Process loans. not paperwork.
HOW MERS WORKS FOR YOU

>> Step 1: BECOME A MERS MEMBER

To request a membership application or speak with a MERS Customer Division representative, please call us at 800-646-MERS. Or, you may download the application from www.mersinc.org.

>> Step 2: CREATE A MORTGAGE IDENTIFICATION NUMBER (MIN)

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

>> Step 3: REGISTER THE LOAN WITH MERS

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

• MERS® OnLine gives lenders the power to perform all MERS transactions online.
• Computer-to-computer interface lets your computers speak directly with the MERS® System. You can automate your registrations using this batch interface.

OTHER MERS PRODUCTS

MERS® COMMERCIAL
Adaptation of the MERS residential system applicable to the commercial mortgage-backed securities and multifamily markets.

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

MERS® LINK
Retrieves information on the current servicer of a mortgage registered on the MERS System.

MERS® 1-2-3
Generates mortgage identification numbers (MINs), prepares closing documents and registers loans on the MERS® System.
Q. If MERS is listed as the mortgagee, how is the mail that is normally sent to the servicer handled?

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

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

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

Q. Can I pass the MERS Registration Fee on to the borrower?

A. YES. On conventional loans you may be able to pass this fee on to the borrower, but you should check with your legal advisors to ensure that you are in compliance with federal and state laws. On government loans, please check with your local field office for availability and approval.

Q. Are service bureaus and software vendors modifying their systems to accommodate use of MERS?

A. YES. MERS provides service bureaus and software vendors with detailed information about MERS operations and system interfaces. Contact your vendors and tell them they need to become MERS® Ready for your business, if they aren’t already.

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

MERS AS ORIGINAL MORTGAGEE

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

MOM MAKES IT WORK

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

MERS AND RESIDENTIAL LOANS

Over half of all newly originated residential loans in the United States are registered on the MERS residential system.
DUAL ASSIGNMENT TRANSACTION (CORRESPONDENT REGISTERS LOAN)

<table>
<thead>
<tr>
<th>3RD PARTY LOAN ORIGINATOR</th>
<th>CORRESPONDENT LENDER</th>
<th>INVESTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recorded Assignment</strong> - $22</td>
<td><strong>Recorded Assignment</strong> - $20</td>
<td><strong>$44 Costs without MERS</strong></td>
</tr>
<tr>
<td>WITHOUT MERS</td>
<td>WITH MERS</td>
<td></td>
</tr>
<tr>
<td><strong>Recorded Assignment</strong> - $22</td>
<td><strong>Recorded Assignment</strong> - $20</td>
<td><strong>$4.95 MERS Registration Fee</strong></td>
</tr>
<tr>
<td>WITHOUT MERS</td>
<td>WITH MERS</td>
<td></td>
</tr>
</tbody>
</table>

>> YOU SAVE $39.05 PER LOAN

SINGLE ASSIGNMENT TRANSACTION (CORRESPONDENT REGISTERS LOAN)

<table>
<thead>
<tr>
<th>CORRESPONDENT LENDER</th>
<th>INVESTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recorded Assignment</strong> - $22</td>
<td><strong>$22 Costs without MERS</strong></td>
</tr>
<tr>
<td>WITHOUT MERS</td>
<td></td>
</tr>
<tr>
<td><strong>Recorded Assignment</strong> - $20</td>
<td><strong>$4.95 MERS Registration Fee</strong></td>
</tr>
<tr>
<td>WITH MERS</td>
<td></td>
</tr>
</tbody>
</table>

>> YOU SAVE $17.05 PER LOAN

* Cost savings per cost benefit analysis spreadsheet available from MERS. Assignment costs shown are national averages.

MERS SAVES TIME & MONEY

**BENEFITS FOR LENDERS**

- Saves $22 on average* on each loan by eliminating assignments.
- Enables loans to be sold faster
- Reduces clerical time and shipping expenses (no paper assignments to record or track)
- Cuts documentation errors and “suspense” items
- Streamlines and simplifies the loan closing process

**BENEFITS FOR SERVICERS**

- Speeds up lien release process
- Shortens foreclosure times by eliminating chain of title issues
- Streamlines bulk acquisitions and mergers (due to the absence of assignments)

* Cost savings based on a national average

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

MERS OFFERS THREE MEMBERSHIP LEVELS

General — For lenders who typically service loans. General memberships are available in four different tiers based on annual volumes of loan originations or servicing, whichever is greater.

