*Section 4. Survival.* The rights and obligations of the MERS Entities and each Member under this Rule shall survive the Resignation or Termination of the Member's MERS<sup>®</sup> System membership.



## RULE 14

### NOTIFICATION AND OTHER OBLIGATIONS

*Section 1. Relationship to Rule 13.* The provisions of this Rule are in addition to the provisions of Rule 13 and do not limit or diminish the provisions of Rule 13 in any way. If any provision of this Rule conflicts with any provision of Rule 13, the provision of this Rule shall control.

*Section 2. Members' Notification Obligations.*

(a) When a MERS Entity Is a Party or a Subpoenaed Non-Party.

(i) Legal Filings from MERSCORP. After a MERS Entity receives a Legal Filing that (1) involves mortgage loan(s) registered on the MERS® System or [eNote\(s\)](#) or other [Digital Assets](#) registered on the [MERS® eRegistry](#) and (2) names a MERS Entity as a defendant or a subpoenaed non-party; MERSCORP shall forward the Legal Filing to the Member named on the MERS® System as the Subservicer (if any), the Servicer (if there is no Subservicer), or the Investor (if the named Servicer and Subservicer are no longer Members with valid contact information) for each loan at issue, or to the Member named on the MERS® eRegistry as the [eRegistry Subservicer](#) (if any), the [eRegistry Master Servicer](#) (if there is no eRegistry Subservicer), or the [Controller](#) for each eNote or other Digital Asset at issue.

Within 28 days of receiving the Legal Filing from MERSCORP, the Member shall acknowledge its receipt, confirm or contest indemnification, and either (1) provide MERSCORP with contact information for the internal contact and outside counsel (if

retained) that will defend the MERS Entity or (2) inform MERSCORP of its determination to not answer, contest, or otherwise respond to the Legal Filing.

(ii) Legal Filings from Other Sources. If a Member or its counsel receives from a source other than MERSCORP a Legal Filing that names a MERS Entity as a defendant or a subpoenaed non-party, the Member shall within 28 days notify MERSCORP of the Legal Filing, confirm or contest indemnification, confirm whether the MERS Entity was properly served with the Legal Filing, and either (1) provide contact information for the internal contact and outside counsel (if retained) or (2) inform MERSCORP of its determination to not answer, contest, or otherwise respond to the Legal Filing.

(iii) Conflict Waivers. Members, their counsel, and their MERS Signing Officers are prohibited from signing conflict waivers or otherwise purporting to waive conflicts on the MERS Entities' behalf. Only the MERS Entities themselves may sign such waivers or otherwise agree to waive conflicts. For the sake of clarity, the term "conflict waivers" in this Subsection refers to agreements or requests from outside counsel in which MERSCORP and/or MERS agree to waive potential or actual conflicts in the outside counsel's representation of MERSCORP and/or MERS. Members shall send such agreements or requests to the MERS Entities for consideration.

(b) When a MERS Entity Is Not a Party. If a Member or its counsel receives from a source other than MERSCORP a Legal Filing that (1) involves a Mortgage for which MERS is or was the Mortgagee of Record or involves an eNote or other Digital Asset on the MERS® eRegistry and (2) does not name a MERS Entity as a defendant or a

subpoenaed non-party; the Member shall determine whether such Legal Filing involves any of the following categories of MERS-related challenges:

- (1) a challenge to the authority or ability of MERS to hold, assign, or release liens;
- (2) a challenge to the legality of the operation of MERSCORP, MERS, the MERS® System, or the MERS® eRegistry;
- (3) a challenge to or examination of the actions, in their official capacity, of a person who is identified in the Legal Filing to be an officer or employee of a MERS Entity (including MERS Signing Officers);
- (4) a challenge to the Nominee relationship between MERS and MERS® System Members or any other entity;
- (5) a challenge to the sufficiency or validity of an assignment by MERS on grounds that the assignment or other allegedly necessary assignment(s) have not been recorded in the applicable public land records recording office; or
- (6) a dispute over whether MERS is entitled to notice of another lien-holder's foreclosure proceedings or other debt collection action.

If the Legal Filing does involve any of the MERS-related challenges above, the Member or its counsel shall make a good-faith determination as to whether any of the MERS-related challenges has a reasonable likelihood of prevailing. If so, the Member or its counsel shall forward the Legal Filing to MERSCORP within 28 days of receiving it.

To be clear, this requirement to make a determination of whether a MERS-related challenge is likely to prevail is a continuing obligation for the duration of a Legal Filing and any matter in which it was filed. Meaning, if a MERS-related challenge initially does not appear likely to prevail and is not reported to MERSCORP, but later does appear likely to prevail or does in fact prevail, the Member shall notify MERSCORP.

