

## **MERS: Compliance Finding, Loan Registration**

### **Purpose**

The purpose of this document is to inform Funders of an ongoing compliance finding in regards to MERS registration. The finding is being triggered as a result of an inconsistency between the Scheduled Closing Date (see Ex.1 below) and the date that appears on the Note. Due to unforeseen circumstances throughout the origination of a loan, the date on the Note does not always correspond to the date the loan was consummated.

### **Current Process**

CSC's current process has the Scheduled Closing Date being adjusted, after the loan has been registered with MERS, to reflect the consummation date instead of the date on the Note. This adjustment is done in order to issue accurate post-close CD's to borrowers. However, it results with the MERS loan registration date conflicting with the loans closing date and results in a compliance finding.

### **Revision to Process**

To properly account for the adjustment on loans where the date on the Note does not correspond to the consummation date, Funders will now utilize the Note Date section (see Ex.1 below). The Note Date section will now contain the date on the Note, while the Scheduled Closing Date section can be adjusted to correspond to the loan consummation date.

The screenshot shows a web application interface for MERS. On the left is a sidebar menu with items like 'All Screens', 'CA - 2010 MLDS/GFE 8', 'CA - MLDS/GFE 885', 'Cash Flow Analysis', 'CCPA Screen', 'CD-Initial Doc Prep Scre', 'Changed Circumstance:', 'Changed Circumstance:', 'Closing', 'Closing Disc Page 1', and 'Closing Disc Page 2'. The 'Closing' item is selected. The main content area is titled 'Dates' and contains several input fields: 'Scheduled Closing Date' (empty), 'Signing Date & Time' (empty with a 'Time:' label), 'Scheduled Funding Date' (empty), 'Note Date' (highlighted in yellow, containing '07/01/2016'), and 'First Payment Date' (containing '07/01/2016'). Each date field has a small circular icon to its right.

(Exhibit 1)

**Reminder:** The Note Date section should **only** be utilized on loans when the date on the Note and the loan consummation date conflict with one another. If they do not conflict, the Funder should use the Scheduled Closing Date section only.

### **Post- Close CD**

Post-close CD's Closing Date section will continue to reflect the Scheduled Closing Date (i.e. the date the loan was consummated) to maintain compliance with other regulatory requirements.