

1. Q: What is an eMortgage (electronic mortgage)?

A: An eMortgage is a mortgage for which the promissory note and possibly other documents are created and stored electronically rather than as traditional paper documents requiring a pen and ink signature.

2. Q: What is Flagstar's vision for eMortgages?

A: We believe paperless closings with electronic signatures are the closing method of the future. We aim to improve the borrower experience by utilizing recently passed legislation, which allows borrowers to obtain and sign electronic documents securely. In addition, eMortgages will help us to pass on the efficiencies of our paperless processes to our customers.

3. Q: What is the legal basis for eMortgages?

A: The legal basis for eMortgages was established with the Electronic Signatures in Global and National Commerce Act (E-SIGN) enacted by Congress on June 30, 2000. Also, most states have adopted laws based on the Uniform Electronic Transactions Act (UETA), a model for state statutes that was developed in 1999 by the National Conference of Commissioners on Uniform State Laws. These laws prompted development of a legal infrastructure to support valid, enforceable and transferable eMortgages, provided they comply with state and federal statutes governing electronic loan obligations and mortgage lending.

4. Q: What is E-SIGN (UETA)?

A: Congress enacted E-SIGN – the Electronic Signatures in Global and National Commerce Act – in June 2000 to facilitate the use of electronic records and signatures by ensuring the validity and legal effect of contracts entered into electronically. E-SIGN imposes special requirements on parties who want to use electronic records.

5. Q: What is an eNote (electronic note)?

A: An eNote is an electronic transferable promissory note – the electronic equivalent of a negotiable paper promissory note. It is created, signed and stored as an electronic document in an electronic vault (eVault) by a custodian.

6. Q: What is an eVault (electronic vault)?

A: eVaults have been created to store eNotes. An eVault is a transferable records management solution that meets legal requirements and industry standards created by The Mortgage Industry Standards Maintenance Organization (MISMO).

7. Q: What is a Tamperseal?

A: A Tamperseal is a “seal” wrapping an electronic document that has been digitally signed. Used as a security tool, the seal will provide evidence of any changes made after it is put in place.

8. Q: Are there industry standards for eMortgages?

A: Yes. The MISMO eMortgage work group was formed in 2001 to develop standards for efficient eMortgage processes, transactions and XML data protocol. The MISMO eMortgage Guidelines and Recommendations are available at www.mismo.org.

9. Q: When should lenders engage in conversations with settlement agents regarding their plans for eMortgages?

A: Prior to implementing an eMortgage initiative, lenders should engage in conversations with their settlement agents to identify settlement partners who are prepared to participate in eMortgage closings.

10. Q: What is an “Authoritative Copy” of the note?

A: An Authoritative Copy is the unique controlling reference copy of the Transferable Record (eNote), which is registered on the MERS eRegistry.

11. Q: What is the MERS eRegistry?

A: The MERS eRegistry is the system of record identifying the owner and location of the electronic promissory note (eNote). The MERS eRegistry allows eNotes to be registered and uniquely identified for tracking and verification.

12. Q. When do eNotes have to be registered with the MERS eRegistry?

A: All eNotes must first have been registered in the MERS eRegistry within one (1) business day of signing. The record in the MERS eRegistry must reflect the originating lender, the lender whose name is on the eNote, as the first Controller. Any and all subsequent transfers of the eNotes, changes of control, must be reflected in the MERS eRegistry.

13. Q: What is a MIN and how is it used?

A: A MIN is an 18-digit MERS “Mortgage Identification Number,” an industry-standard eMortgage numbering system used to identify the eMortgage registered with the MERS eRegistry. Each eMortgage has a unique MIN that is used by the MERS eRegistry and the MERS assignment system.

