

JD FINANCIAL ASSOCIATES

7109-G W. HEFNER RD, SUITE 110
OKLAHOMA CITY, OK 73162-4534
Phone: (405) 301.8466

SECURITIZATION AUDIT

Prepared for: [REDACTED] and [REDACTED]

Prepared by: [REDACTED]

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BACKGROUND AND SCOPE

Prior to Securitization, the original Deed recording was usually the only recorded document in the Chain of Title. That is because the bank issued and maintained their own portfolio of loans. This is known as portfolio lending. With portfolio lending, the Deed was the only original recording that was present in the bank's name. There was no question of who owned both the Note and the Deed. The Note was on file with the Bank, and the Deed was recorded in that same bank's name with the county. The chain of title was simple and complete.

Another important aspect of Portfolio Lending was that banks tended to be very thorough in the underwriting process because they would fully realize any and all losses if they issued a loan the borrower could not repay.

Over the past two decades, however, a new process in mortgage lending evolved, known as securitization. With Securitization, Notes and Deeds were sold by the original lender or bank to other entities, who in turn would often sell them again. The Notes would be pooled and sold into Trusts on the stock market, where investors could buy into the Trust.

The theory was that these Trusts would perform well, thus creating more money to lend. Lenders relaxed their standards and underwriting guidelines so they could issue more loans as there was very little risk to them after they sold the loan. Securitization opened the door to the subprime and exotic loan markets.

However, there were both laws and Trust regulations that dictated how the chain of title and verifiable proof of ownership were to be maintained. With each sale of the Note and the Deed, there had to be a new assignment of that Deed and Note to the new owner. Complete closing documents, including assignments had to be provided to the Trust by specific dates, or the loans would have to be removed from that Trust.

With millions of loans being securitized, these recordings with the county often did not get done. As well, critical documents and assignments were also not done and provided in accordance with the Trust. Due to these sloppy and heretofore untried and unproven practices, many Notes were lost or destroyed, Trusts hold loans that do not have proper documentation, and county records still show ownership as belonging to the original lender.

In fact, an "electronic database system" was created to help lenders "track and record" Notes. This did not excuse or alleviate the proper recording process; yet, lenders would use this system and omit proper recordings with the County.

As a result of these missed filings, many of today's securitized loans have a broken chain of title, the Notes are often lost or destroyed, and the entity who is trying to claim ownership of the Note and Deed cannot do so because they have traveled apart. Further, the regulations of the Trust have been violated, which opens the door to potentially even more fraudulent actions.

The electronic database system is known as Mortgage Electronic Registration System (MERS) and was created to eliminate the recording problems in securitization described above. To facilitate "rapid" transfers of Notes, the MERS systems would receive Notes that had been endorsed "in blank" which was supposed to allow MERS to be the foreclosing party or have the authority to grant, assign and transfer the rights to foreclose to another party.

Because these practices were not based in traditional land ownership laws, and accepted lending practices, they have created serious problems today.

Sometime in the late 2000s the mortgage industry began to melt down. Much of the meltdown has now been attributed to the rampant use of the securitization process. Lenders became sloppy and careless in the underwriting process, passing out many loans to people they knew didn't qualify. They were not so concerned because they would be selling the loans off.

As a result, many loans went into default, and foreclosures soon rose into astronomical numbers. The next wave of trouble for the lenders was processing these massive numbers of foreclosures in a rapid and affordable manner. They solved this by forging signatures on critical foreclosure documents and assignments. This action was soon nicknamed "robo-signing".

There have been thousands of wrongful foreclosures conducted because of broken chain of title, clouded ownership, lost or destroyed Notes, fraudulent assignments, and robo-signing.

In the following sections a review of the route this loan has traveled will be analyzed. Each of the sections analyzes and reviews a specific aspect:

- If this loan was securitized what Trust was it placed into?
- Were assignments done in accordance with the Trust regulations as well?
- Were the assignments, properly recorded and tracked or was the process done in such a manner that the chain of title was broken?
- Were there forged signatures on any the foreclosure documents and assignments?
- Was MERS involved?

SECTION 1: LOAN DETAILS

Borrowers

[REDACTED] and [REDACTED]

Subject Property

[REDACTED] Northeast 2nd [REDACTED]

Loan Details

Original Lender: New Century Mortgage Corporation
Principal Amount: \$341,955.00
Loan Closing Date: 10/12/2006
Loan Maturity Date: 11/01/2036
Term: 30 years
Type of Note: Adjustable Rate Balloon
Initial Interest: 8.700%
Original Loan Number: Not Identified

Loan Transaction Participants:

Mortgage Broker: Not Identified
Mortgage Nominee or Beneficiary: Mortgage Electronic Registration System (MERS)
MIN: 100488910104496871
Original Mortgage Lender: New Century Mortgage Corporation
Trustee: Pacific Northwest Title
Title Company: Not Identified

Current Mortgage Statement:

Current Servicer: America's Servicing Company (ASC)
Current Loan Number: 1134032148

SECTION 2: TRACKING THE DEED (MORTGAGE) & THE NOTE

“The Note and mortgage are inseparable; the former as essential, the latter as an incident. An assignment of the Note carries the mortgage with it, while assignment of the latter alone is a nullity. “Carpenter v. Longan 16 Wall. 271, 83 U.S. 271, 274, 21 Led. 313 (1872)

Recorded Chain of Deed Possession		Chain of Note Possession	
Date	Original Deed of Trust	Date	Note Holder
10/19/2006	New Century Mortgage Corporation	10/12/2006	New Century Mortgage Corporation
11/04/2010	Notice Of Default	11/2006	Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3
11/22/2010	Assignment By MERS		
02/15/2011	Substitution Of Trustee Signed By Wells Fargo Bank, NA		
02/23/2011	Notice Of Trustee Sale A: Signed By Northwest Trustee Services, Inc.		
07/18/2011	Corporate Assignment By MERS		
08/08/2011	Corrective Assignment By MERS		
08/08/2011	Appointment of Successor Trustee B Signed By Wells Fargo Bank, NA		
09/28/2011	Notice Of Trustee Sale B: Signed By Northwest Trustee Services, Inc. Document Number 20110808000555		
09/28/2011	Notice Of Trustee Sale C: Signed By Northwest Trustee Services, Inc. Document Number 20110928001403		
09/28/2011	Notice Of Discontinuance A		
09/28/2011	Notice Of Discontinuance B		

The Deed of Trust (Mortgage) and the Note have separated and traveled apart.

- The last known holder of the Deed of Trust is New Century Mortgage Corporation See DEED EXHIBIT A.
- The Note was sold, pooled and transferred. As confirmed by the Bloomberg Financial Research Platform, as of January 2012, the Note is in the Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3. The Note is still listed as active.

Loan	Pay History	Curr. Amt	Orig Amt	Group(s)	Modifications	Mod Date	Rate
193. 1010449687	FFFFFFFFFFFF9963CCCCC	335,908	341,955	0, 2			8.7
194. 1010303101	CCCCCCCCCCCCCCCCCCCC633	322,759	341,250	0, 1			2.0

This screenshot shows that as of 1/2012 the loan is in the Trust as loan #1010449687, with the original loan amount of 341,955. (This screenshot is also included full size as Bloomberg Exhibit A)

Loan	Pay History	Curr. Amt	Rate	Prev Rate	P&I	Prev P&I	IO Term	Doc
193. 1010449687	FFFFFFFFFFFF9963CCCCC	335,908	8.70		2,560			Limited
194. 1010303101	CCCCCCCCCCCCCCCCCCCC633	322,759	2.00		1,068			Limited

This screen shot shows that the loan is being reported to the Trust as in foreclosure, interest rate of 8.7, principal & interest payment of \$2,560, limited doc loan. (Bloomberg Exhibit A-1)

Loan	Pay History	Curr. Amt	Spcl Svc	Property Type	Occ	Purpose
193. 1010449687	FFFFFFFFFFFF9963CCCCC	335,908	Foreclosu	Single Housing	Own	Purchase
194. 1010303101	CCCCCCCCCCCCCCCCCCCC633	322,759		Condo	Own	Equity takeout

This screen shot shows that it is a single housing property type, owner occupied and loan purpose was a purchase. (Bloomberg Exhibit A-2)

BLOOMBERG

<HELP> for explanation. Mtge LLD

98) Stratify: None 99) Export CMLTI 2006-HE3 Loan Details

Group: All Collateral All Active Loans As of: 01/12

Active Loans	Count	Curr. Amt (USD)	Bal%	WALTV	Score	Orig. Amt	WAC	WAM	WALA
Active Loans	1,255	245,080,965	100	80.53	618	250,274,526	5.96	293	63

Loan	Pay History	Curr. Amt	Orig	Zip	MSA	Service	Lien
193. 1010449687	FFFFFFFFFFFF9963CCCCC	335,908	11/2006	98059	Seattle-Tacoma-Bellevue, W	1.73	
194. 1010303101	CCCCCCCCCCCCCCCCC633	322,759	11/2006	91766	Riverside-San Bernardino-O	0.51	

This screen shot shows the loan origination of 11/2006, zip code of 98059, from the Metropolitan Service Area of Seattle-Tacoma-Bellevue. (Bloomberg Exhibit A-2)

SECTION 3: THE NOTE

In this section we review if the Note was securitized, the securitization process, the participants, and some governing guidelines of the Trust.

No Entity can be a creditor if they do not hold/own the asset in question (i.e. the NOTE and/or the property); a Mortgage Pass Through Trust (i.e. R.E.M.I.C., as defined in Title 26, Subtitle A, Chapter 1, Subchapter M, Part II §§ 850-862) cannot hold assets, for if they do, their tax exempt status is violated and the Trust itself is void ab initio. Therefore, either the Trust has voided its intended Tax Free Status, or the asset is not in fact owned by it.