Lite — For lenders who only originate loans and sell servicing rights flow.

Patron — for organizations who support MERS registrations but do not register loans on the system.

Please visit www.mersinc.org for the current membership fee schedule.

MERS SUPPORT


MERS Conferences — A user conference and regional workshops throughout the year provide specialized educational sessions for new and experienced members.

Regional Sales Directors — Available nationwide for site visits for you or your clients.

Business Integration Directors — Guide you through the implementation process.

Help Desk — Call center for systems, procedural and technical questions for active members.

Training — Online, phone, and on-site training available.

Web Seminars — Periodic real-time training of specific MERS topics.

INITIATIVE
MEMBERSHIP APPLICATION

MERS-Assigned ORG ID #: 100
(MERS USE ONLY)

COMPANY INFORMATION (PLEASE TYPE OR PRINT)

<table>
<thead>
<tr>
<th>Company Name:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D.B.A., IF APPLICABLE:</td>
<td></td>
</tr>
<tr>
<td>Street Address:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td>State:</td>
</tr>
<tr>
<td>Main Phone:</td>
<td>Main Fax:</td>
</tr>
<tr>
<td>Toll-Free Number:</td>
<td>Corp. Web Site: <a href="http://www">www</a>.:</td>
</tr>
</tbody>
</table>

COMPANY CONTACTS:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email (required)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MERS Project Mgr (To be interviewed)</td>
<td></td>
<td></td>
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<tr>
<td>Executive Sponsor</td>
<td></td>
<td></td>
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<tr>
<td>Office of the CEO</td>
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<tr>
<td>Operations</td>
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<tr>
<td>Secondary</td>
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<td>General Counsel</td>
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<tr>
<td>Finance</td>
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<tr>
<td>Loan Production</td>
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<td></td>
<td></td>
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<tr>
<td>Loan Servicing</td>
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<td></td>
<td></td>
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<tr>
<td>Information Tech.</td>
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<tr>
<td>Compliance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MERS Billing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MERS Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person to receive all communications for MERS:</td>
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<td></td>
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</tr>
</tbody>
</table>
Please check the boxes that reflect your volumes for the most recent 12-month period:

<table>
<thead>
<tr>
<th>Annual Production Volume</th>
<th>Size of Servicing Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $250 Million</td>
<td>Under $2 Billion</td>
</tr>
<tr>
<td>$250 Million - $1 Billion</td>
<td>$2 Billion - $10 Billion</td>
</tr>
<tr>
<td>&gt; $1 Billion - $10 Billion</td>
<td>&gt; $10 Billion - $50 Billion</td>
</tr>
<tr>
<td>&gt; $10 Billion</td>
<td>&gt; $50 Billion</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Are you affiliated with any other mortgage lenders?  □ Yes  □ No

If yes, please list which are MERS members:

<table>
<thead>
<tr>
<th>Name</th>
<th>MERS Org ID</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1 0 0</td>
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<td>1 0 0</td>
</tr>
<tr>
<td></td>
<td>1 0 0</td>
</tr>
</tbody>
</table>

Please check all that apply to your organization:

- Broker
- Conduit
- Custodian
- FHLB
- Federal Reserve Bank
- Flood Insurer
- Hazard Insurer
- Housing Agency
- Interim Funder / Warehouse Lender
- Investor
- Mortgage Insurer
- Servicer
- Subservicer
- Tax Service
- Title Company
- Trustee
- Vendor/Servicer Provider
- Describe:
- Consultant / Other:
- Describe:

Lender (check all that apply):

- Retail %
- Wholesale %
- Correspondent %

Origination Activity

<table>
<thead>
<tr>
<th>Volume: #</th>
<th>Units Closed Monthly</th>
</tr>
</thead>
</table>

