

Frequently Asked Questions

Does signing a Note with an electronic signature make it an eNote?

- No. An eNote must be created by an eClosing system and result in a transferrable record that meets the standards of the Electronic Signatures in Global and National Commerce Act (ESIGN Act). The proper eNote will be in an approved 'Smart Doc' format for compatibility with eVaults and the MERS eRegistry.

Are there prerequisites to selling loans with eNotes to FHLBI?

- Yes. The Seller must first be approved to sell eNotes. The approval process includes confirmation that the Seller can complete eClosing as well as testing with MERS, MPP and the document custodian. An eNote application/questionnaire is available on the website under Advantage MPP Materials.

Does a Seller need to use an eClosing system to create the eNote?

- Yes. An eClosing system is necessary to create, sign and save the eNote in the proper 'Smart Doc' format.

Does FHLBI permit hybrid closings?

- Yes. Hybrid closings would include the borrower signing documents at closing with electronic signatures and some documents, such as the Note and/or security instrument (Mortgage or Deed of Trust) as a wet signature. A Note not signed electronically in the proper Smart Doc format is not considered an eNote.

Why is an eVault necessary for storing eNotes?

- An eNote is created, signed, and stored electronically so it is vital that it includes the tamper seal and is stored properly once it is created. The storage of the document in an eVault allows for storage as well as transfer of the Authoritative Copy (official/original version) to other eVaults. The eVault is also the mechanism used to facilitate changes in the MERS eRegistry.

Why is it necessary to register the eNote in the MERS eRegistry?

- Since there is no such thing as a hard copy of an eNote, the eRegistry is necessary to track where the 'original' exists (location), who is the holder of Note (Controller), etc.

Is the Seller required to have their own eVault for the origination and sale of eNotes?

- Yes. The Seller must have their own access to an eVault to properly store eNotes until the date of transfer. Upon sale the Seller uses the eVault to deliver a copy of the eNote from the existing eVault to the document custodian's eVault and initiate the adjustment of the 'rights holder' positions in the eRegistry.

Does the Seller need to have a MERS membership?

- Yes. A membership with MERS is necessary to register and initiate changes within the eRegistry.



Does FHLBI require the Seller to assign the mortgage to MERS?

- No. The loan does not need to be assigned to MERS to have the eNote registered in the eRegistry. MERS has created a special membership known as the 'MERS Patron Membership' specifically for members of the Federal Home Loan Banks which will allow usage of the eRegistry without requiring the assignment. Contact MERS for more details on the MERS Patron Membership. (mersinc.org or 800-646-6377).

Can a Seller with an eVault also operate as the document custodian for eNotes sold to FHLBI?

- No. This is something that may change in the future but at the present time we are requiring all eNotes sold to FHLBI to be held by US Bank as the document custodian.

Is the loan allocation and delivery process in LAS different with eNotes?

- Not really. If the loan includes an eNote, the loan should be identified as such in LAS. A check box has been added to LAS as well as a field for the eRegistry number which should be updated when the loan is added to LAS. Otherwise, the actual allocation and delivery process is unchanged. Of course, the delivery of the Note to the document custodian is different.

When selling eNotes to FHLBI, is it still necessary to send executed but unrecorded assignments to the document custodian in some cases?

- Yes. This is not depended on the medium of the Note but as to do with whether the lien is assigned to MERS or not. If the lien is assigned to MERS, either as a MOM loan or with subsequent assignment, the unrecorded assignment to FHLBI is not necessary. If the lien is to be held in the name of the Seller/Servicer, then an executed but unrecorded assignment to FHLBI is still necessary to be provided to and held by the document custodian. This is likely to occur if a Seller is utilizing the MERS Patron Membership where the loan has an eNote but is still assigned to the Seller/Servicer.

Are loans with eNotes serviced differently than loans with paper Notes?

- Standard servicing requirement per the MPP Guide still apply.

Does a servicer of loans with eNotes need to have access to an eVault?

- The servicer must have access to an eVault which is fully integrated with the MERS eRegistry to enable them to record payoffs, charge-offs, etc. In cases where it is necessary for the servicer to obtain possession of an eNote to undertake legal action, a form may be submitted to the document custodian to request the Location and Control be transferred to the servicer's eVault until the action is completed.



When selling an eNote loan to FHLBI, who should be listed in the different eRegistry 'Rights Holder' positions?

- Controller: Federal Home Loan Bank of Indianapolis
- Location: US Bank (Document Custodian)
- Master Servicer: Name of the mortgage servicer
- Delegatee for Transfers: US Bank
- Secured Party: Leave this blank. This field is used when pledging a loan as collateral and is not for use when selling a mortgage loan through Advantage MPP

Why is it necessary to name a 'Delegatee for Transfers'?

- In a paper Note environment, FHLBI depends on the document custodian to handle storage and movement of the original Note. Similarly, in the case of an eNote, FHLBI depends on the document custodian to handle storage and movement but in this case the movement is achieved by making changes to the 'Rights Holder' fields in the eRegistry. By setting the document custodian as the Delegatee for Transfers, this enables the document custodian to handle transfers of Control and Location on behalf of FHLBI.



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