SECURITIZING A LOAN

Following is brief explanation of the methodology that was generally used to securitize loans:

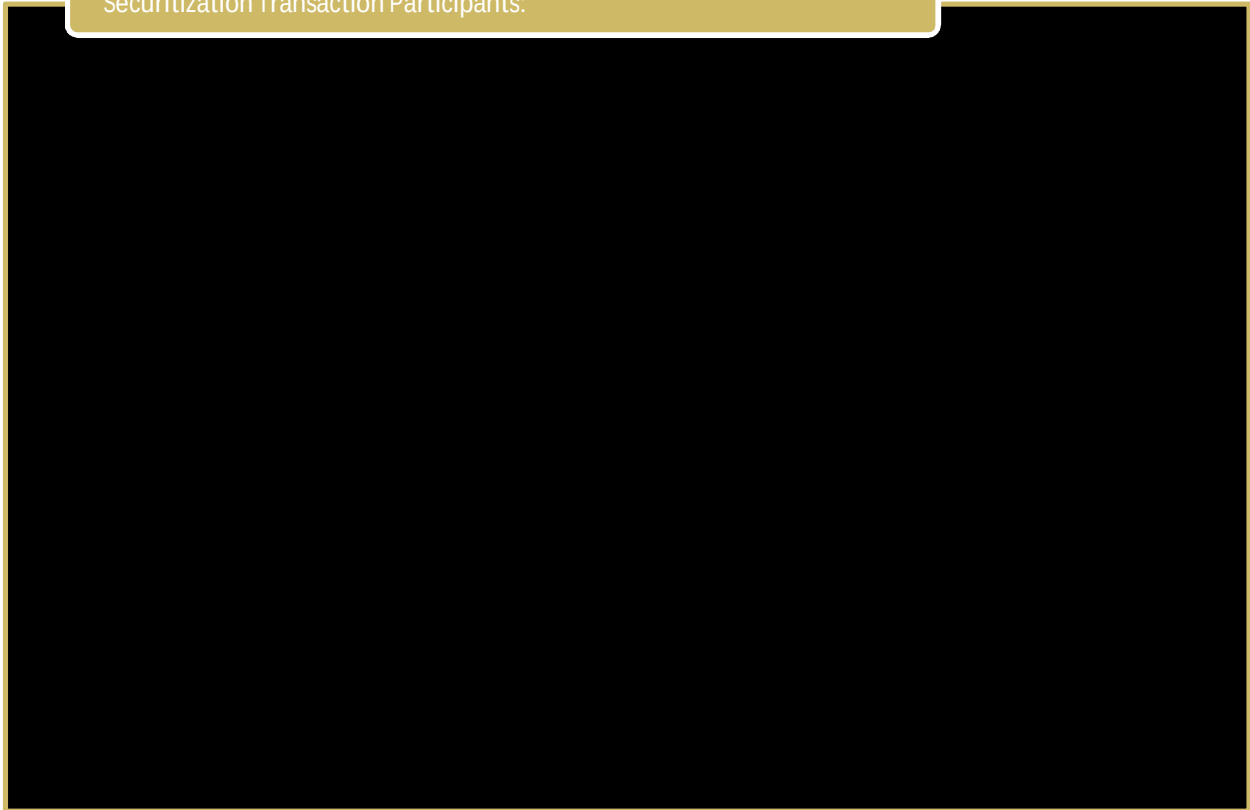
1. A Wall Street firm would approach other entities about issuing a Series of Bonds for sale to investors. This was known as pre-selling. Agreements would be made as to the types of loans and other factors such as risk level and insurance. In other words, the Wall Street firm pre-sold the bonds before they were in existence.
2. The Wall Street firm would then approach a lender, usually offering them a Warehouse Line of Credit, which the lender would use to fund the loans. The Mortgage Loan Purchase Agreement and Pooling and Servicing Agreement provided restrictions and guidelines that were to be followed, such as the procedures for the creation and administering of the loans prior to, and after, the sale of the loans to Wall Street.
3. With the guidelines, the Lender would then proceed to locate buyers (borrowers) for the loans. In essence, people who fit the general characteristics of the Mortgage Loan Purchase Agreement. In many cases, the guidelines were very general and most people could qualify. The Lender would originate the loan, fund it, and collect the payments until there were enough loans funded to sell to the Wall Street firm who could then issue the bonds. **(The Deed of Trust and Note are together and recorded with the county.)**
4. Once the loans were funded, the lender would then sell the loans to the Sponsor. Normally, the sponsor was either a subsidiary of the Wall Street firm, or a specially created Corporation of the lender. (New assignment should have been recorded with the county.)
5. The loans were then separated into tranches where they would eventually be turned into bonds.
6. Next, the tranches of loans were sold to the Depositor—this entity was a Special Purpose Vehicle designed with one purpose in mind: to create a bankruptcy remote vehicle where the lender or other entities would be protected from what might happen to the loans, and/or the loans are protected from the lender. The Depositor was also an entity created by the Wall Street firm or the Lender. (New assignment should have been recorded with the county.)
7. Then, the “Depositor” places the loans into the Issuing Entity, which is another created entity solely used for the purpose of selling the bonds.
8. Finally, the bonds would be sold, with a Trustee appointed to ensure that the bondholders received their monthly payments.

SECURITIZATION OF THIS LOAN

On October 12, 2006, [REDACTED] executed a negotiable promissory in the amount of \$341,955.00 for [REDACTED] WA 98059. The Lender is New Century Mortgage Corporation. The Note is an Adjustable Rate Balloon Note. Interest is 8.700%. Monthly payment amount is \$2,559.01. The pages of the Note are numbered as follows: Page 1 of 4, Page 2 of 4, Page 3 of 4, and Page 4 of 4. This copy of the Note does not have any endorsements other than the borrowers'. There are no allonges.

As shown in Section Two, this loan was securitized into Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3.

Securitization Transaction Participants:



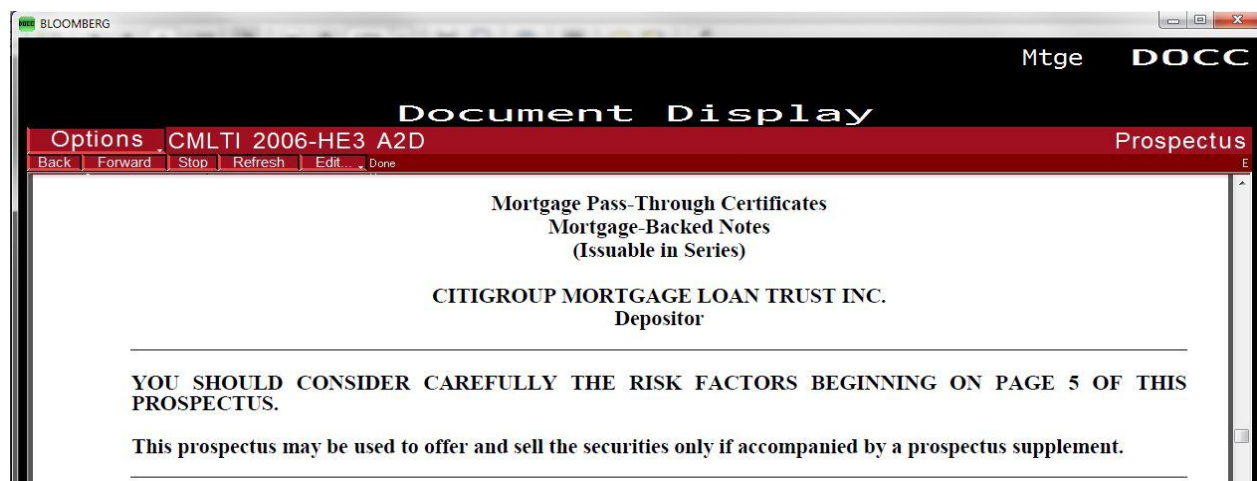
GOVERNING DOCUMENTS OF THE TRUST

The governing documents for the Trust include the Pooling & Servicing Agreement and are covered in part in **The Prospectus Supplement and Prospectus**. (These documents are often referred to by their SEC Form filing names: 424B5, and/or the FWP.) This Prospectus Supplement and Prospectus does not include the **Pooling and Servicing Agreement**.

The complete history of filings and the full PSA are available here:

[http://www.secinfo.com/\\$/SEC/Registrant.asp?CIK=1328991](http://www.secinfo.com/$/SEC/Registrant.asp?CIK=1328991)

THE TRUST



The Trust (Page S-6, Prospectus Exhibit A)

The depositor will establish a Trust with respect to the certificates pursuant to a pooling and servicing agreement, dated as of the cut-off date, among the depositor, the servicers, the Trust administrator and the Trustee. There will be nineteen classes of certificates representing beneficial interests in the Trust. See *"Description of the Certificates"* in this prospectus supplement. The certificates will represent in the aggregate the entire beneficial ownership interest in the Trust. Distributions of interest and principal on the certificates will be made only from payments received in connection with the mortgage loans and amounts received under the cap contract.

THE CERTIFICATES

The Certificates (Page S-5, Prospectus Exhibit A)

Offered Certificates..... Only the certificates listed in the immediately following table are being offered by this prospectus supplement. Each class of offered certificates will have the initial certificate principal balance and pass-through rate set forth or described in the immediately following table.