On average, days from the note date the loan is sold:

- Within 10 Days
- Hold for first payment
- Interim Servicing (collect 2+ payments)
- Other (Please specify):

Wholesale: Do you close loans in the broker’s name?  □ Yes  □ No

TPO?  □ Yes  □ No
# Trading Partners: Primary Investors You Sell To

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Main Contact</th>
<th>Phone</th>
<th>E-Mail</th>
<th>% Sold/Mo</th>
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<tbody>
<tr>
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</table>

Others:

Servicing Released? □ Yes □ No

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

List Housing Agencies If Applicable: Servicing Released? □ Yes □ No

Warehouse Lender(s): Do They Accept MERS? □ Yes □ No

If servicing, what is your system?

If sub-servicing, who do you use?

## Origination and Doc Prep System

<table>
<thead>
<tr>
<th>Los System Used:</th>
<th>Version #:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>□ MIN Generation □ MIN To Docs</td>
</tr>
<tr>
<td></td>
<td>□ Registration To MERS® System</td>
</tr>
</tbody>
</table>

Doc Prep System(s) Used: Does it support MERS documents? □ Yes □ No

Are documents controlled centrally? □ Yes □ No If no, explain:

## Investor References (Must Be Completed)

FHA Mortgagee ID Number:

VA Approval Number:

Fannie Mae Seller / Servicer ID Number:

Freddie Mac Seller / Servicer ID Number:

Ginnie Mae Issuer Number:

Investor Reference #1 (Company, contact, phone):

Investor Reference #2 (Company, contact, phone):

Please tell us how you heard about MERS:
BY completing, signing, and submitting this application, the Applicant is agreeing to be a MERS Member. The Applicant hereby agrees to pay all fees and expenses set forth in the MERS Residential Fee Schedule, which may change from time to time; abide by all existing MERS Rules and Procedures, which are incorporated herein by reference and may be amended from time to time; and comply with the terms and conditions set forth in the attached addendum entitled Terms and Conditions.

NOTE: The applicant will be billed the membership fees as stated in the MERS Residential Fee Schedule. Please do not send payment at this time.

APPLICANT SIGNATURE: ________________________________
(PLEASE PRINT THIS FORM, SIGN AND FAX BACK TO MERS, OR ATTACH A DIGITIZED SIGNATURE AND SEND VIA E-MAIL)

DATE: ________________________________ EMAIL ADDRESS: ________________________________

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

FAX OR MAIL YOUR COMPLETED AND SIGNED APPLICATION TO:
MERS
ATTENTION: CUSTOMER DIVISION
1595 SPRING HILL ROAD, SUITE 310, VIENNA, VIRGINIA
TELEPHONE 800.646.MERS (6377) FAX 703.748.0183
APPLICATIONS@MERSINC.ORG
WHAT IS THE MERS® eREGISTRY?

The MERS® eRegistry is the system of record that identifies who is in control of the electronic note. It points to the location of the authoritative copy of the eNote, stored by a custodian in a secure electronic vault.

Because of this, the MERS® eRegistry is a necessity in the eMortgage world. It saves money and prevents confusion on who controls the eNote.

Today, lenders are closing eNotes and selling them into the secondary market through the MERS® eRegistry. Fannie Mae and Freddie Mac both require the use of the MERS® eRegistry when selling eNotes to them.

The MERS® eRegistry fulfills the “Safe Harbor” requirements in the state-led Uniform Electronic Transactions Act (UETA) and E-SIGN (Electronic Signatures in Global and National Commerce Act of 2000) adopted by Congress.

WHAT DOES THE MERS® eREGISTRY DO?

