

# PRIVACY IMPACT ASSESSMENT

## MersCorp Mortgage Electronic Registration System (MERS)

September 2010

FDIC External System

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## System Overview

MersCorp is a private corporation that owns and operates the electronic registry known as the Mortgage Electronic Registration Systems (MERS), which is designed to track servicing rights and ownership of mortgage loans. The primary purpose of MERS is to streamline the mortgage process by eliminating the need to prepare and record paper assignments when trading residential and commercial mortgage loans.

Mortgage lenders, investors, loan servicers, and other entities, known as "MERS members", subscribe to MERS and pay annual fees for the electronic processing and tracking of ownership and transfers of mortgages. Members contractually agree to appoint MERS to act as their common agent on all mortgages they register in MERS. MERS remains the mortgagee regardless of how many times servicing of a particular loan is traded, so long as the servicing rights are traded to another MERS member. By listing MERS as the mortgagee in municipal documents and electronically recording assignments, transfers and sales, MERS members avoid having to file new paperwork and pay fees each time a mortgage is resold.

When a financial institution fails, the FDIC, in its role as Receiver, is charged with disposing of the failed institution's assets/loans and liabilities in an efficient and expedient manner, including the sale and transfer of any mortgages and loan servicing rights registered in MERS.

## Personally Identifiable Information (PII) in MERS

The following personal and non-personal information is contained in the MERS System:

- Borrower(s) full name(s)
- Property address and county
- Social Security Number (SSN) of primary borrower
- Loan number, amount, and date
- Lien type
- Partners in interest (i.e., investor, servicer, etc.)
- Mortgage Identification Number (MIN), which is the unique, 18-digit identification number permanently assigned to each loan in the MERS System

## Purpose & Use of Information in MERS

The use of data in MERS is both relevant and necessary to the purpose for which the system was designed mainly for tracking the registration and transfer of mortgage loans. As Receiver, the FDIC is charged with disposing of the failed bank's assets and liabilities in an efficient and expedient manner, including the sale and transfer of MERS registered mortgages and related servicing. As such, FDIC employees and contractors, as well as failed-bank employees retained by the FDIC, must be able to access, review, and update the data in MERS.

## Sources of Information in MERS

The primary source of borrowers' information in the MERS System is commercial and residential loan originations. When a loan is originated with MERS as the mortgagee, the loan data is entered into MERS by the MERS member that originates the mortgage. Updates are made to the record by the MERS member (subsequent purchaser or servicer) whenever the mortgage and/or servicing rights are transferred or sold.

When a financial institution is placed in receivership, authorized FDIC Risk Analysis Center (RAC) employees and contractors have access to MERS to review and make updates to beneficiary/owner information on acquired assets of MERS members in FDIC's receivership, as well as to release/assign liens. As needed, FDIC may also retain some failed-bank employees who have MERS experience to assist the Receiver with updating those related assets.

## Notice & Consent

Individuals cannot opt out from MERS by declining to provide personal information or by consenting to only particular uses. When signing final documents for a home financing, the individual may receive a Disclosure Statement that explains that MERS will be listed on their standard Deed of Trust form as the mortgagee if the company originating the mortgage uses MERS.

## Access to Data in MERS

Only registered authorized MersCorp personnel and financial institutions/receiverships that own or service the loans in the system can access MERS (i.e., "MERS Members"). As Receiver for failed financial institutions, the FDIC has access to data in the system pertaining to MERS-registered mortgages that are owned and/or serviced by the Receivership. The primary FDIC users of MERS will be limited to authorized Risk Analysis Center (RAC) employees and contractors. Authorized RAC employees and contractors have secure online access to MERS in order to make updates to beneficiary/owner information on acquired assets to reflect any sales, transfers, related servicing, and/or release or assignment of liens. In addition, FDIC may retain some employees of failed financial institutions who have MERS experience to assist the FDIC with updating related assets in MERS.

## Data Sharing

### Other Systems that Share or Have Access to Data in the System:

No other systems currently share or have access to the data in MERS.

| System Name | System Description | Type of Information Processed |
|-------------|--------------------|-------------------------------|
| N/A         | N/A                | N/A                           |

## Data Accuracy in MERS

MERS was developed by MersCorp and is not owned, operated, or controlled by the FDIC. As such, MersCorp and its affiliated vendor(s) are responsible for ensuring the data is accurate and up to date. The core data contained in the system is input and checked for completeness by MERS members who originate/service loans with MERS as the mortgagee. With FDIC as Receiver, authorized FDIC employees and contractors, as well as retained failed bank employees, will review and check data for completeness by comparing it against master mortgage files obtained from the failed financial institution.

## Data Security for MERS

The system is maintained in two secure sites by the vendor. There are security controls and procedures in place to ensure consistent use of the system and data. In addition, all information collected resides on secure servers that only selected MersCorp personnel and contractors have access to via secure password-protected accounts.

## System of Records Notice (SORN)

MERS operates under the following FDIC Privacy Act SORN 30-64-0013, *Insured Bank Liquidation Records*.

## Contact Us

To learn more about the FDIC's Privacy Program, please visit:  
<http://www.fdic.gov/about/privacy/>.

If you have a privacy-related question or request, email [Privacy@fdic.gov](mailto:Privacy@fdic.gov) or one of the [FDIC Privacy Program Contacts](#). You may also mail your privacy question or request to the FDIC Privacy Program at the following address: 3501 Fairfax Drive, Arlington, VA 22226.