Class	Initial Certificate Principal Balance ⁽¹⁾	Pass-Through Rate ⁽²⁾	Class	Initial Certificate Principal Balance ⁽¹⁾	Pass-Through Rate ⁽²⁾
A-2A	\$ 189,624,000	Variable	M-4	\$ 13,310,000	Variable
A-2B	\$ 76,463,000	Variable	M-5	\$ 11,832,000	Variable
A-2C	\$ 58,113,000	Variable	M-6	\$ 9,983,000	Variable
A-2D	\$ 41,034,000	Variable	M-7	\$ 9,613,000	Variable
M-1	\$ 26,991,000	Variable	M-8	\$ 5,546,000	Variable
M-2	\$ 25,512,000	Variable	M-9	\$ 9,613,000	Variable
M-3	\$ 14,050,000	Variable			

⁽¹⁾ Approximate. Subject to a variance of $\pm 10\%$.

⁽²⁾ The pass-through rate on each class of offered certificates is based on one-month LIBOR plus an applicable certificate margin, subject to a rate cap as described in this prospectus supplement under "Description of the Certificates—Pass-Through Rates."

Use of Proceeds (Page S-24, Prospectus Exhibit A)

USE OF PROCEEDS

The sponsor will sell the mortgage loans to the depositor, and the depositor will convey the mortgage loans to the trust in exchange for and concurrently with the delivery of the certificates. Net proceeds from the sale of the certificates will be applied by the depositor to the purchase of the mortgage loans from the sponsor. These net proceeds, together with the Class CE Certificates and Class P Certificates will represent the purchase price to be paid by the depositor to the sponsor for the mortgage loans. The sponsor will have acquired the mortgage loans prior to the sale of the mortgage loans to the depositor.

S-24

Risk Factors (Page S-13, Prospectus Exhibit A)

RISK FACTORS

In addition to the matters described elsewhere in this prospectus supplement and the prospectus, prospective investors should carefully consider the following factors before deciding to invest in the offered certificates.

The mortgage loans were underwritten to standards which do not conform to the credit standards of Fannie Mae or Freddie Mac which may result in losses on the mortgage loans.

Each originator's underwriting standards are intended to assess the value of the mortgaged property and to evaluate the adequacy of the property as collateral for the mortgage loan and consider, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio, as well as the type and use of the mortgaged property. Each originator provides loans primarily to borrowers who do not qualify for loans conforming to Fannie Mae or Freddie Mac credit guidelines. None of the originators' underwriting standards prohibit a mortgagor from obtaining, at the time of origination of such originator's first lien, additional financing which is subordinate to that first lien, which subordinate financing would reduce the equity the mortgagor would otherwise have in the related mortgaged property as indicated in such originator's loan-to-value ratio determination for such originator's first lien.

As a result of the originators' underwriting standards, the mortgage loans in the mortgage pool are likely to experience rates of delinquency, foreclosure and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner.

Furthermore, changes in the values of mortgaged properties may have a greater effect on the delinquency, foreclosure, bankruptcy and loss experience of the mortgage loans in the mortgage pool than on mortgage loans originated in a more traditional manner. No assurance can be given that the values of the related mortgaged properties have remained or will remain at the levels in effect on the dates of origination of the related mortgage loans. See "The Originators" in this prospectus supplement.

Mortgage loans with high fully combined loan-to-value ratios leave the related borrower with little or no equity in the related mortgaged property, which may result in losses with respect to these mortgage loans.

Risk Factors (Page S-17 & 18, Prospectus Exhibit A)

Violation of consumer protection laws may result in losses on the mortgage loans and your certificates.

Applicable state laws generally regulate interest rates and other charges, require certain disclosure, and require licensing of the originator. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of the mortgage loans.

The mortgage loans are also subject to federal laws, including:

- The Federal Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to the mortgagors regarding the terms of the mortgage loans;
- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit; and
- The Fair Credit Reporting Act, which regulates the use and reporting of information related to the borrower's credit experience.

Violations of certain provisions of these federal laws may limit the ability of the servicers to collect all or part of the principal of or interest on the mortgage loans and in addition could subject the Trust to damages and administrative enforcement and could result in the borrowers rescinding such mortgage loans against either the Trust or subsequent holders of the mortgage loans.

Each originator or the sponsor will represent that as of the closing date, each mortgage loan was in compliance with applicable federal, state and local laws and regulations that were in effect at the time the related mortgage loan was originated. In the event of a breach of such representation, the originator or the sponsor will be obligated to cure such breach or repurchase or replace the affected mortgage loan in the manner set forth in the pooling and servicing agreement.

The Mortgage Pool (Page S-25, Prospectus Exhibit A)

General Description of the Mortgage Loans

The trust will consist of a pool of one- to four- family, fixed-rate and adjustable-rate, first lien and second lien residential mortgage loans which will be divided into two loan groups consisting of loan group I containing mortgage loans that conform to Fannie Mae loan limits at origination and loan group II containing mortgage loans that may or may not conform to Fannie Mae loan limits at origination. In addition, certain of the conforming balance mortgage loans included in loan group II might otherwise have been included in loan group I, but were excluded from loan group I because they did not meet Fannie Mae criteria (including published guidelines) for factors other than principal balance.

The mortgage pool will consist of 3,626 conventional, one- to four-family, adjustable-rate and fixed-rate mortgage loans secured by first liens and second liens on residential real properties and having an aggregate principal balance as of the cut-off date of approximately \$739,473,750 after application of scheduled payments due on or before the cut-off date whether or not received and subject to a permitted variance of plus or minus 10%. The Group I Mortgage Loans will consist of 1,694 conventional, one- to four-family, adjustable-rate and fixed-rate mortgage loans secured by first liens and second liens on residential real properties and having an aggregate principal balance as of the cut-off date of approximately \$280,059,122 after application of scheduled payments due on or before the cut-off date whether or not received and subject to a permitted variance of plus or minus 10%. The Group II Mortgage Loans will consist of 1,932 conventional, one- to four-family, adjustable-rate and fixed-rate mortgage loans secured by first liens and second liens on residential real properties and having an aggregate principal balance as of the cut-off date of approximately \$459,414,629 after application of scheduled payments due on or before the cut-off date whether or not received and subject to a permitted variance of plus or minus 10%. The mortgage loans have original terms to maturity of not greater than 30 years.

The mortgage loans are secured by first or second mortgages or deeds of trust or other similar security instruments creating first or second liens on one- to four-family residential properties consisting of one- to

The Mortgage Pool (Page S-26, Prospectus Exhibit A)

four-family dwelling units, individual condominium units and planned unit developments. The mortgage loans will be acquired by the depositor from the sponsor in the manner described in this prospectus supplement.

Approximately 62.84% of the Mortgage Loans were originated by New Century Mortgage Corporation generally in accordance with its underwriting guidelines then in effect. Approximately 10.65% of the Mortgage Loans were originated by LIME Financial Services, Ltd. generally in accordance with its underwriting guidelines then in effect. Approximately 10.37% of the Mortgage Loans were originated by Quick Loan Funding, Inc. or acquired by Quick Loan Funding, Inc. from correspondent lenders after re-underwriting such acquired Mortgage Loans generally in accordance with its underwriting guidelines then in effect. Approximately 5.26% of the Mortgage Loans were originated by Master Financial, Inc. generally in accordance with its underwriting guidelines then in effect. Approximately 4.89% of the Mortgage Loans were originated by Meritage Mortgage Corporation generally in accordance with its underwriting guidelines then in effect. Approximately 4.80% of the Mortgage Loans were originated by Wells Fargo Bank, N.A. generally in accordance with its underwriting guidelines then in effect. Approximately 0.70% of the Mortgage Loans were originated by WMC Mortgage Corp. generally in accordance with its underwriting guidelines then in effect. Approximately 0.26% of the Mortgage Loans were originated by National City Mortgage Co. or acquired by National City Mortgage Co. from correspondent lenders after re-underwriting such acquired Mortgage Loans generally in accordance with its underwriting guidelines then in effect. Approximately 0.22% of the Mortgage Loans were originated by MortgageIT, Inc. or acquired by MortgageIT, Inc. from correspondent lenders after re-underwriting such acquired Mortgage Loans generally in accordance with its underwriting guidelines then in effect.

PSA (Page S-90, Prospectus Exhibit A)

POOLING AND SERVICING AGREEMENT

General

The certificates will be issued pursuant to the pooling and servicing agreement, dated as of December 1, 2006, among the depositor, the servicers, the trust administrator and the trustee, a form of which is filed as an exhibit to the registration statement. A current report on Form 8-K relating to the certificates containing a copy of the pooling and servicing agreement as executed will be filed by the depositor with the Securities and Exchange Commission following the initial issuance of the certificates. The trust created under the pooling and servicing agreement will consist of (i) all of the depositor's right, title and interest in and to the mortgage loans, the related mortgage notes, mortgages and other related documents; (ii) all payments on or collections in respect of the mortgage loans due after the cut-off date, together with any proceeds thereof; (iii) any mortgaged properties acquired on behalf of certificateholders by foreclosure or by deed-in-lieu of foreclosure, and any revenues received thereon; (iv) the rights of the trustee under all insurance policies required to be maintained pursuant to the pooling and servicing agreement; (v) the right to any payments made to the trust administrator pursuant to the Cap Contract; and (vi) the rights of the depositor under the assignment agreement pursuant to which the sponsor assigned certain rights to the depositor.

Reference is made to the prospectus for important information in addition to that set forth in this prospectus supplement regarding the trust, the terms and conditions of the pooling and servicing agreement and the offered certificates. The depositor will provide to a prospective or actual certificateholder without charge, on written request, a copy, without exhibits, of the pooling and servicing agreement. Requests should be addressed to the Secretary, Citigroup Mortgage Loan Trust Inc., 390 Greenwich Street, 6th Floor, New York, New York 10013.