The Member shall establish written procedures, or supplement existing procedures governing case management and reporting, for use in making the good-faith determination and providing the notification required by this Subsection.

(c) When an Appeal Is Filed. A Member or its counsel shall notify MERSCORP of any appeal that involves any of the categories of MERS-related challenges set forth in Subsection 2(b) of this Rule, regardless of the likelihood of prevailing. The notice under this Subsection shall be sent within 14 days of receiving (or sending) any notice or filing in the appeal that reflects the involvement of a MERS-related challenge.

(d) When a Member No Longer Has an Interest in a Loan.

(i) Transferred Interest. If a Member has transferred or otherwise terminated its rights and interests in a mortgage loan, eNote, or other Digital Asset—but is still shown on the MERS® System as the current or final Servicer, Subservicer, or Investor for the loan, or on the MERS® eRegistry as the eRegistry Subservicer, eRegistry Master Servicer, or Controller for the eNote or other Digital Asset—and receives notice of a Legal Filing involving the loan, eNote, or other Digital Asset from MERSCORP, the Member shall, within 14 days of receipt of the Legal Filing, notify MERSCORP of the transfer or termination of the Member's rights and interests in the loan, eNote, or other Digital Asset and provide MERSCORP with the name of a different Member to which those rights and interests were transferred. Regardless, the Member who received notice from MERSCORP may still be the Member obligated to indemnify the MERS Entity(ies) involved, and the Member shall still follow the indemnification rules and processes outlined in Rules 13 and 14.

(ii) MERS Has Interest But Not Named. The Member shall provide notice to MERSCORP within 30 days of receiving notice of a lawsuit that involves a mortgage loan in which the Member no longer holds an interest: (1) if MERS is the Mortgagee of

Record for the loan,

(2) if MERS's interest is known or readily determinable by the Member, and (3) if neither MERSCORP nor MERS are named as a party to the lawsuit.

(e) When Filing an Action in the Name of a MERS Entity. If a lawsuit, proceeding, appeal, or similar matter needs to be filed in the name of a MERS Entity, the Member shall notify MERSCORP 14 days before filing and include a copy of the draft complaint or other document. If there is an emergency and the filing must be submitted immediately to protect a lien interest held by MERS, the Member shall notify MERSCORP within 5 days of the filing and provide a copy of the filed complaint or other document. This Subsection shall not limit Rule 8 in any way.

(f) When a Member Is an Investor. A Member who is the Investor appearing on the MERS® System for a loan at issue shall be relieved of any notification obligation under this Rule if the Investor's outside counsel or its Servicer or Subservicer on the MERS® System is managing the Legal Filing and the Investor has required the outside counsel, Servicer, or Subservicer to provide the notifications that would otherwise have been required of the Investor under this Rule.

### Section 3. Notification Contents, Delivery, and Confidentiality.

(a) Contents. All notifications and acknowledgments required by this Rule shall include the following, as applicable and unless previously provided:

(1) the name, phone number, and email address of the Member contact for the Legal Filing;

(2) the name, phone number, and email address of the outside attorney and law firm, if any, retained by the Member for the Legal Filing; and

(3) either a copy of the Legal Filing with the date of service upon the Member, or the following information: the name of the Legal Filing; the state, county, and court where the Legal Filing was filed; the MIN of any mortgage loan, eNote, or other Digital Asset involved; and the date the Legal Filing was filed, the date of service upon the Member, and the date an answer or response is due.

(b) Delivery. All notices and acknowledgments required by this Rule shall be sent to the attention of the General Counsel of MERSCORP via email to [MERS-Rule14@ice.com](mailto:MERS-Rule14@ice.com) (or [Rule14@mersinc.org](mailto:Rule14@mersinc.org)) (delivery receipt requested) or via any other method approved by MERSCORP.

(c) Confidentiality. To the extent possible, MERSCORP shall treat all information contained in notifications and acknowledgments provided under this Rule as confidential.

*Section 4. Survival.* The rights and obligations of the MERS Entities and each Member under this Rule shall survive the Resignation or Termination of the Member's MERS® System membership.

## GLOSSARY

**Affiliate Org ID** means an additional Org ID issued to a **Primary Member** pursuant to a Primary/ Secondary Relationship Agreement. An Affiliate Org ID may be used by a Primary Member to identify a department, line of business or internal division of such Primary Member. An Affiliate Org ID shall not be used to identify a distinct legal entity.

**Controller** means the Participant named on the MERS<sup>®</sup> eRegistry that has Control of the eNote or other Digital Asset and its Authoritative Copy.

