



# LANE COUNTY OFFICE OF LEGAL COUNSEL

PUBLIC SERVICE BUILDING / 125 EAST 8<sup>TH</sup> AVENUE / EUGENE, OR 97401 / (541) 682-4442 / FAX (541) 682-2083

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February 7, 2018

Representative Floyd Prozanski  
Chair House Judiciary Committee  
900 Court St. NE, S-413  
Salem, OR 97301

Re: Senate Bill 1556-MERS

Dear Chair Prozanski and Judiciary Committee members:

I am the County Counsel for Lane County and am writing on behalf of the Lane County Board of Commissioners in opposition to Senate Bill (SB) 1556. SB 1556 is almost identical to SB 968 introduced in the last session.<sup>1</sup> Counties involved in MERS litigation were willing, and did, work with proponents of the bill to address their concerns. The stated reason for the bill at that time was small community banks the proponents argued would not make residential loans due to fear of MERS-related litigation. At Senator Beyer's request we met with the proponents prepared to carve out an exception for these small banks. However, when we met, the 968 supporters admitted all they wanted was to end all MERS litigation in Oregon. SB 1156 would also end litigation currently filed by a number of Oregon counties for damages to their official records caused by MERS.

In the past the proponents, in addition to the small community bank argument, have advanced a number of arguments they claim make the legislation necessary.

The first is that lenders must use MERS in order to access Freddie Mac and Fannie Mae and the current litigation makes them the target of the counties. The argument continues that Oregon banks will stop making residential loans. However Freddie Mac and Fannie Mae do not have a requirement that lenders dealing with them use MERS. The current service guides from both Fannie Mae and Freddie Mac contemplate not using MERS for all sales, purchases and service of mortgages.<sup>2</sup> There is even a special Oregon rider that responds to Oregon appellate court rulings involving MERS.<sup>3</sup>

Supporters of SB 1556 have argued that due to the threat of MERS litigation, Oregon lenders have stopped using Freddie Mac and Fannie Mae. A quick survey of recorded assignments demonstrates that is not accurate.<sup>4</sup>

<sup>1</sup> See, Copies of material submitted in opposition to SB 968, Exhibit "A".

<sup>2</sup> See, *Memorandum Newly Originated Loans and Assignments to Fannie Mae and Freddie Mac, Fannie Mae Assignments and Fannie Mae New Loans*, Exhibit "B".

<sup>3</sup> See, Exhibit "C".

<sup>4</sup> See, Exhibit "D" and *Brandrup v. ReconTrust*, 353 Or. 668, 693 (2013).



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February 7, 2018

Proponents have also argued that Oregon is an outlier in MERS litigation. A recent quick national search revealed over 100 cases pending related to MERS. Some of the litigation includes lawsuits similar that filed on behalf of Oregon clerks. There are some that involve a county having sued MERS.<sup>5</sup>

Finally, it is poor public policy for the legislature to dismiss litigation that is ongoing. Some of the cases currently have dispositive motions pending. If the litigation is as improper and unjust and should not be allowed to proceed, the court will so rule. It should be noted that in a case filed by Multnomah County MERS paid a significant settlement. The court and not the legislature should be the ultimate arbiter of the merit, or lack of merit, of these claims.

Sincerely,

OFFICE OF LANE COUNTY COUNSEL

Stephen E. Dingle  
Lane County Counsel  
SED:clp

Enclosures (Exhibits "A" through "D")

em: Commissioner Jay Bozievich, Chair  
Commissioner Sid Leiken  
Commissioner Pat Farr  
Commissioner Peter Sorensen  
Commissioner Gary Williams  
Steve Mokrohisky, County Administrator  
Greg Rikhoff, Director of Operations  
Alex Cuyler, Intergovernmental Relations Manager

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<sup>5</sup> See, *Ramsey County (Minnesota) v. MERS*, 776 F.3d 947 (2014), *Bexar County (Texas) v. MERS*, 2013 WL 12291471, *Bristol County (Massachusetts) v. MERS*, 941 F. Supp. 146 (2013), *Washington County (Pennsylvania) v. US Bank National Association*, 2012 WL 3860474, *Nueces (Texas) v. MERS*, 2013 WL 3353948, *Union County (Illinois) v. MERS*, 920 F.Supp. 923 (2013).