Assignment (Page S-91, Prospectus Exhibit A)

Assignment of the Mortgage Loans

Pursuant to one or more sale agreements, the originators sold the mortgage loans originated by it, directly or indirectly, without recourse, to the sponsor. Pursuant to one or more assignment and recognition agreements and the mortgage loan purchase agreement the sponsor will sell, transfer, assign, set over and otherwise convey the mortgage loans, without recourse, to the depositor on the closing date. Pursuant to the pooling and servicing agreement, the depositor will sell, transfer, assign, set over and otherwise convey all of the mortgage loans, without recourse, to the trustee, for the benefit of the certificateholders, on the closing date.

The depositor will deliver or cause to be delivered to the trustee, or to a custodian on behalf of the trustee, with respect to each mortgage loan, among other things: the mortgage note endorsed in blank, the original mortgage with evidence of recording indicated thereon and an assignment of the mortgage in blank.

The assignments of mortgage will not be recorded in the offices for real property records, except as set forth in the pooling and servicing agreement.

- Step One: Original Lender sells to the Sponsor
- Step Two: Sponsor sells to the depositor
- Step Three: Depositor delivers to the Trustee

**Conveyance of the Mortgage Loans (FROM THE PSA AGREEMENT AVAILABE AT THIS LINK
<http://www.secinfo.com/dqTm6.z1dz.d.htm#1stPage>)**

ARTICLE II [OF THE PSA]

CONVEYANCE OF MORTGAGE LOANS;

ORIGINAL ISSUANCE OF CERTIFICATES

SECTION 2.01 Conveyance of Mortgage Loans.

The Depositor, concurrently with the execution and delivery hereof, does hereby transfer, assign, set over and otherwise convey to the Trustee without recourse for the benefit of the Certificate holders all the right, title and interest of the Depositor, including any security interest therein for the benefit of the Depositor, in and to the Mortgage Loans identified on the Mortgage Loan Schedule, the rights of the Depositor under the Mortgage Loan Purchase Agreement (except Section 18 thereof), and all other assets included or to be included in REMIC I-A and REMIC II-A. Such assignment includes all interest and principal received by the Depositor or the Master Servicer on or with respect to the Mortgage Loans (other than payments of principal and interest due on such Mortgage Loans on or before the Cut-off Date). The Depositor herewith delivers to the Trustee or a Custodian on its behalf an executed copy of the Mortgage Loan Purchase Agreement.

In connection with such transfer and assignment, the Depositor does hereby deliver to, and deposit with, the Trustee or a Custodian on its behalf, the following documents or instruments (a “*Mortgage File*”) with respect to each Mortgage Loan so transferred and assigned:

(i) The Mortgage Note, endorsed by manual or facsimile signature without recourse by the Originator or an Affiliate of the Originator in blank or to the Trustee showing a complete chain of endorsements from the named payee to the Trustee or from the named payee to the Affiliate of the Originator and from such Affiliate to the Trustee;

(ii) The original recorded Mortgage, noting the presence of the MIN of the Mortgage Loan and language indicating that the Mortgage Loan is a MOM Loan if the Mortgage Loan is a MOM Loan, with evidence of recording thereon

EX-4.1	85th Page of 502	TOC	1st	Previous	Next	Bottom	Just 85th
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or a copy of the Mortgage certified by the public recording office in those jurisdictions where the public recording office retains the original;

(iii) Unless the Mortgage Loan is registered on the MERS® System, an assignment to the Trustee in recordable form of the Mortgage which may be included, where permitted by local law, in a blanket assignment or assignments of the Mortgage to the Trustee, including any intervening assignments and showing a complete chain of title from the original mortgagee named under the Mortgage to the Person assigning the Mortgage Loan to the Trustee (or to MERS, noting the presence of the MIN, if the Mortgage Loan is registered on the MERS® System);

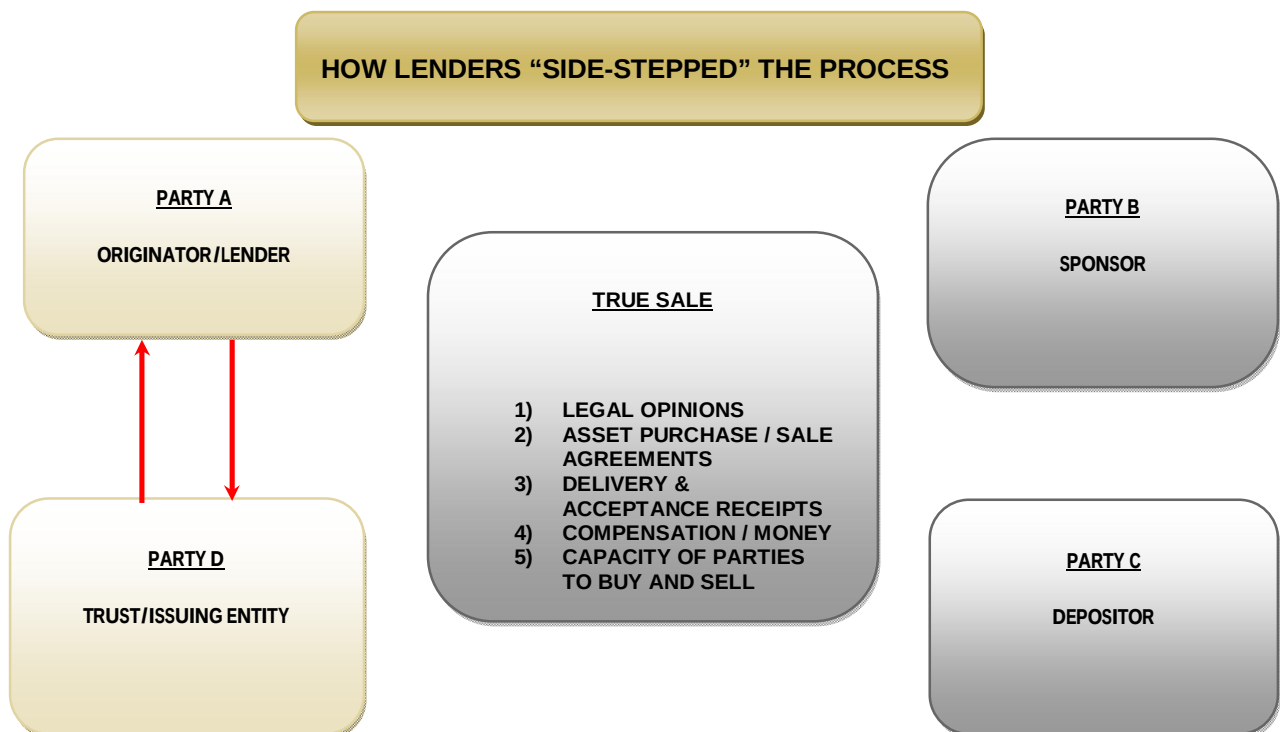
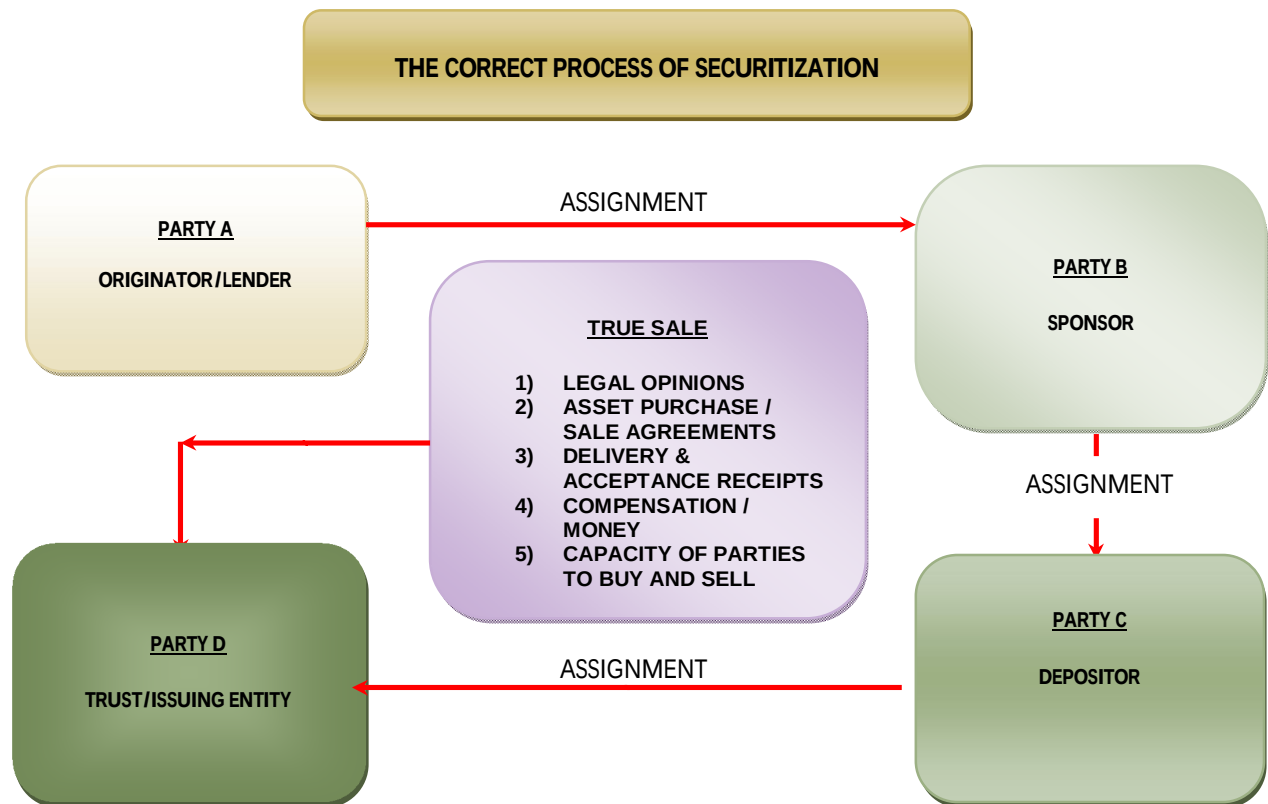
(iv) Any original assumption, modification, buydown or conversion-to- fixed-interest-rate agreement applicable to the Mortgage Loan;

(v) With respect to any Mortgage Loan listed on the Mortgage Loan Schedule as subject to a Primary Mortgage Insurance Policy, the original Primary Mortgage Insurance Policy or certificate or a copy thereof; and

(vi) The original or a copy of the title insurance policy (which may be a certificate or a short form policy relating to a master policy of title insurance) pertaining to the Mortgaged Property, or in the event such original title policy is unavailable, a copy of the preliminary title report and the lender's recording instructions, with the original to be delivered within 180 days of the Closing Date or an attorney's opinion of title in jurisdictions where such is the customary evidence of title.