**Deactivation** means the process of making a MIN Record inactive on the MERS<sup>®</sup> System when: MERS no longer holds an interest in the Mortgage, including in conjunction with a Member's Resignation or its Termination of membership; or a Member is no longer tracking an iRegistration on MERS<sup>®</sup> System.

**Digital Asset** means a financial instrument comprised of binary data in electronic/digital format that can be registered on MERS<sup>®</sup> eRegistry because it is subject to standards of control. Examples of Digital Assets include eNotes and electronic Home Equity Lines of Credit.

**eNote** means a **Transferable Record** that is registered on the MERS<sup>®</sup> eRegistry.

**eRegistry Master Servicer** means the Participant named on the MERS<sup>®</sup> eRegistry that is authorized by the Controller to perform certain MERS<sup>®</sup> eRegistry transactions on the Controller's behalf, as referenced in the Authorized Rights Holders Processing Rules.

**eRegistry Subservicer** means the Participant named on the MERS<sup>®</sup> eRegistry that is authorized by the eRegistry Master Servicer to perform certain MERS<sup>®</sup> eRegistry transactions on the eRegistry Master Servicer's behalf, as referenced in the Authorized Rights Holders Processing Rules.

**Executive Sponsor** means the mandatory MERS<sup>®</sup> System contact who is a senior executive responsible for the MERS<sup>®</sup> System operations in the Member organization. The Executive Sponsor acts as the liaison between a Member and the MERS Entities and should have full authority to act on behalf of the Member in connection with the MERS<sup>®</sup> System and the Member's dealings with the MERS Entities.

**Governing Documents** mean the Rules, the Membership Application, the Procedures, and any other agreements a Member elects to enter into for additional MERS<sup>®</sup> products and services, which collectively govern the relationship between a Member, the MERS Entities, and the MERS<sup>®</sup> products and services.

**Interim Funder** means a line of business on the MERS® System used to identify a Member with an interim funding interest in a loan prior to the sale of the loan to the permanent Investor.

**Investor** means the entity that owns or holds the promissory note secured by a Mortgage.

**iRegistration** means a loan for which MERS is not the Mortgagee of Record that is registered on the MERS® System for tracking purposes only.

**Legal Filing** means a document filed in or related to a lawsuit, proceeding, arbitration, consumer complaint filed with a state or federal agency, or code violation, including, but not limited to, a court or administrative filing, subpoena, discovery request or response, proof of claim objection, counterclaim, cross-claim, third-party claim, objection to motion for relief from stay, or other similar document.

**Lockout** means a process whereby, and status with which, a Member's access to the MERS® System is temporarily denied. Lockout prevents a Member from accessing the MERS® System to register loans, update its registered loans (including reporting transfers or deactivating MIN Records), or perform maintenance to its Member Profile or user accounts. Lockout does not block legal transfers of ownership and/or servicing rights (which do not take place on the MERS® System), affect any signing authority granted by MERS to the Member or to third-parties acting on the Member's behalf, or prevent the Member from accessing CRMS.

**Malicious Programs** mean the generic term used to include any program (e.g., viruses, worms, Trojan Horses, malware, etc.) or set of instructions intentionally constructed with the ability or intent to damage, or interfere with programs or data, or that may collect data without the user's knowledge or otherwise adversely affect operation, disable, or shut down all or any portion of the MERS® System or services.

**Member** means a legal entity that has signed and submitted a Membership Application to MERSCORP, received an Org ID, and been approved for integration, and whose membership has not been terminated or resigned.

**Member Profile** means the information about a Member that is required at the time of initial integration with the MERS® System and maintained through the Member's MERS® System membership. The Member Profile specifies a Member's transactional processing options, document handling preferences, configuration settings, billing options, contact information, address, URL, and other relevant information.

**Membership Application** means the Governing Document used to apply for membership in the MERS® System.



**MERS** means Mortgage Electronic Registration Systems, Inc., a Delaware corporation and wholly owned subsidiary of MERSCORP.

**MERS®** means the trademark used by MERSCORP in connection with certain products and/or services.

**MERS Corporate Officer** means an individual appointed by the MERS Board of Directors.

**MERS Corporate Resolution** means a resolution of MERS granting specifically identified persons limited authority to take certain actions in the name of MERS as enumerated in the resolution.

**MERS Entity** means MERSCORP or MERS. **MERS Entities** means MERSCORP and MERS.

**MERS® eRegistry** means the System of Record that identifies the Controller and Location of registered Digital Assets.

**MERS Loan** means a loan for which MERS is the mortgagee, beneficiary, grantee, nominee of the lender, or other secured party. For purposes of the Governing Documents, a MERS Loan shall include, without limitation, a loan secured by a Mortgage that is assigned to MERS as Nominee.

