

A BRIEF SUMMARY OF “MERS” MORTGAGE ELECTRONIC REGISTRATION SYSTEM

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MERSCORP, Inc. and the Mortgage Electronic Registration System, or “MERS®” for short, were created by the mortgage banking industry in order to streamline the mortgage process by using electronic commerce to eliminate paper. The stated mission of MERS is to register every mortgage loan originated in the United States on the MERS® System. The system is intended to benefit mortgage originators, servicers, warehouse lenders, wholesale lenders, retail lenders, document custodians, settlement agents, title companies, insurers, investors, county recorders and consumers by providing a single source of information and tracking for mortgage loans.

MERS acts as the nominee in the county land records for the mortgage lender and servicer, and any loan registered on the MERS® System is inoculated against future assignments because MERS remains the nominal mortgagee no matter how many times servicing is traded. In the past, there were significant record-keeping issues and requirements to file assignments and releases at every stage of ownership or transfer of a mortgage loan. MERS reduces the amount of paperwork by serving as the original mortgagee (MOM), and is approved by the major industry mortgage entities, such as Fannie Mae, Freddie Mac, Ginnie Mae, Federal Housing Administration, and the Veterans Administration.