It has been ruled in several courts of law that MERS could not operate in this manner.

SECURITIZATION STRUCTURE



BLOOMBERG

Bloomberg is the leader in global business and financial information, providing data and analytics for financial markets around the world. They provide complete and accurate tracking of publicly traded securities in real time. Bloomberg is used in this report to locate the most current and accurate information about Trusts related to mortgages, for both analytics and tracking purposes.

Below are screen shots of relevant filings and loan performance data pertaining Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3. These screen shots are also provided as a series of exhibits with this document.

RELATED PARTIES

Bloomberg Exhibit C

95) Documents		CMLTI 2006-HE3	Structured Finance Notes
Underwriter			
Lead Manager	Citigroup		
Servicer			
Master	Countrywide Home Loans Servicing JPMorgan Ocwen Loan Servicing LLC Wells Fargo Bank		
Originator/Seller...		Deal%	
New Century Mortgage Corporation		62.840	
Lime Financial		10.650	
Quick Loan Funding Corp.		10.370	
Trustee			
US Bank National Association			
Paying Agent			
Asset Manager			
Swap Counterparty			
Swiss Re Financial Products Corp			

21) Related Parties 22) Trigger Details

This screenshot shows who is listed as the related parties in the Bloomberg System. These entities will align to the Prospectus Supplement.

SECURITIES DESCRIPTION

Bloomberg Exhibit D

Bloomberg											
SECURITY DESCRIPTION											
CMLTI 2006-HE3 A2D .5063% 12/25/36											
CUSIP: 17310VAD2 Issuer: CITIGROUP MORTGAGE LOAN TRUST INC											
Series 2006-HE3 Class A2D Col Mty 12/25/36											
HOME EQTY: FLT,STEP,IRC											
CURRENT				ORIGINAL ISSUE				FLOATER FORMULA			
Jan12	41,254,000			USD	41,254,000			=	1xLIBOR01M		
" Fact	1.000000000			WAL	7.5Yr @ 100PPC				+23BP		
Jan12 Cpn	.5063%			1st coupon	5.58%			Avail Funds Cap			
Next Paymt	2/27/12			1st paymnt	1/25/07			Flr=0.23%	@0%		
Rcd date	2/26/12			1st settle	12/29/06			Monthly reset			
Beg accrue	1/25/12			Dated date	12/29/06			Monthly PAYMENT			
End accrue	2/26/12			px	12/ 7/06			pays 25th day			
Next reset	2/27/12			1st reset	1/25/07			0 day delay			
Class/Grp	Pct 31%			Class/Grp	Pct 9%			accrues ACT/360			
65) Personal Notes				14) Identifiers				2) HOMEEQ 5.047 S 293wam 5.78wac			
CPR	18.3	18.0	17.9	16.4	5.7	17.1	32.5	18.3	22.7	18.5	31.0
PSA	305	299	299	273	95.0	285	541	305	378	308	517
FACT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CPN	0.51	0.52	0.49	0.47	0.46	0.45	0.42	0.42	0.42	0.44	0.48
See Page 3 for Comments.											
MinSize 25000										Incr	1

This screenshot shows the description of the Security. It details the current activity as well as the original information. The data for this description on the Bloomberg system comes from the Prospectus.

CLASSES & CUSIP

Bloomberg Exhibit E

CF	Class	Orig(000)	Cpn	OWAL	Factor	Cusip	Description	Group Des
1)	* A1	221,271	0.416	0.00	0.4164	17310VAT7	FLT, STEP, IRC	1: CONF/G1
2)	Pd A2A	189,942	0.417	1.00	0.0000	17310VAA8	FLT, STEP, IRC	2: NCON/G2
3)	* A2B	76,787	0.376	2.00	0.6275	17310VAB6	FLT, STEP, IRC	2: NCON/G2
4)	* A2C	58,159	0.436	3.00	1.0000	17310VAC4	FLT, STEP, IRC	2: NCON/G2
5)	* A2D	41,254	0.506	7.46	1.0000	17310VAD2	FLT, STEP, IRC	2: NCON/G2
6)	* M1	26,969	0.546	5.17	0.1979	17310VAE0	MEZ, FLT, STEP, IRC	ALL collateral
7)	Pd M2	25,491	0.552	4.96	0.0000	17310VAF7	MEZ, FLT, STEP, IRC	ALL collateral
8)	Pd M3	14,039	0.539	4.85	0.0000	17310VAG5	MEZ, FLT, STEP, IRC	ALL collateral
9)	Pd M4	13,300	0.626	4.78	0.0000	17310VAH3	MEZ, FLT, STEP, IRC	ALL collateral
10)	Pd M5	11,822	0.685	4.71	0.0000	17310VAJ9	MEZ, FLT, STEP, IRC	ALL collateral
11)	Pd M6	9,975	0.769	4.65	0.0000	17310VAK6	MEZ, FLT, STEP, IRC	ALL collateral
12)	Pd M7	9,606	1.324	4.59	0.0000	17310VAL4	MEZ, FLT, STEP, IRC	ALL collateral
13)	Pd M8	5,541	1.889	4.52	0.0000	17310VAM2	MEZ, FLT, STEP, IRC	ALL collateral
14)	Pd M9	9,606	3.895	4.44	0.0000	17310VAN0	MEZ, FLT, STEP, IRC	ALL collateral
15)	Pd M10	8,867	2.687	0.00	0.0000	17310VAU4	MEZ, FLT, STEP, IRC	ALL collateral
16)	Pd CE	16,256	0.000	0.00	0.0000	17310VAQ3	OC	ALL collateral
17)	P	0	0.000	0.00	1.0000	17310VAP5	PIP	ALL collateral
18)	R	0	0.000	0.00	0.0000	BCCOV1KH4	R	ALL collateral
19)	RX	0	0.000	0.00	0.0000	BCCOV1SW3	R	ALL collateral

918 CTX 12:54 Hamas working towards reconciliation despite disagreements
 917 SDR 12:54 Rbc Target 2013 Corporate Bond Etf : Material change report - En
 916 SPA 12:54 Men's Tennis: Almagro reaches Brasil Open semis
 915 EDG 12:54 Procter & Gamble Co : 4 2/17/2012
 BN 12:54 *MOODY'S AFFIRMS AA1/VMIG 1 RATINGS ON ROCKEFELLER UNIVERSITY'S

This screen shows the classes of loans inside this Trust, which are defined by the prospectus. Each class of loans is identified by a CUSIP number. Active classes appear in orange. Inactive classes (those classes which have already been paid off) appear in white.

COLLATERAL

Bloomberg Exhibit F

1-BLOOMBERG

GO F1 F2 F3 F4 PRINT HELP MEMO SURVE QUOTE QUOTE MONIT NEWS MSG MENU PG BA PG FW

Collateral Menu CMLTI 2006-HE3 A2D Mtge

!00UQ1J Mtge CLC Mtge CLC

CLCG <Go> for graphical display 50 <Go> for alternate group.

Collateral Composition Page 1 of 14 (SUM)

CMLTI 2006-HE3 Group-2: NCON/G2

ARM Stats (page 10) % Balance as of Jan 2012

CURRENT		ISSUED		CURRENT		ISSUED	
Jan 2012/Dec 2006		Jan 2012/Dec 2006		Jan 2012/Dec 2006		Jan 2012/Dec 2006	
Loan Purpose				Occupancy			
Purchase	50.5 / 55.2	Owner occ	90.0 / 90.1				
Equity Take Out	43.6 / 39.2	Vacation	2.5 / 2.7				
Refinance	5.9 / 5.6	Investment	7.5 / 7.2				
Mortgaged Properties				Origination Year (See HELP)			
Single Family	69.4 / 66.5	2006	99.1 / 98.7				
2-4 Family	- / -	2005	0.9 / 1.3				
Condominium	4.0 / 5.4	2004	- / -				
PUD	4.0 / 6.3	2003	- / -				
Amortization Term				Amortization Type			
30 Year	65.4 / 65.5	Level FRM	17.6 / 16.3				
Balloon	34.4 / 34.4	ARM	82.4 / 83.7				
15 Year	0.1 / 0.1	Non-Level FRM	- / -				
Quartiles (current)				Miscellaneous			
WAM 49-294	WAC 1.00- 4.38	Northern CA	8.8 / 12.1				
294-296	4.38- 6.00	Southern CA	24.0 / 32.8				
296-298	6.01- 8.20	LTV>80% Uninsured	26.5 / 26.3				
298-298	8.20-15.87	LTV>90% Uninsured	14.4 / 17.4				
975 MWR 12:56 ProMetic Improves its Short Term Liquidity by \$5.0 Million							
974 CCN 12:56 ProMetic Improves its Short Term Liquidity by \$5.0 Million							
973 NYT 12:56 Joe Nocera: The Stupidest N.C.A.A. Rule							
972 SPA 12:56 CFL Football: 2012 Canadian Football League Schedule							
971 SPA 12:56 CFL Football: CFL - Winnipeg Blue Bombers Schedule/Results							

This screen shows the groups of collateral. These collateral groups are made up of the mortgages defined by the prospectus and are used to guide payments to the various classes within the Trust. Details of how classes are to be paid off are covered in the prospectus.