**MERS Signing Officer** means an individual appointed by MERS through the issuance of a MERS Corporate Resolution and granted limited authority to take certain actions in the name of MERS as enumerated in the MERS Corporate Resolution on behalf of MERS.

**MERS® System** means the electronic registry owned and operated by MERSCORP that tracks changes in servicing rights and beneficial ownership interests in registered Mortgage loans as reported by Members.

**MERS® System and MERS® eRegistry Penalty Schedule** means the schedule of certain monetary penalties related to (i) violations of the Governing Documents, (ii) errors, delays, or other conduct materially detrimental to the operation of the MERS Entities, the MERS® System, the MERS® eRegistry, or other Members, or (iii) improper use of the MERS® System or MERS® eRegistry.

**MERS® System Pricing Schedule** means the schedule of pricing for the MERS® System, as defined in Rule 5, Section 1(a).

**MERSCORP** means MERSCORP Holdings, Inc. (formerly known as MERSCORP, Inc.), a Delaware corporation that owns and operates the various MERS® products and services, including the MERS® System and MERS® eRegistry. MERSCORP is the parent company of and a service provider to MERS.

**Mortgage** means an interest in or a lien against property created by written instrument providing security for the repayment of a debt and/or the performance of a duty. References herein shall include deed(s) of trust, mortgages and security deeds, and any other form of Security Instrument under applicable state law. *See also* Security Instrument.

**Mortgage Identification Number** (or **MIN**) means a unique 18-digit number permanently assigned to a Mortgage loan registered on the MERS® System or a Digital Asset registered on the MERS® eRegistry.

**Mortgagee of Record** means the party that takes, holds, or receives a pledge of an interest in or lien against property as security for the payment of debt; the pledge is evidenced by a Mortgage and recorded in the applicable public land records. References to Mortgagee of Record shall include the named beneficiary or nominee of the lender under a deed of trust in those jurisdictions where deeds of trust are used to secure loans, and any similar status as used in connection with any other form of Security Instrument under applicable state law.

**Nominee** means a person or entity designated to act for another as their representative in a limited sense. It refers to the agency relationship specifically expressed in the terms of the Fannie Mae/Freddie Mac Uniform Security Instruments that identify MERS as the Original Mortgagee (“MOM”).

**Note** means the paper or electronic evidence of indebtedness in a mortgage loan.

**Note Holder** means the person or entity: (1) who is entitled to enforce the Note under Article 3 of the Uniform Commercial Code, as enacted by the applicable jurisdiction, including the person or entity who controls an electronic Note under the federal Electronic Signatures in Global and National Commerce Act and/or Uniform Electronic Transactions Act, as enacted by the applicable jurisdiction and (2) who is authorized to enforce the Note by the Note Owner if the Note Holder is not the Note Owner.

**Note Owner** means the person or entity with legal title to the Note (or electronic Note).

**Organization Identification Number** (or **Org ID**) means a 7-digit number uniquely identifying a Member or Affiliate Org ID on the MERS® System. Org ID also identifies a Member or Affiliate Org ID on the MERS® eRegistry if it is a Participant.

**Primary Member** means the Member designated as the Primary Member on a **Primary/Secondary Relationship Agreement**.

**Primary/Secondary Relationship Agreement** means an agreement establishing a relationship between a Primary Member and a **Secondary Member(s)** and/or Affiliate Org ID(s) on the MERS® System and creating certain obligations and benefits based on such relationship.

**Procedures** means the MERS® System Procedures Manual, which prescribes the procedures that Members are bound to adhere to.

**Resignation** means the process by which a membership is withdrawn from the MERS® System pursuant to the Rules and Procedures.

**Resignation Requirements** mean the Resignation procedures and requirements that are outlined in the Rules and Procedures.

**Resigned Member** means a Member whose membership has been withdrawn from the MERS® System pursuant to the Rules and Procedures.

**Resigning Member** means a Member that has begun, but not completed, Resignation.

**Secondary Member** means the Member designated as the Secondary Member on a **Primary/Secondary Relationship Agreement**.

**Security Instrument** means a legal document creating an interest in or lien against property as collateral to protect or secure against non-payment of a debt, a Mortgage, deed of trust, security deed, or any such other instrument. *See also* Mortgage.

