Recent Transaction Transfers Ownership of Digital Mortgage Loans via Blockchain

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Friday, March 25, 2022

In a novel transaction for the blockchain and mortgage industries, a blockchain-focused financial services company and an investment firm announced the completion of a transaction involving the origination of digital mortgage loans and transfer of ownership via blockchain technology. The eNote digital mortgage assets were originated on the Provence Blockchain and registered on the financial services company’s Digital Asset Registration Technologies (DART) platform. DART monitors blockchain-based asset transfers and is intended to enable an efficient alternative to the existing loan tracking database systems.

The mortgage assets are in the form of NFTs, and the investment firm purchased the loans via USDF, a stablecoin that was minted by a consortium of U.S. banks. USDF operates on the Provenance blockchain and is redeemable 1:1 for cash from any of...
the group's members (we previously discussed the proliferation and regulation of stablecoins in previous Consumer Finance and FinTech blog posts here and here).

**Putting It Into Practice:** While ostensibly a transaction more akin to a secondary market transaction, mortgage transactions on the blockchain may hold the potential to transform the mortgage ecosystem, especially if investors show continued eagerness for this asset class. To become mainstream, further developments for blockchain-based mortgage loans will likely need to focus on regulatory considerations, such as state mortgage recordation and lending laws.

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National Law Review, Volume XII, Number 84

**Source URL:** https://www.natlawreview.com/article/recent-transaction-transfers-ownership-digital-mortgage-loans-blockchain