



MERS[®] eRegistry

The National eNote Registry Solution

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MERS[®] eRegistry Defined

- » A browser-based, W3C-compliant, Section 16 safe harbor that calculates and stores the hash value of a Version 1.0 MISMO SMART doc after breaking the PKI tamper-resistant cryptographic seal of the XHTML standard DTD wrapper using the designated algorithm to authenticate the integrity of the eNote and establish the controller of the authoritative copy with nonrepudiation to preserve holder in due course status of the then current note holder.

Alternative Definition

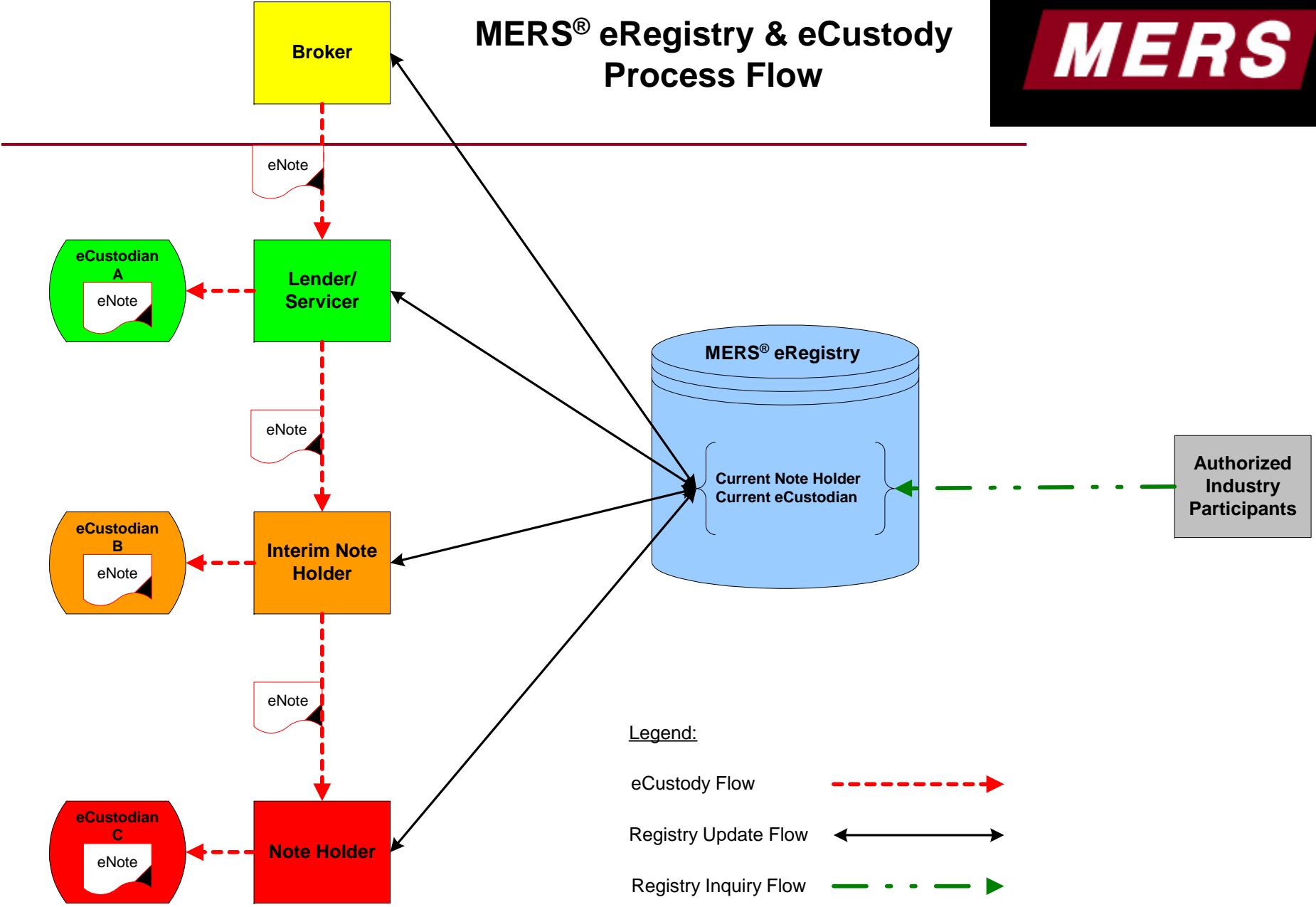
- » A big fat database operated by a trusted third party (MERS).



MERS® eRegistry

- Will provide ESIGN and UETA Section 16 “safe harbor” for investors to purchase eNotes
- Will be the central registry to identify the current Controller and location of the Authoritative Copy of the eNote
- Will not be an eVault for holding eNotes
- MBA has established the MIN and MERS Org ID as industry standards for the registry
- MBA, Fannie Mae and Freddie Mac have endorsed MERS

MERS® eRegistry & eCustody Process Flow



Legend:

- eCustody Flow
- Registry Update Flow
- Registry Inquiry Flow

MERS® eRegistry

Rationale:

- » Strategic imperative for MERS
- » Required by Fannie Mae and Freddie Mac for delivery of eNotes
- » Logical extension of the MERS mission and expertise

What is Essential for Success?

- » Broad Investor acceptance = liquidity
- » Retail and third party originators = rapid adoption

How Does MERS Measure Up?

» eNote usage:

- Broad investor acceptance
- Industry-wide confidence

» Standards setting

- Unique loan level ID
- Unique entity level ID
- Authority to implement standard industry interfaces

» MERS experience:

- MERS as Original Mortgagee
- Trusted independent industry utility

» MERS standards

- MIN
- Organization ID
- Pioneered standard industry interfaces

Key Characteristics

» Registry

- Robust infrastructure
- Technological strength
- Financial security and independence
- Stable, knowledgeable and committed management team

» MERS

- Operates nationally
- Partnership with EDS
- Self sustaining and bankruptcy remote
- All that and bench strength too

eMortgage vs. eNote

- » eNotes can be created and delivered today

- » eMortgages include:
 - investor certification requirements
 - county recorders
 - wide array of document providers

- » Who are the beneficiaries short and long-term?:
 - Technology providers
 - Investors
 - Lenders
 - Consumers



MERS® eRegistry

» Milestones:

- MERS helped develop business requirements Ongoing
- MBA published business requirements Mar 03
- MERS announced intent to build registry Mar 03
- Established Initial eNote Registry Rollout Team Aug 03
- Rollout Initial phase of eNote Registry Apr 04
- Establish Industry Development Team 4Q 03
- Broaden roll-out to all investors 4Q 04