When a lender registers an eNote on the MERS® eRegistry, the registration process:

- Uniquely identifies the eNote's current Controller and Location of the Authoritative Copy
- Validates the MIN – Mortgage Identification Number (the unique identification number for a registered eNote)
- Stores the unique digital signature (hash value) of the eNote
- Validates the identity of the lender
- Confirms the registration is complete
- Prevents duplicate registrations
- Sends a confirmation to the lender
- Stores key information to readily identify the loan

NEW WORLD / NEW LANGUAGE

<table>
<thead>
<tr>
<th>Paper World</th>
<th>Electronic World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiable Instrument</td>
<td>Transferable Record (&quot;eNote&quot;)</td>
</tr>
<tr>
<td>Original Note</td>
<td>Authoritative Copy of eNote</td>
</tr>
<tr>
<td>Possession</td>
<td>Control</td>
</tr>
<tr>
<td>Investor/Holder</td>
<td>Controller</td>
</tr>
<tr>
<td>Custodian</td>
<td>Location (electronic vault)</td>
</tr>
<tr>
<td>Endorsement</td>
<td>Transfer of Control</td>
</tr>
<tr>
<td>Holder in Due Course</td>
<td>Transferable Record Audit Trail</td>
</tr>
<tr>
<td>Servicer</td>
<td>Controller’s Delegatee</td>
</tr>
<tr>
<td>Wet Signature</td>
<td>Electronic Signature</td>
</tr>
</tbody>
</table>
HERE'S HOW THE MERS®
eREGISTRY WORKS...

WHAT DOES THE MERS® eREGISTRY DO FOR YOU?

**Lenders:**
- Provides eNote liquidity and best execution
- Improves pipeline management

**Settlement Agents:**
- Improves quality control and productivity
- Mitigates document fraud

**Warehouse Lenders:**
- Improves control of collateral
- Reduces exposure to borrower or lender default

**Document Custodians:**
- Gives first-to-market competitive advantage
  - Creates more efficient and more accurate automated note certification

**Servicers:**
- Assists in automating post-closing audit of eNote servicing data

**Investors:**
- Creates best execution advantage
  - Faster and more efficient delivery to the secondary market
  - Improves quality control and assists in fraud detection

WHY eNOTES?

Making eNotes part of the mortgage lending process provides the following benefits:

- Improves the borrowers’ experience by shortening the closing time, ensuring quality control.
- Saves money by eliminating the cost of replacing lost or missing notes.
- Saves time by ensuring accuracy of note data and eliminating re-keying time and errors.
- Delivers operating efficiencies by improving pipeline management, use of capital, and best execution timing.
- Makes the promise of eMortgages possible by fulfilling regulatory requirements outlined in the UETA and E-SIGN legislation.

The Mortgage Bankers Association endorsed the creation of a single, national eNote registry and endorsed MERS as its builder and provider. Both Fannie Mae and Freddie Mac require MERS® eRegistry registration of eNotes as a condition for purchase.
Immediately after closing, the lender registers the eNote on the MERS® registry. The registration record shows the lender as the Controller and the location of the eNote, and Delegitee (if applicable).

When the eNote is sold, the lender initiates a transfer of control transaction to the new investor.

If the eNote is to be delivered to the investor, the lender will also include a transfer of location to the investor. The lender delivers the eNote at the investor's instructions.
The new investor confirms the transfer request. The MERS® eRegistry record is automatically updated to show the investor as the Controller (and Location, if applicable).

The current controller (or Delegated, if applicable) is responsible for reporting servicing events to the MERS® eRegistry. All messages to and from the MERS® eRegistry are XML transactions sent across a secure connection.

MERS SUPPORT

- **Regional Sales Directors**
  Available nationwide for on-site sales and visits for members and their clients. Call 800-646-MERS (6377) for more information.

- **Business Integration Directors**
  Assist members in integrating MERS in their business and technical environment.

- **Website (www.mersinc.org)**
  Convenient online source for everything MERS.

- **User Conference**
  Annual conference for new and experienced MERS members that provides educational information on legal, regulatory and system enhancement topics.

- **Help Desk**
  Answers systems, procedural and technical questions for active members.

- **Training**
  Offered via telephone, on-site and online, at the customers’ choice.

MERS SUPPORTS INDUSTRY STANDARDS

- **Mortgage Identification Number (or MIN):** a unique 18-digit tracking number that is added to the security instrument and noted at the time of origination.

- **MISMO XML data standards:** greatly reduce the time and effort required for business partners to create new data interfaces with each other.