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April 4, 2017

Oregon State Senator Lee Beyer  
Chair, Senate Business and Transportation Committee  
Oregon State Capitol, Hearing Room B  
Salem, Oregon 97401

Re: Senate Bill (SB) 968, Proposed MERS legislation

Dear Chair Beyer and Committee Members:

My name is Stephen Dingle and I am the Lane County Counsel and the immediate past president of the Oregon County Counsel Association (OCCA). I appear today and submit this testimony on behalf of Lane County and the OCCA in opposition to SB 968.

Historically one of the fundamental roles of county government in the United States is the tracking and protection of real property ownership. This function continues to be of paramount importance at the local level and the development of MERS sidesteps and impedes that role in significant ways.

Our opposition to SB 968 includes, but is not limited to, the following:

- SB 968 would legitimize the bad and unfair practices of the MERS that contributed to the housing/foreclosure crisis. The bill would allow a nominee/agent of the note holder act as beneficiary, reversing the Oregon Supreme Court's holding in *In re Brandrup*, 353 Or. 668 (2013).
- SB 968 unfairly terminates litigation several Oregon counties have initiated to seek compensation for damages MERS has caused to their indexes which track property ownership.
- SB 968 retroactively cures legal defects in existing foreclosure actions caused by MERS and the *Brandrup* decision.
- SB 968 has contributed to the rise of "zombie" properties that cause health and safety risks and the associated costs for Oregonians and local governments.

My focus is on the last issue, so-called "zombie" properties. A zombie property is a home where the original owner has been evicted and the foreclosure process is either underway but not completed or has never been initiated. The abandoned properties become magnets for squatters that damage the property and engage in criminal activity exposing neighboring property owners to the resulting reduced property values and the all of the other dangers that go along with that type of activity. In some cases the extended lack of maintenance has put adjacent homes in danger of damage or destruction by fire.



# LANE COUNTY OFFICE OF LEGAL COUNSEL

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April 4, 2017

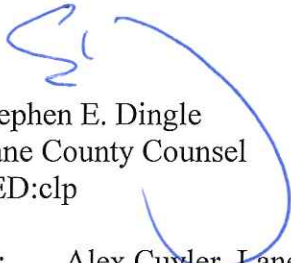
Page 2

MERS contributes to this problem in two ways. First, the private system MERS has created for the tracking of ownership makes it difficult, and in some cases impossible to identify the responsible party with authority over the property. Second, MERS promotes a type of ownership that does not lend itself to the traditional standard of care lenders apply to their properties.

I urge no further action on SB 968.

LANE COUNTY OFFICE OF LEGAL COUNSEL

Respectfully Submitted,



Stephen E. Dingle  
Lane County Counsel  
SED:clp

cc: Alex Cuyler, Lane County Intergovernmental Relations Manager  
Lane County Legislative Committee  
Rob Bovett, Association of Oregon Counties  
Alan Rappleyea, Washington County Counsel and President OCCA  
Stephen Madkour, Clackamas County Counsel  
Joel Benton, Jackson County Counsel

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**OPPOSITION TO SENATE BILL 968**

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**TO:** SENATOR LEE BEYER, CHAIR  
MEMBERS OF THE SENATE COMMITTEE ON BUSINESS AND  
TRANSPORTATION

**FROM:** OREGON COUNTY COUNSELS ASSOCIATION

**SUBJECT:** OPPOSITION TO SENATE BILL 968

**DATE:** APRIL 5, 2017

1. SB 968 will cloud the real property indexes as to who has actual interests in real property. The purpose of the indexes are to identify who has actual interests in real property. An agent of a beneficiary, as proposed by SB 968, does not have an actual interest. When the members of the public, local governments or others are required to notice those who have actual interest in real property (e.g. lien foreclosures, adverse possession actions, etc.), those with actual interests won't receive notice, as their identities won't be known. MERS does not share the information contained in its assignee databases. Real property needs to have a single, publicly accessible source to identify who has actual interests in real property. SB 968 authorizes the creation of private databases (MERS) and systems to track what needs to be publicly available information.
2. Further, numerous court cases in Oregon and other States have demonstrated that MERS' assignee databases are inaccurate. In other words, when MERS has recorded itself as the beneficiary, even though MERS does not have an actual interest, MERS itself does not consistently know and is unable to easily track who has the actual interests.
3. SB 968 will significantly decrease the number of documents recorded, which will significantly decrease the amount of money available to the State and counties:
  - a. That is dedicated for affordable housing programs, including the General Housing Account, the Emergency Housing Account and the Home Ownership Assistance Account. ORS 294.187(2)(b) dedicates a \$20 fee for the State per recorded document for these Affordable Housing programs.
  - b. That is dedicated for making the County Assessment Function Funding Assistance Account ("CAFFAA") grants to the counties. ORS 294.184 dedicates an \$11 fee for the State per recorded document to assist counties in paying for the cost of operating the County Assessors' Offices.
  - c. That is dedicated for paying the cost for operating the County Clerks' Offices. ORS 205.320(40)(b) dedicates a \$5 fee from the cost of recording.

