

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: May 18, 2017  
TO: Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: Change to MERS Process

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Recently we were made aware of a change to MERS and their process that will be going into effect June 1, 2017. This new change requires investors such as THDA to become MERS members. THDA is in the process of completing our membership application, this is a process that will take a few weeks to complete. Until the time THDA is issued our Originating ID by MERS, we will no longer be able to accept MERS as original mortgagee (MOM) documents.

**Effective June 1**, if a loan has closed and reflects MOM, an assignment will need to be recorded assigning the loan from MERS to THDA. If a loan does not reflect MOM, an assignment will need to be recorded assigning the loan from the Lender to THDA. Please refer to **Section 7.7-- USE OF MERS SYSTEM in the Originating Agents Guide**. As soon as our Originating ID has been issued by MERS, we will provide this to all of our approved lenders.

Thank you for your continued participation in THDA's mortgage programs. If you have any questions, please contact [SfASK@thda.org](mailto:SfASK@thda.org) or call 615-815-2100.

2. Origination Fee

A fee up to 2% of the Base Loan Amount is permissible, and is paid to the Originating Agent. The origination fee may not be charged on financed FHA MIP, VA Guaranty Fee, USDA/RD Guaranty Fee or PMI, unless expressly permitted by FHA, VA, USDA/RD or PMI regulations. Either the Borrower or the seller may pay the Origination Fee up to 2%. No additional origination fee may be charged to the Borrower or seller.

A loan originator may designate an origination point on page 2 of the CD.

3. THDA allows the Originating Agent to charge normal and customary fees, including without limitations, appropriate application fee. If the Originating Agent elects to charge the Application Fee, it must be included on the LE and CD.

4. A \$50 grant will be provided to the borrower for the Great Choice Plus program. The credit should be reflected on the GFE. THDA will reimburse the lender at the time the loan is purchased.

### **7.7 USE OF MERS SYSTEM**

Originating Agents who are MERS members, in good standing, may use loan documentation showing Mortgage Electronic Registration Systems, Inc., as the nominee for Originating Agent and Originating Agent's successors and assigns for THDA loans closed on or after July 1, 2006. The THDA loan number must be reflected on all THDA loan documentation in addition to the use of the Mortgage Identification Number (MIN) as may be assigned and required by MERS.

Originating Agents shall cause each deed of trust (with THDA Rider) securing a THDA loan to be properly recorded in the Register's Office of the county in which the property is located and to register such deeds of trust with MERS in accordance with applicable MERS requirements. Originating Agent may sell servicing rights to THDA loans registered with MERS only to THDA approved Servicers who are also MERS members in good standing.

Originating Agent shall, upon THDA's request, obtain and properly record an assignment of any MERS registered THDA loan from MERS to THDA or as THDA may direct. In the event of any dispute regarding a THDA loan registered with MERS, Originating Agent shall take all steps deemed necessary by THDA to protect THDA's interest. All other requirements of this Guide and of the Working Agreement between THDA and Originating Agent shall apply to each THDA loan regardless of registration with MERS.