- **SISA mortgage industry-specific digital certificates:** used by lenders as a credential to provide virtual identity or other security-related functions.

- **Organization ID number:** a 7-digit number assigned by MERS that uniquely identifies trading partners and their role in a transaction.

MERS eRegistry
**MERS® eRegistry FAQs**

Q. What is the MERS® eRegistry?
A. It is an industry utility that serves as the central location to identify the current Controller (holder) and Location (custodian) of the Authoritative Copy of an eNote. The Controller of an eNote has the equivalent rights as that of a “Holder in Due Course” with a paper negotiable promissory note. The MERS® eRegistry is the mortgage industry’s “system of record” of ownership for eNotes.

The concept of a national eNote registry was the industry’s response to the requirements imposed by the Uniform Electronic Transactions Act (UETA) and the federal Electronic Signatures in Global and National Commerce Act (E-SIGN). It evolved out of the need to track and identify electronic promissory notes or eNotes for electronic mortgages.

Q. Is using the MERS® eRegistry mandatory for MERS Members?
A. Fannie Mae and Freddie Mac require use of the MERS® eRegistry for eNotes that they purchase.

Q. Does the MERS® eRegistry store eNotes?
A. No. Organizations that are in the business of providing eVaulting services store eNotes on behalf of the investor.

Q. Since the MERS® eRegistry is the “system of record” of ownership for eNotes, does MERS control the disbursement of closing funds?
A. No. Closing funds are disbursed as they would be with the closing of a paper note.

Q. Who asked MERS to build the MERS® eRegistry?
A. The Mortgage Bankers Association and the American Land Title Association sanctioned the creation of a single, national electronic note (eNote) registry system and both organizations have endorsed MERS as the provider of the system.

Q. Why eNotes? What is the benefit?
A. A Promissory Note in electronic form and registered with the MERS® eRegistry is eligible for sale to all investors with membership in the MERS® eRegistry. Due to the lower costs of handling and greater access to information, loans backed by eNotes are more valuable to investors than the equivalent loans backed by paper notes. The MERS® eRegistry enables lenders to sell these higher value eNotes on a best execution basis.

Lenders also reduce costs with eNotes by streamlining the post closing and certification process, eliminating transportation costs and reducing costs associated with lost, destroyed and missing paper notes.

Q. If I want to originate eNotes, what do I need to do?
A. There are two scenarios for originators of eNotes to interact with the MERS® eRegistry, one is direct, and the other is through a trading partner.

In the first scenario, you close loans on eNotes that contain the MERS® eRegistry language and a Mortgage Identification Number (MIN), and register them on the MERS® eRegistry. This requires you to have

- connectivity with us (a VPN or Frame Relay connection)
- the ability to create the XML transactions required by the MERS® eRegistry
- the ability to sign those transactions with a digital certificate provided to you from a SISAC-accredited issuer

In the second scenario, you close loans on eNotes that contain the MERS® eRegistry language and a MIN, and immediately sell them to an investor who will do the registrations for you. This is called a Broker/Delegatee relationship. MERS will set up your profile (as the Broker) on the MERS® eRegistry so that it allows another party (your Delegatee) to name you as the initial Controller (holder) and then do a transfer of control to itself.

Whichever scenario you choose, or role you play (lender, broker, investor) we will help you integrate your process with MERS to set up procedures and do any necessary transaction testing.

Note: the current Controller (or its Delegatee) listed on the loan also reports servicing events to the MERS® eRegistry.

Q. Does my current MERS Membership allow me to start this process?
A. Yes, but you must also sign the MERS® eRegistry Addendum. If you are not currently a MERS Member, you must sign the MERS Membership agreement and the Addendum.

Q. What does MERS charge for using the MERS® eRegistry?
A. There is no additional membership fee for signing the Addendum if you are already a MERS member. There is a one-time Registration Fee. Please reference the MERS Pricing Schedule for current pricing.

Q. Where do I get more information?
A. Call the MERS Customer Division at 800-646-6377 or visit the MERS web site at www.mersinc.org.