- d. That is dedicated for paying for the cost of other County operations, including Surveyors' Offices work to preserve Land Corners. A\$10 fee for each recording is dedicated to the County Surveyors to preserve land corners.



Contact: Rob Bovett  
Oregon Association of County Clerks  
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Salem, OR 97301  
rbovett@oregoncounties.org  
503-400-3241

Wednesday, April 5, 2017

**Written Testimony before the Senate Committee On Business and Transportation  
in Opposition to Senate Bill 968**

Chair Beyer, Vice-Chair Thomsen, and Senators Girod, Monroe, and Riley,

As you know, county clerks have the legal responsibility to record, preserve, and maintain all records that are vital to the operation of the real property transaction system that Oregonians rely upon.

Years ago, many large lenders decided to create their own system, and their own private company, to avoid having to pay recording fees and use the normal recording system for the assignment of lending instruments, such as mortgages and trust deeds.

This system, known as the Mortgage Electronic Registration System (MERS), fails to comply with Oregon recording law, has obfuscated Oregon real property records, contributed to the confusion in the courts during the recent foreclosure crisis, denies counties of vital recording fees to help support the recording system, and poses serious risks if MERS were to ever go into bankruptcy.

Senate Bill 968 would effectively legalize MERS in Oregon, retroactively. In essence, SB 968 would reward large lenders for the bad behavior just described above, at the expense of clarity in our vital real property recording system.

The Oregon Association of County Clerks (OACC) strongly urges you to oppose Senate Bill 968.

## Newly Originated Loans and Assignments to Fannie Mae and Freddie Mac by Banks

Guides from both Fannie Mae and Freddie Mac contemplate using MERS or not using MERS for all sales, purchases and service of mortgages. Both entities' guidelines were updated on January 31, 2018 and all sections referenced are from the current publications.

For example, with newly originated loans, Fannie Mae specifies that *if* a bank uses MERS, it complies with Oregon law by recording prior to closing. Use of MERS is specifically not required but is optional. See B8-7-01: Mortgage Electronic Registration Systems (MERS) (8/29/2017) (Attached). In Oregon, Washington and Montana, banks may not register a Fannie Mae loan with MERS after closing.

There are specific rules addressing bank entities that are not part of the MERS group. For example, in the section titled "Mortgage Loan Assignments" the Fannie Mae Guidelines (B8-6) address how to register assignments for both MERS registered mortgages and Non-MERS registered mortgages. For Non-MERS properties, the assignment must include "a recordable form" prepared by the bank for Fannie Mae. (Attached). The conflict claimed by lenders, if there is one, is that the lender must prepare the recording documents and send to Fannie Mae, rather than recording first. However, nothing under current Oregon law precludes this executed assignment to Fannie Mae who may then record this with an Oregon County.

Freddie Mac's guidelines similarly contemplate both MERS and non-MERS instruments in sections 4101.9 (Execution, acknowledgment and recordation of the Security Instrument)(Attached) and 6301.6 Assignment of Security Instrument (a) Mortgages not registered with MERS:

"For a Mortgage not registered with MERS, the Seller/Servicer must ensure that the chain of assignments is complete and recorded from the original mortgagee on the Security Instrument to the Seller. If the Seller concurrently or subsequently transfers the Servicing, an assignment to the new Servicer must be completed and recorded where required, thus keeping the chain complete.

If a State does not accept assignments for recordation, the Seller must so state in an affidavit maintained with the unrecorded assignment." (Attached).





