

PFI Advisory

April 26, 2010

Special Attention:

PFI MPF[®] Program Management and Servicing Management

Subject: Foreclosure Actions in the name of MERS

Note: This PFI Advisory applies to the MPF 100, Original MPF, MPF 125, MPF Plus and the MPF Xtra[®] mortgage products.

Effective with foreclosures referred on or after **May 1, 2010**, MERS must not be named as a plaintiff in any foreclosure action, whether judicial or non-judicial, on a mortgage loan delivered under the MPF program. MERS is the mortgagee of record when either a mortgage names MERS as the original mortgagee and is recorded in the applicable land records, or a completed and recorded assignment names MERS as the mortgage assignee.

If MERS is the mortgagee of record, the servicer must prepare a mortgage assignment from MERS to the servicer, and then bring the foreclosure in its own name, unless directed otherwise by the MPF Provider. The assignment from MERS to the servicer must be recorded **before** the foreclosure begins. The servicer will not be reimbursed for any expense incurred in preparing or recording an assignment of the mortgage loan from MERS to the servicer.

If an assignment has been recorded from MERS to the servicer and the borrower reinstates the mortgage loan prior to completion of the foreclosure proceedings, the servicer need not re-assign the mortgage to MERS and re-register it with MERS and any such action will be at the discretion and expense of the servicer.

The servicer should consult its foreclosure attorney (for the MPF Xtra product, the attorney must be Fannie Mae approved) to determine if any other legal requirements apply when conducting foreclosures of mortgage loans in which MERS is the prior mortgagee of record.

The policy change described in this Advisory will be published in the MPF Guides through a future PFI Notice.

If you have any questions, please contact your MPF Bank Representative or call the MPF Customer Support Desk at 877-INFO-MPF (877-463-6673).