



Homeownership Program Bulletin

December 9, 2002

Program Bulletin #2002-36

To: CalHFA Approved Lenders

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. (MERS)

Effective December 13, 2002, MERS is no longer to be used on CalHFA subordinated loans which now must be closed with documents drawn in CalHFA's name. MERS is currently required to be used on all CalHFA first loans, as outlined in Program Bulletins #2001-04 dated January 30, 2001 and #2001-28 dated November 2, 2001.

The purpose of this bulletin is to also clarify the following key points:

1. Once a lender begins originating CalHFA loans with MERS as nominee, all loans originated thereafter must be registered with MERS.
2. Title Policy Issues

Lenders are reminded that upon recording a MERS loan, there are only four (4) acceptable Title Policy options as illustrated below:

- a. Naming the Lender, its successors and assigns appearing of record as Mortgage Electronic Registration Systems, Inc. as the insured.
- b. Naming the Lender, its successors and assigns as the insured.
- c. Naming Mortgage Electronic Registration Systems, Inc., as the beneficiary and the Lender as the beneficial lender as the insured.
- d. Lender and/or Mortgage Electronic Registration Systems, Inc., solely as nominee for the Lender, its successors and assigns, as their interest may appear.

In your written instructions to the Title Company for the Title Policy include the following two items:

1. One of the four (4) options as stated above;
2. In **Schedule A**, the description of the Beneficiary of the deed of trust must be precisely worded as in the Deed of Trust, i. e. "Mortgage Electronic Registration Systems, Inc. (solely as nominee for Lender, as hereinafter defined and Lender's successors and assigns)"

Deviations from the above shall require correction.

3. MERS Electronic Transfers

Upon the sale of the loan to CalHFA, the Lender shall transfer the Beneficiary interest to CalHFA (MERS Org ID: 1000645) via MERS web site within seven (7) business working days.

Please note that when using CalHFA approved MERS Deed of Trust documents, any additional Assignment from the Lender is irrelevant unless the subsequent Assignment is from and out of MERS to a different party.

Questions regarding this bulletin should be directed to CalHFA, Homeownership Programs, at 1121 L Street, 7th Floor, Sacramento, CA 95814; by phone (916) 324-8088; by fax (916) 324-6589 or e-mail at homeownership@calhfa.ca.gov or visit CalHFA's website at www.calhfa.ca.gov