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# Chapter B8-6, Mortgage Assignments

## Mortgage Assignments

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### Introduction

This chapter describes Fannie Mae requirements related to mortgage assignments.

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### In This Chapter

This chapter contains the following topics:

B8-6-01, General Information (04/01/2009) . . . . .	913
B8-6-02, Mortgage Assignment to Fannie Mae (04/09/2013). . . . .	913
B8-6-03, Authorized Use of Intervening and Blanket Assignments (02/23/2016). . . . .	916

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## B8-6-01, General Information (04/01/2009)

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### Introduction

This topic contains general information on mortgage assignments.

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### General Information

An assignment of the mortgage to Fannie Mae is required for any mortgage that is not registered with MERS. If a mortgage is registered with MERS, the need for a mortgage assignment depends on whether or not the lender names MERS as nominee for the beneficiary in the security instrument or subsequently assigns the mortgage to MERS. When the lender names MERS as nominee for the beneficiary in the security instrument, no assignment of the mortgage is required. Refer to B8-7-01, Mortgage Electronic Registration Systems (MERS), Inc. (08/29/2017), for additional information.

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## B8-6-02, Mortgage Assignment to Fannie Mae (04/09/2013)

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### Introduction



This topic contains information on mortgage assignment to Fannie Mae, including:

- [General Requirements](#)
- [Information Required for Recordation](#)
- [Missing Information](#)
- [Special Provision for Puerto Rico](#)

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## General Requirements

Lenders must prepare an assignment of the mortgage to Fannie Mae for any mortgage that is not registered with MERS, although the assignment should not be recorded. If the mortgage seller is not going to service the mortgage, the unrecorded assignment to Fannie Mae must be executed by the servicer.

Lenders may use the standard Fannie Mae form of assignment. When a lender chooses not to use Fannie Mae's standard assignment forms, the mortgage assignments that it prepares must meet the following requirements:

- They must show the assignee as Fannie Mae.
- They must not include a recitation that the assignment of the mortgage or lien is "without recourse."
- They must be prepared in recordable form, but they should not be recorded. Recordable form usually is whatever form the local recorder's office requires.

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## Information Required for Recordation

If state law does not specifically address the information required for recordation, lenders must include the following information in the assignments:

- the date of execution;
- the lender's name;
- the borrower's name;
- a legal description of the property;
- the recording information related to the mortgage, such as the deed book and page number or the instrument number;
- the original mortgage amount;
- the date of the mortgage;
- an authorized signature;
- an appropriate notarization, if one is required by state law;
- the Fannie Mae Assignment Address (see [E-1-03, List of Contacts \(01/30/2018\)](#)), if required by the jurisdiction.



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## Missing Information

Occasionally, a lender may not be able to meet Fannie Mae's specific assignment requirements because the local recorder's office has not returned the recorded mortgage documents. To avoid delays in funding, Fannie Mae will purchase or securitize the mortgage if the only reason for the incomplete assignment was that the mortgage recordation data necessary for a recordable form was unavailable at the time of delivery. Fannie Mae has the right to complete any missing information without the lender's authorization should the assignment need to be recorded at a later date.

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## Special Provision for Puerto Rico

Assignments of mortgages generally are not recordable in Puerto Rico. Therefore, because the originating lender remains the mortgagee of record, the unrecorded assignment of the mortgage to Fannie Mae must run from the originator of the mortgage to Fannie Mae. If the lender selling the mortgage to Fannie Mae is not the mortgage originator, it must make every effort to get the originator to execute an assignment of the mortgage to Fannie Mae (or, at least, to execute a blanket assignment that covers the mortgage). If it is unable to obtain an assignment from the mortgage originator for any reason, it (or the servicer, if the seller is not servicing the mortgage) must execute an individual unrecorded assignment of the mortgage to Fannie Mae.

No intervening assignments need to be prepared, recorded, or retained in the individual mortgage file.

The recordation of deeds of assignment is permitted in connection with direct mortgages (which are mortgages that are documented by a single instrument that combines the terms of the note and the terms of the mortgage). If the mortgage is a direct mortgage, the servicer must execute an assignment of the mortgage to Fannie Mae (which must be in recordable form, but unrecorded). In this case, the individual mortgage file must include a complete, unbroken chain of public deeds of assignment for the mortgage that evidence the transfer of title beginning with the originating lender and ending with the servicer.