SECTION 4: THE DEED

This section reviews the documents that have been recorded with the county to identify if the chain of title has been broken.

Deed of Trust

On **October 12, 2006**, [REDACTED] and [REDACTED], husband and wife executed a negotiable promissory Note and a security interest in the form of a Deed of Trust in the amount of \$341,955.00 for [REDACTED]

[REDACTED] The security instrument was filed as document number 20061019002187 in the Official Records of King County, WA Recorder's Office on 10/19/2006.

The Deed of Trust carries the MIN of 100488910104496871. There are an Adjustable Rate Rider, Prepayment Rider and Adjustable Rate Rider Addendum. The loan number is not identified; however there is an unidentified number of 1010449687 on the document. Vesting of [REDACTED]: "A Married Man" was crossed out with initial of M.C.K. Only [REDACTED] signed on this copy. No document number and date filed on this copy. The document number and date filed were taken from the Official Records of King County, WA Recorder's Office.

- The original lender of the promissory Note is **New Century Mortgage Corporation**
- The Trustee is **Pacific Northwest Title**
- **Mortgage Electronic Registration Systems, Inc. (hereafter "MERS") is not named as the payee of the Note, but is named as acting solely as a "nominee" for lender as the beneficiary of the security instrument.**
- **Paragraph R** of the Deed of Trust provides in part "This Security Instrument secured to Lender: (i) the repayment of the Loan..."
- **Paragraph 20** of the Deed of Trust provides "The Note or a partial interest in the Note (together with this Security instrument) can be sold one or more times without prior notice to Borrower. EXHIBIT "A"

1. Assignment of Deed of Trust to the Sponsor

- a. No assignment found

2. Assignment of Deed of Trust to the Depositor

- a. No assignment found

3. Assignment of Deed of Trust to Trustee

- a. No assignment found

"Where the mortgagee has 'transferred' only the mortgage, the transaction is a nullity and his 'assignee' having received no interest in the underlying debt or obligation, has a worthless piece of paper" (4 Richard R. Powell), *Powell on Real Property*, § 37.27 [2] (2000)

"In Washington, only the holder of the obligation secured by the Deed of Trust is entitled to foreclose. **RCW 61.24.005(2) defines "beneficiary" under a Deed of Trust as the holder of the instrument or document evidencing the obligations secured by the Deed of Trust.**¹⁰ " Phillip H. Brandt, *United States Bankruptcy Judge in re: Peter A. Jacobson and Marie E. Jacobson*

¹⁰ Which renders problematic the identification of MERS "solely as nominee . . ." as the beneficiary of Jacobson's Deed of Trust.

The Chain of Title has been Broken. By using the MERS system, there were never any assignments to the sponsor, depositor, or Trustee. The county records are the official records which show that this Note and Deed are still showing New Century Mortgage Corporation as the rightful lender.

- a. The Trust by its terms set a "CLOSING DATE" of ON OR ABOUT **December 29, 2006**. The acquisition of the assets of the subject Trust and the PSA are governed under the law. Thus, any Assignment of the Deed of Trust executed after the Trust's Closing Date would be a void act for the reason that it violated the express terms of the Trust instrument. Further, it suggests that original required documents were not provided to the Trust, which opens the door to further investigation as to the actual physical location of the original Note. There is no record of an assignment to the Sponsor or the Depositor, or the Trustee

MERS "RECORDINGS"



Neither MERS nor the servicer have a beneficial interest in the Note, nor do they receive the income from the payments, and since it is actually an employee of the servicer signing the Assignment in the name of MERS, the Assignment executed by a "MERS employee" is illegal.

U.S. Bankruptcy Judge Robert E. Grossman in Central Islip, New York, wrote that the membership rules of the company's Mortgage Electronic Registration Systems, or MERS, don't make it an agent of the banks that own the mortgages. <http://www.bloomberg.com/news/2011-02-14/MERScorp-has-no-right-to-transfer-mortgages-u-s-judge-says.html>

February 4, 2011: <http://www.businessweek.com/news/2012-02-04/jpmorgan-bofa-sued-by-new-york-over-use-of-mortgage-database.html>

"MERS's theory that it can act as a 'common agent' for undisclosed principals is not supported by the law," Grossman wrote in a Feb. 10 opinion. "MERS did not have authority, as 'nominee' or agent, to assign the mortgage absent a showing that it was given specific written directions by its principal."

1. The Deed of Trust Shows MIN: 100488910104496871. The servicer is Wells Fargo Bank, N.A. d.b.a. as America's Servicing Company and the "Investor" is US Bank as Trustee.



Process Loans, Not Paperwork™

1 record matched your search:

Need help?

MIN: 1004889-1010449687-1

Note Date: 10/12/2006

MIN Status: Inactive

MERS® Servicer Identification System - Investor - Mozilla Firefox

mers-servicerid.org https://www.mers-servicerid.org/sis/investor

Select borrower type and enter borrower information to see Investor for MIN 1004889-1010449687-1.

☒ **Investor for Individual Borrower**

Your entries may be either upper or lower case.
Fields marked * are required.

Last Name: [REDACTED] *

SSN: [REDACTED] *

☐ By checking this box, the borrower or borrower's authorized representative is attesting to the fact that he or she is in fact the borrower or borrower's authorized representative for the loan in question. Additionally, borrowers wishing to learn the identity of their loan's investor must confirm their identity by entering their last name or corporation name as well as their SSN or TIN. If this information does not match the information contained in the MERS® System for the borrower of the loan, the investor information will not be displayed. Borrowers should verify the results with their loan servicer. *

Submit

☐ **Investor for Corporation/Non-Person Entity Borrower**

Servicer: [Wells Fargo Bank, N.A., d/b/a America's Servicing Company](#) Phone: (651) 605-3711
Minneapolis, MN

Investor: U.S. Bank as Trustee

THE COUNTY FILINGS

There are no recordings with the county until 11/22/2010 when MERS recorded an assignment 18 days after a Notice of Default had been delivered to the borrower. Following is the detailed record of all the recordings that have occurred for this loan in date order, and the notice of default (though not recorded with the county).

Deed of Trust (DEED EXHIBIT A)

On **October 12, 2006**, [REDACTED] and [REDACTED] husband and wife executed a negotiable promissory Note and a security interest in the form of a Deed of Trust in the amount of \$341,955.00 for [REDACTED]. The security instrument was filed as document number 20061019002187 in the Official Records of King County, WA Recorder's Office on 10/19/2006. The Deed of Trust carries the MIN of 100488910104496871. There are an Adjustable Rate Rider, Prepayment Rider and Adjustable Rate Rider Addendum. The loan number is not identified; however there is an unidentified number of 1010449687 on the document. Vesting of [REDACTED]: "A Married Man" was crossed out with initial of M.C.K. Only [REDACTED] signed on this copy. No document number and date filed on this copy. The document number and date filed were taken from the Official Records of King County, WA Recorder's Office. ***The original lender of the promissory Note is New Century Mortgage Corporation and the Trustee is Pacific Northwest Title. Mortgage Electronic Registration Systems, Inc. (hereafter "MERS") as acting solely as a "nominee" for lender as the beneficiary of the security instrument.***

See Robo-Signing Section for information on signatories.

Notice of Default (NOTICE OF DEFAULT EXHIBIT A) (possibly fraudulent)

On 11/04/2010, a Notice of Default was given by **America's Servicing Company** in default on the obligations secured by a certain Deed of Trust recorded under Auditor's File No. 20061019002187 and recorded on 10/19/2006 in the Official Records of King County, WA Recorder's Office. It was signed by Keith Hallman, the VP of Loan Documentation of America's Servicing Company with type date of 11/04/2010. No notary area section for this copy. No document number and no recording date found in this copy. **Not filed In the Official Records of King County, WA Recorder's Office but provided here for point of reference.**

- There is no evidence to show that America's Servicing Company had any beneficial interest in this loan.

Assignment of Deed of Trust (ASSIGNMENT EXHIBIT A) (possibly fraudulent)

An Assignment of Deed of Trust was filed as document number 20101122000990 in the Official Records of King County, WA Recorder's Office on 11/22/2010. **Mortgage Electronic Registration Systems, Inc. as nominee of Lender, its successors and assigns, as Beneficiary assigns to U.S. Bank National Association**, all beneficial interest under a certain Deed of Trust dated 10/12/2006, and recorded on 10/19/2006, under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office. It was signed by Jeff Stenman, the Vice President of Mortgage Electronic Registration Systems, Inc. with a handwritten date of 11-17-10. It was notarized by Nzang Avila in King County, WA with handwritten date of 11/17/10. It is to be returned to **Northwest Trustee Services** after recording.

