



**MORTGAGE QUALITY**  
Management & Research

# **8 Tips for Ensuring a Successful MERS® Annual Report Review**

***All MERSCORP Holdings, Inc. (MERS®) General and Patron Members named as the Servicer on one or more active MIN Records as of March 31 must submit an Annual Report by December 31 of the same year.***

While members with less than 1,000 MINs may elect to have either an internal or an external party complete the annual report review, those with more than 1,000 MINs must use an external reviewer.

As the mortgage industry partner of choice in audit, risk and compliance, MQMR is well versed in serving as an external MERS® annual report reviewer.

Based on its wealth of experience in assisting lenders with this component of their MERS® Quality Assurance (QA) requirements, MQMR has compiled a list of the top eight tips to help lenders ensure a successful MERS® Annual Report Review.

#### **PLEASE NOTE**

MERSCORP Holdings, Inc. (MERSCORP) does not approve, endorse or recommend one QA vendor over another. MERS® does maintain a list of QA vendors on its website.



## **WRITTEN MERS® POLICIES AND PROCEDURES**

The #1 tip for a compliant MERS® QA program is to ensure you have well documented, comprehensive MERS policies and procedures. These policies and procedures should be designed to provide reasonable assurance that the Member is managing key items, such as member information and organizational changes, corporate resolution management system (CRMS), Signing Officers, MERS® System transactions, MERS® documents, MERS® System reports, subservicer monitoring and oversight of the Service Level Agreement (SLA), if applicable.



## **MEMBER PROFILE AND REQUIRED MERS® SYSTEM CONTACTS**

Each MERS® System Member has a Member Profile, which is a set of data that tells MERSCORP and other Members about your organization. This profile is tied to your Org ID and consists of information such as your company name, corporate and mailing addresses, telephone and fax numbers, website URL, and a list of contacts for your organization. You should maintain a valid Global Address List (GAL) email address on your corporate email system to receive official communications from MERSCORP. You are required to review your Member Profile, including your MERS System Contacts, at least monthly to ensure the information is accurate and current. This process helps to ensure that correspondence from MERSCORP is sent to the appropriate locations and correct individuals within your organization. If your Member Profile contains incorrect information, it could prevent your company from receiving important communications, and it could also lead to discipline and penalties as outlined in the MERS System Rules of Membership.



### **SIGNING OFFICER CERTIFICATION AND CRMS QUARTERLY ATTESTATION**

To retain your authority to act in the name of MERS®, your Signing Officers must complete their certification or recertification at the required intervals within the MERS® System, as well as an annual recertification process by the last day of October. You must also complete a quarterly attestation for each organization ID managed within the CRMS system to be in compliance with the MERS® System rules and procedures for your Signing Officers. This process helps ensure the accuracy of the Corporate Resolution (see Tip #4) and can be completed by either a Signing Officer or the CRMS Manager.



### **MERS® CORPORATE RESOLUTION**

The Corporate Resolution is a foundational document in terms of your relationship with MERS®, and as such, it is critical to ensure this document is up-to-date and valid and that individuals listed on the Corporate Resolution as Signing Officers match the information on file with MERS®.



### **SYSTEM-TO-SYSTEM RECONCILIATION**

In regard to compliance with MERS® requirements, it is simply not enough to reconcile your data between the MERS® System and your internal system of record (e.g. loan origination system and/or mortgage servicing platform). You must also provide evidence of this reconciliation, which can vary depending on how your organization has chosen to conduct the reconciliation process, and validate that any discrepancies identified during the reconciliation process are being tracked and monitored until they are cleared.



## **MERS SYSTEM QA PLAN**

MERS® wants to see that you are monitoring your performance against your QA Plan and reviewing your plan annually for its effectiveness. An easy way to prove this is to provide your eQA Plan, along with proof of approval from MERS® of the previous year's plan and any remediation plans you may have been required to submit if deficiencies were found in the previous year's review. This also helps demonstrate to MERS® that you understand its QA requirements and are working to rectify those deficiencies that were identified in your last audit review.

New for 2021 & 2022! Not all Members are required to submit a new QA Plan every year. MERSCORP completes an evaluation to determine which Members will be required to submit a QA Plan by June 30<sup>th</sup> of each year!



## **MERS LOAN QA REVIEWS**

Member should conduct a periodic quality assurance review to monitor the effectiveness of your organization's training, tools, processes, and procedures. This includes document and timing reviews. You must ensure that your organization meets quality control standards by examining files against MERS document-specific and timing requirements. Document reviews may include security instruments, assignments, and lien releases. Timing reviews may include registration, transfers, and deactivations. It is also recommended that you retain your QC checklist and QC reports used to conduct loan-level reviews as proof of process for Annual Report purposes.



## **ANY MERS ACTION PLAN AND/OR REMEDATION PLAN (IF APPLICABLE)**

As noted above, you may be required to submit an action plan if issues were found in the previous year's audit, which outlines the steps it will take to remedy the issues found, and the following year's audit will need to verify whether you rectified those issues. In addition to providing evidence of ongoing commitment to improvement and compliance, this information also ensures audit continuity from year to year.

For example, your organization may not have met the required MIN threshold for an external auditor may have used another audit firm for previous audits. Using the previous year's audit review report and any associated documentation as a guidepost for the current year's review helps ensure you are continuing to meet the expectations set by MERS®.

## **CONCLUSION**

**While the above list is by no means exhaustive, these tips should provide you with a solid foundation for ensuring a successful MERS® Annual Report Review.**

One last piece of advice – don't wait until December to get started on your review. Even though the deadline to submit your Annual Report is December 31, you are free to conduct your Annual Report Review throughout the year, and we recommend starting no sooner than

the second half of the year in order to be able to provide substantial evidence of MERS® activity during the review.

Whether you meet the threshold for needing an external reviewer or not, utilizing an experienced third-party firm to conduct your MERS® Annual Report Review can significantly ease the burden of meeting this requirement, thereby freeing up your internal team to focus on other priorities.

# ABOUT MQMR

*MQMR helps its clients climb higher by bridging the gap between risk and compliance through its suite of risk-related services.*

MQMR provides mortgage compliance consulting throughout the origination process, conducting internal audit risk assessments and ongoing internal audit support, servicing QC and subservicing oversight to master servicers, and filling the void of meeting vendor management oversight requirements. With 2,000+ operational reviews of mortgage companies, subservicers, document custodians, and vendors annually, MQMR prides itself on being the mortgage industry partner of choice for audit, risk and compliance.

For more information, visit [mqmresearch.com](http://mqmresearch.com).

**INFO@MQMRESEARCH.COM**