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## Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.

Announcements	Issue Date
<i>Announcement SEL-2013-03</i>	April 9, 2013



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# Chapter B8-7, Mortgage Electronic Registration System (MERS)

## Mortgage Electronic Registration System (MERS)

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### Introduction

This chapter provides information related to mortgage loans registered with MERS.

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### In This Chapter

This chapter contains the following topic:

B8-7-01, Mortgage Electronic Registration Systems (MERS), Inc. (08/29/2017)	918
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## B8-7-01, Mortgage Electronic Registration Systems (MERS), Inc. (08/29/2017)

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### Introduction

This topic contains information about MERS, including:

- [Naming MERS as the Nominee for the Beneficiary in the Security Instrument](#)
  - [Requirements for the Use of MERS in Specified Geographic Areas](#)
  - [MERS Registration](#)
  - [Use of the MIN](#)
  - [Mortgage Assignment to MERS](#)
- 

### Naming MERS as the Nominee for the Beneficiary in the Security Instrument

A lender that wants to register a newly originated mortgage (but not a co-op share loan) with MERS may prefer to designate MERS as the nominee for the beneficiary in the security instrument, thereby eliminating the need for a subsequent assignment of the security instrument should the lender sell (or transfer servicing of) the mortgage to another lender that is a member of MERS. In such cases, the applicable security instrument must be modified to:



- show MERS as the nominee for the lender,
- define and name the originating lender, and
- obtain the borrower's acknowledgment of MERS' role in the mortgage transaction.

Changes that must be made to create a standard MERS security instrument for each jurisdiction may be found in the Instructions document for each state-specific security instrument (see *Security Instruments*), with the exception of loans secured by property located in certain geographic areas, as described below.

The lender is responsible for the accurate and timely preparation and recordation of the security instrument and any MERS-related documents required to be used in specific geographic areas. Lenders also must take all reasonable steps to ensure that the information on MERS is updated and accurate at all times.

Even when MERS is named as the nominee for the beneficiary in the security instrument, it has no beneficial interest in the mortgage. All actions that MERS takes with respect to a mortgage are based on the instructions initiated by the originating lender, Fannie Mae, or the servicer. The originating lender remains responsible for all of its Contractual Obligations and any liability that it or Fannie Mae incurs as a result of the MERS registration or any MERS transaction. In addition, the lender is solely responsible for any failure to comply with the provisions of its MERS Member Agreement, Rules, and Procedures and for any liability that it or Fannie Mae incurs as a result of the registration of the mortgage with MERS or any specific MERS transaction.

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## Requirements for the Use of MERS in Specified Geographic Areas

### MERS Rider

In the states listed below, lenders must use the *Mortgage Electronic Registration Systems, Inc. Rider (MERS Rider) (Form 3158)* when a newly originated mortgage loan will be registered with MERS. Lenders must also follow the Instructions to the MERS Rider and the applicable security instruments to make changes to the standard security instruments for the following states:

- Montana,
- Oregon, and
- Washington.

As the MERS Rider must be used in these specified states, post-closing assignments into MERS are prohibited.

### MERS Assignment Form -- Maine

In the state of Maine, lenders must use the MERS Mortgage Assignment (*Form 3749*) to assign loans to MERS at origination or post-closing, as applicable. Mortgage loans in which the Maine security instrument has been modified to name MERS as the original mortgagee of record, solely as nominee for the lender, are ineligible for delivery to Fannie Mae.

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## MERS Registration

If a lender registers a mortgage with MERS before delivering it to Fannie Mae, the lender must ensure that the Mortgage Identification Number (MIN) is registered in MERS and names itself as the investor. Additionally, the lender must include the



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MIN in the delivery data. After Fannie Mae purchases or securitizes the mortgage, Fannie Mae notifies MERS to update its records to reflect Fannie Mae's ownership interest in the mortgage.

**Note:** For loans registered in MERS iRegistration where MERS is not named as the nominee for the beneficiary in the security instrument, the MERS MIN should not be reported on the loan schedules.

If a lender registers a mortgage with MERS after Fannie Mae has purchased or securitized the loan, the lender must name Fannie Mae as the investor during registration and notify MERS of Fannie Mae's ownership interest in the mortgage. (The MIN will not have been included on the Loan Schedule or Schedule of Mortgages.)

