



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

October 9, 2003

03-21

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Registration of Multifamily Mortgages with MERS using MERS[®] Commercial

Ginnie Mae is pleased to announce the eligibility of multifamily mortgages for registration with the Mortgage Electronic Registration Systems, Inc. ("MERS") using MERS[®] Commercial, effective immediately. Pools may contain both mortgages that are registered with MERS and mortgages that are not registered with MERS. To register loans, issuers are to contact MERS at 888-680-6377.

MERS serves as mortgagee of record in public land records, as nominee for the beneficial owner of each mortgage registered with MERS. MERS becomes the mortgagee of record by assignment or in the original security instrument. Once MERS is the mortgagee of record, subsequent assignments of the mortgage are not necessary upon a transfer of servicing to another MERS member or the sale of the beneficial interest in the note and mortgage. Registration of multifamily loans with MERS is voluntary and offers many benefits, including increased security of the Ginnie Mae collateral position and lower costs of origination and servicing, which results in a reduction in fraud risk and lower financing costs. Following are the requirements for multifamily mortgages registered with MERS.

Document Changes

Notes for mortgages registered with MERS are to be endorsed in blank by the issuer that registers the mortgage with MERS. The note endorsement will not reflect the transfer to MERS or any subsequent transfer that takes place while the loan is registered with MERS using MERS[®] Commercial.

Certification Requirements

Recertification is required for pools containing mortgages that are transferred out of MERS using MERS[®] Commercial. Ginnie Mae continues to require recertification for pools that are transferred to another issuer or for which the issuer changes its document custodian, regardless of whether the pools contain mortgages that are registered with MERS using MERS[®] Commercial.

Information Provided to MERS

Upon issuance of a Ginnie Mae-guaranteed security, issuers must update MERS[®] Commercial with Ginnie Mae as the note holder and provide the pool number.

Transfer of Issuer Responsibility

Ginnie Mae must approve, in advance, all transfers of issuer responsibility. Issuers must comply with present requirements, including obtaining Ginnie Mae approval, prior to transferring loans to MERS[®] Commercial.

Warehouse Liens

Issuers must continue to obtain the release of all warehouse liens prior to issuance of the security.

Special Requirements

In consideration for Ginnie Mae's consent to the registration of multifamily mortgages backing Ginnie Mae-guaranteed securities with MERS[®] Commercial, issuers, by registering such loans with MERS[®] Commercial:

- (a) waive any and all rights under the MERS rules and acknowledge Ginnie Mae's rights and authority to instruct MERS, and for MERS to comply with Ginnie Mae's instructions regarding the mortgages in the event of issuer default; and
- (b) are liable to Ginnie Mae if they provide false information to MERS in connection with the Ginnie Mae program.

If you have any questions regarding this notice, please contact your Account Executive in the Office of Mortgage-Backed Securities, Multifamily Division, at (202) 708-2043.