- *The assignment was executed AFTER the notice of default.*
- *The assignment is being returned to a Trustee not associated with the Deed of Trust.*

- The assignment was executed **Four years and eleven months** AFTER the Trust Closing Date of "On or about December 29, 2006"
- The document purports to assign the mortgage or the Deed of Trust from the originator directly to the Trust.
- The document that purports to assign the mortgage or the Deed of Trust to the Trust was signed AFTER the date for the acceptance of any final conveyance to the Trust as provided for by the Pooling and Servicing Agreement.
- The document appears to be a standard form with "filing-the-blanks" for the names of the signors and entities.
- Any document signed by an officer of MERS. MERS states at www.MERSinc.org that: "Employees of the servicer will be certifying officers of MERS. This means they are authorized to sign any necessary documents as an officer of MERS. The certifying officer is granted this power by a corporate resolution from MERS. In other words, the same individual that signs the documents for the servicer will continue to sign the documents, but now as an officer of MERS."

Appointment of Successor Trustee (SUBSTITUTION OF TRUSTEE EXHIBIT A) (possibly fraudulent)

An Appointment of Successor Trustee was filed as document number 20110215001192 in the Official Records of King County, WA Recorder's Office on 02/15/2011. **Executed by Wells Fargo Bank, N.A. as Attorney in Fact, U.S. Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3 who is the present beneficiary, appoints Northwest Trustee Services, Inc. a Washington corporation, as successor Trustee.** It is subject to a certain Deed of Trust dated 10/12/2006, and recorded on 10/19/2006 under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office. **Pacific Northwest Title is the old Trustee.** It was signed by Melissa Gallio, the VP of Loan Documentation of Wells Fargo Bank, N.A. as Attorney in Fact, U.S. Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3. It was notarized by S. Hackett in Orange County, CA with a handwritten date of 2-8-11. Wells Fargo Bank, N.A. as Attorney in Fact, U.S. Bank National Association, has stamped their client name under the notary signature: America's Servicing Company and Borrower: [REDACTED]

- This appointment relied upon the earlier assignment being valid.
- The party who signed the document executed it as "an attorney in fact" for the servicer or the creditor.

Notice of Trustee's Sale (NOTICE OF TRUSTEE SALE EXHIBIT A) (possibly fraudulent)

On 02/23/2011, a Notice of Trustee's Sale was filed as document number 20110223001741 in the Official Records of King County, WA Recorder's Office. The notice was given by **Northwest Trustee Services, Inc.** It is subject to a certain Deed of Trust dated 10/12/2006, recorded on 10/19/2006, under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office in favor of Mortgage Electronic Registration Systems, Inc., solely as nominee for New Century Mortgage Corporation, as Beneficiary, the beneficial interest in which was assigned by Mortgage Electronic Registration Systems, Inc. to U.S. Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HF3, under an Assignment/Successive Assignments recorded under Auditor's File No. 20101122000990. It was signed by Heather L. Smith, the Authorized Signatory of Northwest Trustee Services, Inc. with an effective date of 02/22/2011. It was notarized by Thy B. Vu in King County, WA with

handwritten date of 2/23/11. Northwest Trustee Services, Inc. has stamped their client name under the notary signature: America's Servicing Company and Borrower: [REDACTED] as File number 7777.14319.

- *This notice relied upon the earlier assignment being valid.*

Corporate Assignment of Deed of Trust (ASSIGNMENT EXHIBIT B) (possibly fraudulent)

A Corporate Assignment of Deed of Trust was filed as document number 20110718000892 in the Official Records of King County, WA Recorder's Office on 07/18/2011. **Mortgage Electronic Registration Systems, Inc. as nominee for New Century Mortgage Corporation, its successors and assigns, assigns to US Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HF3**, under a certain Deed of Trust dated 10/12/2006, and recorded on 10/19/2006, under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office. It was signed by Gwen Alden, the Assistant Secretary of Mortgage Electronic Registration Systems, Inc. as nominee for New Century Mortgage Corporation with a handwritten date of 7-13-2011. It was notarized by Ann M. Gardner in Dakota County, MN with handwritten date of 7-13-2011.

- *Presumably, MERS had already assigned – they'd no longer have any power or authority to do so again.*
- *The document has notarized in Dakota County, Minnesota.*
- *The assignment was executed AFTER the notice of default.*
- *The assignment is being returned to a Trustee not associated with the Deed of Trust.*
- *The assignment was executed **Five years and six months** AFTER the Trust Closing Date of "On or about December 29, 2006"*
- *The document purports to assign the mortgage or the Deed of Trust from the originator directly to the Trust.*
- *The document that purports to assign the mortgage or the Deed of Trust to the Trust was signed AFTER the date for the acceptance of any final conveyance to the Trust as provided for by the Pooling and Servicing Agreement.*
- *The document appears to be a standard form with "filling-the-blanks" for the names of the signors and entities.*
- *The same "officer" or "vice president" of a bank or lender is also the "vice president" or "officer" of many other banks or lenders in the chain of assignments or endorsements*
- *Any document signed by an officer of MERS. MERS states at www.MERSinc.org that: "Employees of the servicer will be certifying officers of MERS. This means they are authorized to sign any necessary documents as an officer of MERS. The certifying officer is granted this power by a corporate resolution from MERS. In other words, the same individual that signs the documents for the servicer will continue to sign the documents, but now as an officer of MERS."*

Corrective Assignment of Deed of Trust (ASSIGNMENT EXHIBIT C)

A Corrective Assignment of Deed of Trust was filed as document number 20110808000554 in the Official Records of King County, WA Recorder's Office on 08/08/2011. **Mortgage Electronic Registration Systems, Inc. as nominee for New Century Mortgage Corporation, its successors and assigns, as Beneficiary, assigns to US Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3** under a certain Deed of Trust dated 10/12/2006, and recorded on 10/19/2006, under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office. This corrective assignment of Deed of Trust replaces and supersedes previous Assignment of Deed of Trust recorded 11/22/10 under Auditor's File No. 20101122000990 in the Official Records of King County, WA Recorder's Office. It was signed by Bao Thao, the Assistant Secretary of Mortgage Electronic Registration Systems, Inc. as nominee for New Century Mortgage Corporation with a handwritten date of July 29, 2011. It was notarized by Angela Marie Williams in Dakota County, MN with handwritten date of 7-29-2011.

- *Any document signed by an officer of MERS. MERS states at www.MERSinc.org that: "Employees of the servicer will be certifying officers of MERS. This means they are authorized to sign any necessary documents as an officer of MERS. The certifying officer is granted this power by a corporate resolution from MERS. In other words, the same individual that signs the documents for the servicer will continue to sign the documents, but now as an officer of MERS.*
- *The document has notarized in Dakota County, Minnesota.*
- *The assignment was executed AFTER the notice of default.*
- *The assignment is being returned to a Trustee not associated with the Deed of Trust.*
- *The assignment was executed **five years and six months** AFTER the Trust Closing Date of "On or about December 29, 2006"*
- *The document purports to assign the mortgage or the Deed of Trust from the originator directly to the Trust.*
- *The document that purports to assign the mortgage or the Deed of Trust to the Trust was signed AFTER the date for the acceptance of any final conveyance to the Trust as provided for by the Pooling and Servicing Agreement.*
- *The document appears to be a standard form with "filing-the-blanks" for the names of the signors and entities.*

Appointment of Successor Trustee (SUBSTITUTION OF TRUSTEE EXHIBIT B) (possibly fraudulent)

An Appointment of Successor Trustee was filed as document number 20110808000555 in the Official Records of King County, WA Recorder's Office on 08/08/2011. **Executed by Wells Fargo Bank, N.A. as Servicing Agent for US Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3, who is the present beneficiary, appoints Northwest Trustee Services, Inc.** a Washington corporation, as successor Trustee. It is subject to a certain Deed of Trust dated 10/12/2006, and recorded on 10/19/2006 under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office. Pacific Northwest Title is the old Trustee. It was signed by Alana Fraley, the Vice President of Loan Documentation of Wells Fargo Bank, N.A. as Servicing Agent for US Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3 with a typed date of July 19, 2011. It was notarized by Mary P. Whitson-Douk in Orange County, CA with a handwritten date of July 19, 2011. Wells Fargo Bank, N.A. as Servicing Agent for US Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3, has stamped their client name under the notary signature: America's Servicing Company and Borrower: [REDACTED]

- *This appointment relied upon the earlier assignment being valid.*

Notice of Trustee's Sale (NOTICE OF TRUSTEE SALE EXHIBIT B) (possibly fraudulent)

On 09/28/2011, a Notice of Trustee's Sale was filed as document number 20110928001188 in the Official Records of King County, WA Recorder's Office. The notice was given by **Northwest Trustee Services, Inc.** It is subject to a certain Deed of Trust dated 10/12/2006, recorded on 10/19/2006, under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office in favor of Mortgage Electronic Registration Systems, Inc., solely as nominee for New Century Mortgage Corporation, as Beneficiary, the beneficial interest in which was assigned by Mortgage Electronic Registration Systems, Inc. to U.S. Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3, under an Assignment/Successive Assignments recorded under Auditor's File No. 20110808000554 in the Official Records of King County, WA Recorder's Office. It was signed by Heather L. Smith, the Authorized Signatory of Northwest Trustee Services, Inc. with an effective date of 09/26/2011. It was notarized by Meghan Marie Murphy in King County, WA with handwritten date of 9/26/11. Northwest Trustee Services, Inc. has stamped their client name under the notary signature: America's Servicing Company and Borrower: [REDACTED] as File number 7777.14319.