**Servicer** means the entity that owns the Servicing Rights of a mortgage loan. If the Investor is the owner of the Mortgage Servicing Rights, but another entity performs the primary servicing obligations for the loan, the entity that performs the primary servicing obligations for the loan is the Servicer for the purposes of this definition.

**Services** mean all services, resources, software, equipment, and facilities provided by the MERS Entities, either directly or through a third party.

**Signing Authority Agreement** (or SAA) means an agreement among MERSCORP, MERS, a Member, and the Member's SAA Vendor or law firm, entered into for the purpose of granting MERS signing authority to the Vendor or law firm so that it may sign documents in the name of MERS relating to loans registered on the MERS® System to

the Member. The Member's Vendor or law firm must have its own MERS® System membership.

**Subservicer** means the entity that the Servicer of a loan has contracted with to perform certain servicing functions for the loan.

**Termination** means the process by which MERSCORP revokes a Member's MERS® System membership through the Termination of Membership process described in Rule 1.

**Transferable Record** means an Electronic Record under E-SIGN and UETA that (1) would be a note under the Uniform Commercial Code if the Electronic Record were in writing; (2) the issuer of the Electronic Record expressly has agreed is a Transferable Record; and (3) for purposes of E-SIGN, relates to a loan secured by real property. A Transferable Record is also referred to as an eNote.

**Urgent Mail** means the following postal or electronic mail received at the MERSCORP mail center with sufficient information to identify the Servicer or Subservicer of the loan that is forwarded to the Member within 2 business days (for non-archived loans):

- Adversary Complaints
- City/County Code Violations
- Foreclosure Documents
- Funds
- Government Correspondence
- Lawsuits
- Requests for Discharge of Mortgage
- Subpoenas

**Vendor** means a Member that performs various transactions on the MERS® System on behalf of another Member pursuant to a contractual agreement.

**Violation** means a violation of the Rules or the Procedures, and any errors, delays, and other conduct materially detrimental to the MERS Entities, the MERS® System, or other Members.

## MERS® SYSTEM AND MERS® EREGISTRY PENALTY SCHEDULE

CATEGORY	AMOUNT	ASSESSED <i>per</i>	RULE or PROCEDURE <sup>7</sup>
Failure to Comply with Quality Assurance Plan or Annual Report Requirements	\$1,000	Plan	MERS® System and MERS® eRegistry Procedures: Quality Assurance
Failure to Comply with Review Requirements	\$5,000	Review	MERS® System and MERS® eRegistry Procedures: Quality Assurance
Failure to Comply with Reconciliation Requirements (resulting in incorrect information on MERS® System and/or MERS® eRegistry for a loan that was not identified by MERSCORP during a Data Review)	\$1,000	Loan	Rule 2; MERS® System and MERS® eRegistry Procedures: Quality Assurance
Failure to Comply with Borrower Dispute Notification Requirements	\$1,000	Dispute	MERS® System Procedures: Borrower Disputes
Failure to Perform CRMS Quarterly Attestation	\$1,000	Attestation	MERS® System Procedures: Corporate Resolution Management System
Missing or Invalid Mandatory Contacts on MERS® System	\$1,000	Notification	MERS® System and MERS® eRegistry Procedures: Member Information
Signing Officer Violation (not listed on active MERS Corporate Resolution or certification has expired)	\$2,500	Document	MERS® System Procedures: Corporate Resolution Management System
Lack of Notice to MERSCORP Holdings of Litigation Commenced in MERS' name	\$2,500	Case	Rule 14

<sup>7</sup> In the Penalty Schedule: "Rule" refers to a Rule in the Rules. And "Procedure" refers to a Procedure in the Procedures, the MERS® eRegistry Procedures Manual, or both, as noted.

CATEGORY	AMOUNT	ASSESSED <i>per</i>	RULE or PROCEDURE <sup>7</sup>
3 or more failures to notify in a 3-month period, or a pattern of untimely notifications to, MERSCORP Holdings of Legal Filings to which MERS or MERSCORP Holdings is not a party per the categories in Rule 14, Section 2(b)	\$2,000	Notification	Rule 14
Foreclosure filed or instituted in the name of MERS and not withdrawn within 21 days of filing	\$10,000	Foreclosure	Rule 8
Failure to Assign Security Instrument Before Initiating Foreclosure or Filing Proof of Claim or Motion for Relief from Stay in Bankruptcy	\$1,000	Foreclosure/ Bankruptcy	Rule 8
Lack of Notice to MERSCORP Holdings of an Appeal that Involves at least One of the Categories in Rule 14, Section 2(b)	\$2,500	Appeal	Rule 14
Violations of Rules/Procedures not specifically identified on the Penalty Schedule	\$250	Notification	(Varies)