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## Use of the MIN

For each MERS-registered mortgage, the lender must indicate the MIN on the security instrument and related documents, regardless of whether the lender retains the documents or sends them to Fannie Mae's DDC or to the applicable document custodian. Because the status of a MERS-registered mortgage can change, the lender is not required to include the MIN on the mortgage note. Additionally, the lender is still responsible for making sure that the document custodian has sufficient information to determine whether a mortgage that is included in a subsequent transfer of servicing is registered with MERS at the time of the transfer. The lender must have adequate controls in its processes to enable it to readily identify MERS-registered mortgages.

The lender can choose from the following options:

- place the MIN on the note when the mortgage is registered with MERS and, if the MERS registration is subsequently terminated for any reason, notify the document custodian to delete the MIN from the note;
- wait to advise the custodian of the status of the MERS registration for a mortgage until a change in status actually occurs; or
- notify the custodian about the status of the MERS registration for a mortgage at the time of a servicing transfer by providing the custodian with a listing of all MERS-registered mortgages that are included in the transfer and a certification that any and all other mortgages included in the transfer are not currently registered with MERS. (The listing may be prepared by the lender or, with the lender's authorization, by MERS.) If there are more MERS-registered mortgages included in the transfer than there are unregistered mortgages, the listing may instead identify the unregistered mortgages—and, in that case, the certification should state that any and all other mortgages included in the transfer are currently registered with MERS.

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## Mortgage Assignment to MERS

If the originating lender is the beneficiary for a mortgage that it registers with MERS, the lender must prepare an assignment of the mortgage to MERS. Refer to the section above, entitled *Requirements for the Use of MERS in Specified Geographic Areas*, for additional information about, and restrictions on, assignments of loans to MERS.

By delivering a MERS-registered mortgage to Fannie Mae, the lender:

- warrants that MERS is the mortgagee of record (either by being named as an assignee in a recorded assignment of the security instrument or as nominee for the beneficiary in the security instrument);
- warrants that the MIN is valid and properly registered in MERS naming the lender as the investor; and



- agrees that, in the event that either its membership in MERS or the MERS registration for an active mortgage is terminated for any reason while Fannie Mae has an ownership interest in the mortgage, the servicer is responsible for preparing and recording an assignment of the mortgage from MERS to itself, and then preparing (in recordable form) an assignment of the mortgage from itself to Fannie Mae and delivering that assignment to Fannie Mae's DDC (or to the applicable document custodian).

Lenders are not required to include a copy of the assignment of the mortgage to MERS in the delivery package they submit to Fannie Mae's DDC or the applicable document custodian. Lenders also are not required to prepare and submit an unrecorded assignment of the mortgage from MERS to Fannie Mae (unless Fannie Mae specifies otherwise for a particular transaction or transactions).

## Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.

Announcements	Issue Date
<a href="#"><u>Announcement SEL-2017-07</u></a>	August 29, 2017
<a href="#"><u>Announcement SEL-2014-03</u></a>	April 15, 2014
<a href="#"><u>Announcement SEL-2012-06</u></a>	June 26, 2012
<a href="#"><u>Announcement SEL-2011-04</u></a>	May 24, 2011
<a href="#"><u>Announcement 08-37</u></a>	December 19, 2008

**MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. RIDER**  
(MERS Rider)

THIS MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. RIDER (“MERS Rider”) is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and is incorporated into and amends and supplements the Deed of Trust (the “Security Instrument”) of the same date given by the undersigned (the “Borrower,” whether there are one or more persons undersigned) to secure Borrower’s Note to \_\_\_\_\_ (“Lender”) of the same date and covering the Property described in the Security Instrument, which is located at:

\_\_\_\_\_  
[Property Address]

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that the Security Instrument is amended as follows:

**A. DEFINITIONS**

1. The Definitions section of the Security Instrument is amended as follows:

“Lender” is \_\_\_\_\_. Lender is a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_. Lender’s address is \_\_\_\_\_. Lender is the beneficiary under this Security Instrument. The term “Lender” includes any successors and assigns of Lender.

“MERS” is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is the Nominee for Lender and is acting solely for Lender. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS. MERS is appointed as the Nominee for Lender to exercise the rights, duties and obligations of Lender as Lender may from time to time direct, including but not limited to appointing a successor trustee, assigning, or releasing, in whole or in part this Security Instrument, foreclosing or directing Trustee to institute foreclosure of this Security Instrument, or taking such other actions as Lender may deem necessary or appropriate under this Security Instrument. The term “MERS” includes any successors and assigns of MERS. This appointment shall inure to and bind MERS, its successors and assigns, as well as Lender, until MERS’ Nominee interest is terminated.

2. The Definitions section of the Security Instrument is further amended to add the following definition:

“Nominee” means one designated to act for another as its representative for a limited purpose.



**B. TRANSFER OF RIGHTS IN THE PROPERTY**

The Transfer of Rights in the Property section of the Security Instrument is amended to read as follows:

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the

\_\_\_\_\_ of \_\_\_\_\_:  
[Type of Recording Jurisdiction] [Name of Recording Jurisdiction]

which currently has the address of \_\_\_\_\_  
[Street]  
\_\_\_\_\_, \_\_\_\_\_ ("Property Address"):  
[City] [State] [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

Lender, as the beneficiary under this Security Instrument, designates MERS as the Nominee for Lender. Any notice required by Applicable Law or this Security Instrument to be served on Lender must be served on MERS as the designated Nominee for Lender. Borrower understands and agrees that MERS, as the designated Nominee for Lender, has the right to exercise any or all interests granted by Borrower to Lender, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, assigning and releasing this Security Instrument, and substituting a successor trustee.

**C. NOTICES**

Section 15 of the Security Instrument is amended to read as follows:

**15. Notices.** All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires

otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Borrower acknowledges that any notice Borrower provides to Lender must also be provided to MERS as Nominee for Lender until MERS' Nominee interest is terminated. Any notice provided by Borrower in connection with this Security Instrument will not be deemed to have been given to MERS until actually received by MERS. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

#### D. SALE OF NOTE; CHANGE OF LOAN SERVICER; NOTICE OF GRIEVANCE

Section 20 of the Security Instrument is amended to read as follows:

**20. Sale of Note; Change of Loan Servicer; Notice of Grievance.** The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. Lender acknowledges that until it directs MERS to assign MERS's Nominee interest in this Security Instrument, MERS remains the Nominee for Lender, with the authority to exercise the rights of Lender. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure

given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

E. SUBSTITUTE TRUSTEE

Section 24 of the Security Instrument is amended to read as follows:

**24. Substitute Trustee.** In accordance with Applicable Law, Lender or MERS may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this MERS Rider.

\_\_\_\_\_  
(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

# Federal Home Loan Mortgage Corporation Authorized Changes for MERS

## MERS as Original Mortgagee of Record ("OMR")

Originators must make the following revisions to the paragraphs of the Security Instrument for each state as indicated when a mortgage loan will be registered with Mortgage Electronic Registration Systems, Inc. ("MERS") and the originators elect to name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note.

**When using the Master Form/Short Form Security Instrument, revisions should be made to the Short Form Security Instrument; they should not be made to the Master Form Security Instrument:**

## ALABAMA

The Mortgage must be revised by deleting the last sentence from the definition of "Lender," and by inserting a new definition (C) as follows:

(C) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

AND, by renumbering the definition of "Lender" and the remaining definitions as required.

The Mortgage must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower irrevocably mortgages, grants and conveys to Lender,..." and adding the following words in their place:

For this purpose, Borrower irrevocably mortgages, grants and conveys to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

For Security Instruments registered with MERS that name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note, the paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" which begins with the words "TOGETHER WITH all the improvements..." or the words "TO HAVE AND TO HOLD..." must be revised by adding at the end of that paragraph the following sentence:

Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to

# Federal Home Loan Mortgage Corporation

## Authorized Changes for MERS

take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

### ALASKA

The Deed of Trust for must be revised by deleting the last sentence from the definition of "Lender," and by inserting a new definition as follows:

**"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

In the standard ("long form") Security Instrument, the new definition should be inserted as a new paragraph (E) and the definition of "Note" and remaining definitions must be redesignated as required.

In the Short Form Security Instrument, the new definition should be inserted as a new paragraph (D-1) with the definition of "Lender" and the remaining definitions retaining their original designation.

AND, by adding the following to the beginning of the first paragraph in the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY":

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS.

For Security Instruments registered with MERS that name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note, the paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" which begins with the words "TOGETHER WITH all the improvements..." or the words "TO HAVE AND TO HOLD..." must be revised by adding at the end of that paragraph the following sentence:

Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

# Federal Home Loan Mortgage Corporation Authorized Changes for MERS

## OREGON

Originators may make the following revisions to the paragraphs of the Security Instrument as indicated when the mortgage loan will be registered with MERS and originators elect to name MERS as the nominee. If they do, originators must attach the MERS Rider, (Form 3158) to the Security Instrument (to be executed by the borrower) and make the following changes to the applicable Security Instrument:

The Deed of Trust must be revised by inserting a new definition (E), as follows:

**(E)** *“MERS” is the Mortgage Electronic Registration Systems, Inc. Lender has appointed MERS as the nominee for Lender for this Loan, and attached a MERS Rider to this Security Instrument, to be executed by Borrower, which further describes the relationship between Lender and MERS, and which is incorporated into and amends and supplements this Security Instrument.*

In the standard (“long form”) Security Instrument, the new definition should be inserted as a new paragraph (E) and the definition of “MERS” and remaining definitions must be redesignated as required.

In the Short Form Security Instrument, the new definition should be inserted as a new paragraph (D-1) with the definition of “MERS” and the remaining definitions retaining their original designation.

For Security Instruments registered with MERS and name MERS as the nominee, in the Definition section under “**Riders**” check the box “Other” and specify that the MERS Rider, (Form 3158) will be executed by the borrower or originators may create a new check-off box for “MERS RIDER”

For Master/Short Form filings, this change should be made to the Short Form. If originators create a new check-off box for the MERS Rider, they must record a new Master Form.

# Federal Home Loan Mortgage Corporation Authorized Changes for MERS

## OKLAHOMA

The Mortgage must be revised by deleting the last sentence from the definition of "Lender," and by inserting a new definition as follows:

**"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

In the standard ("long form") Security Instrument, the new definition should be inserted as a new paragraph (C) and the new definition of "Lender" and remaining definitions must be redesignated as required.

In the Short Form Security Instrument, the new definition should be inserted as a new paragraph (B-1) with the definition of "Lender" and the remaining definitions retaining their original designation.

The Mortgage must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower does hereby mortgage, grant and convey to Lender..." and adding the following words in their place:

For this purpose, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS...

For Security Instruments registered with MERS that name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note, the paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" which begins with the words "TOGETHER WITH all the improvements..." or the words "TO HAVE AND TO HOLD..." must be revised by adding at the end of that paragraph the following sentence:

Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

County	Total 2017 Documents Recorded	Total with Fannie&/or Freddie	Total Fannie(FNMA)	Total Freddie(FHLM)
BAKER	2,682	8	6	2
BENTON	12,929	44	29	15
CLACKAMAS	18,356	64	62	2
CLATSOP	10,610	166	146	20
COLUMBIA	0	0	0	0
COOS	12,504	85	72	13
CROOK	6,560	32	32	0
CURRY	5,864	97	0	0
DESCHUTES	56,375	169	144	25
DOUGLAS	20,558	148	124	24
GILLIAM	0	3	3	0
GRANT	1,287	5	3	2
HARNEY	1,656	3	2	1
HOOD RIVER	4,396	7	7	0
JACKSON	43,660	286	233	53
JEFFERSON	4,911	12	10	2
JOSEPHINE	18,356	64	62	2
KLAMATH	6,616	164	125	39
LAKE	0	0	0	0
LANE	63,965	510	428	82
LINCOLN	12,841	124	124	0
LINN	23,655	134	111	23
MALHEUR	5,320	28	28	0
MARION	0	162	161	1
MORROW	0	0	0	0
MULTNOMAH	157,577	327	246	81
POLK	15,520	78	67	11
SHERMAN	478	0	0	0
TILLAMOOK	7,868	60	53	7
UMATILLA	11,452	35	35	0
UNION	4,215	10	9	1
WALLOWA	0	18	10	8
WASCO	5,134	59	46	13
WASHINGTON	101,614	322	246	76
WHEELER	0	0	0	0
YAMHILL	20,725	71	51	20
<b>totals</b>	<b>657,684</b>	<b>3,295</b>	<b>2,675</b>	<b>523</b>