- *This Notice relied upon the earlier assignment being valid.*

Notice of Trustee's Sale (NOTICE OF TRUSTEE SALE EXHIBIT C) (possibly fraudulent)

On 09/28/2011, a Notice of Trustee's Sale was filed as document number 20110928001403 in the Official Records of King County, WA Recorder's Office. The notice was given by **Northwest Trustee Services, Inc.** It is subject to a certain Deed of Trust dated 10/12/2006, recorded on 10/19/2006, under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office in favor of Mortgage Electronic Registration Systems, Inc., solely as nominee for New Century Mortgage Corporation, as Beneficiary, the beneficial interest in which was assigned by Mortgage Electronic Registration Systems, Inc. to U.S. Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3, under an Assignment/Successive Assignments recorded under Auditor's File No. 20110808000554 in the Official Records of King County, WA Recorder's Office. It was signed by Heather L. Smith, the Authorized Signatory of Northwest Trustee Services, Inc. with an effective date of 09/26/2011. It was notarized by Meghan Marie Murphy in King County, WA with handwritten date of 9/26/11. Northwest Trustee Services, Inc. has stamped their client name under the notary signature: America's Servicing Company and Borrower: [REDACTED] as File number 7777.14319.

- *This appointment relied upon the earlier assignment being valid.*

Notice of Discontinuance of Trustee's Sale (NOTICE OF DISCONTINUANCE EXHIBIT A) (possibly fraudulent)

On 09/28/2011, a Notice of Discontinuance of Trustee's Sale was filed as document number 20110928001402 in the Official Records of King County, WA Recorder's Office. The notice was given by **Northwest Trustee Services, Inc.** It is subject to a certain Deed of Trust recorded on 10/19/2006 under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office to discontinue that certain Trustee's sale set by the Notice of Trustee's Sale recorded 02/23/2011 under Auditor's File No. 20110223001741 in the Official Records of King County, WA Recorder's Office. It was signed by Heather Smith, the Authorized Signatory of Northwest Trustee Services, Inc. with a handwritten date of 9/26/11. It was notarized by Meghan Marie Murphy in King County, CA with a handwritten date of 9/26/11.

Notice of Discontinuance of Trustee's Sale (NOTICE OF DISCONTINUANCE EXHIBIT B) (possibly fraudulent)

On 09/28/2011, a Notice of Discontinuance of Trustee's Sale was filed as document number 20110928001187 in the Official Records of King County, WA Recorder's Office. The notice was given by **Northwest Trustee Services, Inc.** It is subject to a certain Deed of Trust recorded on 10/19/2006 under Auditor's File No. 20061019002187 in the Official Records of King County, WA Recorder's Office to discontinue that certain Trustee's sale set by the Notice of Trustee's Sale recorded 02/23/2011 under Auditor's File No. 20110223001741 in the Official Records of King County, WA Recorder's Office. It was signed by Heather Smith, the Authorized Signatory of Northwest Trustee Services, Inc. with a handwritten date of 9/26/11. It was notarized by Meghan Marie Murphy in King County, CA with a handwritten date of 9/26/11.

There is no notice of Discountenance for Trustee's Sale filed as document number 20110928001403

Every assignment and notice carries fatal defects.

ROBO SIGNING

The signatures on documents as well as the documents themselves have been examined to determine if any possible forged or fraudulent signatures exist on them or if the documents themselves may carry serious defects, potentially causing them to be null and void.

Additionally, MERS is a database meant for the tracking of transfers and assignment and many courts have ruled that MERS does not have the authority to transfer Mortgages. **Documents on file with the County or in connection to foreclosures that have been executed by MERS can carry many defects.**

Your documents have been reviewed against a list of items which was developed by Attorney Max Gardner, who is one of the foremost experts on securitization and robo signing.

For a complete discussion on robo signing, please see the appendix.

Due to the large number of documents and defects, the robo-signing analysis check list has been done in the previous section. Information on the individuals who signed is still in this section.

1. Keith Hallman, the VP of Loan Documentation of America's Servicing Company
 - a. *Nothing was found linking Keith Hallman to America's Servicing Company*
2. Jeff Stenman, the Vice President of Mortgage Electronic Registration Systems, Inc. and Heather L. Smith, the Authorized Signatory of Northwest Trustee Services, Inc.
 - a. **Jeff Stenman does not show up as a VP of MERS; however these two links show that he does work for Northwest Trustee Services, where he did a similar assignment in a Deutsche Bank foreclosure.**
<http://www.214bankruptcy.com/blogs/bankruptcynews/deutsch-bank-MERS-foreclosure/> and
http://www.oregonlive.com/portland/index.ssf/2009/09/portland_mayor_sam_adams_catch.html
 - b. This link shows as well that he works for NW Trustee Services and the blogger also states that the firm is being investigated by the WA state AG office. There is no date on the posting.
 - c. Two Links re: WA State AG putting NW. Trustee Services on notice and campaign contributions
<http://www.komonews.com/news/local/McKenna-returns-14000-from-foreclosure-Trustee-firm-139413473.html?m=y&smobile=y> and
<http://cloudedtitles.com/category/news/>

**From the Washington State Office of the Attorney General (October 13, 2010)
Excerpts from the Letter to Trustees**

(http://www.atg.wa.gov/uploadedFiles/Home/News/Press_Releases/2010/Trustee%20Letter.pdf)

Re: Potential Unlawful Foreclosure Practices in Washington

Employees of foreclosure Trustees are signing documents posing as the corporate officer of multiple banks and mortgage servicers and signatures of some Trustees vary widely from document to document. This appears to be happening even though signatures are notarized with a statement that the signer is the actual person standing before the notary.

Trustees may be foreclosing on homes when there is no clear chain of ownership for the loan or the security interest. At the national level, there are reports of lenders "reverse-engineering" the chain of title, including back-dating documents to make it appear as though the loan was passed from company to company.

Many default notices have gone out without all required information. Since July 26, 2009, Washington Trustees have been required to identify the owner of the loan and the company that is acting as servicer. The notices must also include an address and phone number for the servicer. The absence of these details can make it harder for homeowners to contact their mortgage owners.

http://www.atg.wa.gov/uploadedFiles/Home/News/Press_Releases/2010/TrusteeList.pdf

3. Melissa Gallio, the VP of Loan Documentation of Wells Fargo Bank, N.A. as Attorney in Fact, U.S. Bank National Association,
 - a. According to Melissa Gallio's online LINKED In – she is a legal process specialist for Wells Fargo, not a Vice President of Loan Documentation **as Attorney in Fact, U.S. Bank National Association** <http://www.linkedin.com/pub/melissa-gallio/4/974/1a7>. In fact it appears from her resume that she has worked for one attorney firm processing loan mod packets to submit to the bank, and has worked as a Hamp Mod processor/Jr. Underwriter for Wells Fargo Home Mortgage.
4. Gwen Alden, the Assistant Secretary of Mortgage Electronic Registration Systems, Inc. as nominee for New Century Mortgage Corporation
 - a. <http://www.nakedcapitalism.com/2011/11/michael-olenick-are-remotely-processed-mortgage-assignments-another-smoking-gun.html>
5. Bao Thao, the Assistant Secretary of Mortgage Electronic Registration Systems, Inc. as nominee for New Century Mortgage Corporation
 - a. Nothing to show that she is an assistant secretary of MERS.
6. Alana Fraley, the Vice President of Loan Documentation of Wells Fargo Bank, N.A. as Servicing Agent for US Bank National Association, as Trustee for Citigroup Mortgage Loan Trust 2006-HE3, Asset-Backed Pass-Through Certificates Series 2006-HE3 .
 - a. She's a loan adjuster at Wells Fargo: <http://www.linkedin.com/pub/alana-fraley/8/60a/51>

SECTION 5: FORECLOSURE

This section reviews the foreclosure documents for their authenticity, validity, proper recording, assignment and allonges. It will help to determine proper legal standing and if the foreclosure proceedings are valid.

- This link provides information on a series of cases that have been argued in regards to assignments and MERS. <http://frauddigest.com/pdfs/BankruptcyDecisionsOverview.pdf>
- This link to the Temple Law Review provides an in-depth discussion on securitization, foreclosure and assignment. http://www.temple.edu/law/tlawrev/content/issues/83.1/83.1_Greenberg.pdf

These excerpts can be found on pages 258 and 259 (Volume 83).

B. The U.C.C. and the Assignment Process

In one of the first articles dealing with how the securitization process created significant standing issues in foreclosure cases, the authors focused primarily on the United Commercial Code (U.C.C.) and how it applies in this situation.⁴⁰ As the U.C.C. has been adopted in some fashion by every state,⁴¹ the U.C.C. analysis is important to a multi-state analysis of the standing debate. According to U.C.C. section 3-309, a missing Note—without more—does not prohibit enforcement of the Note in question.⁴² However, “[e]nforcement of [the] Note always requires that the [financial institution] seeking to collect show that it is the holder. **A holder is an entity that has acquired the Note either as the original payor or transfer⁴³ by endorsement of order paper or physical possession of bearer paper.**”⁴⁴ **So, while a financial entity does not need to produce the Note, in order to enforce a Note through a mortgage foreclosure, a financial institution which was not the original lender must establish that it (1) acquired the Note through assignment or (2) show physical possession of the Note.**⁴⁵

NEGLECTED FORMALITIES IN MORTGAGE ASSIGNMENTS 259

When these assignment processes are not followed and not recorded, three problems can occur.⁴⁶ The first problem, and the main focus of this Comment, is that **many states require a record of the assignment chain in order to foreclose.**⁴⁷ Second, without a recorded assignment, the current mortgage holder is not protected from fraudulent actions, such as foreclosure or discharge, taken by prior holders of the Note and mortgage.⁴⁸ Third, the mortgagor will have a difficult time getting a legitimate discharge when they do not know who owns the mortgage at the time of discharge.⁴⁹

In Washington, only the holder of the obligation secured by the Deed of Trust is entitled to foreclose. RCW 61.24.005(2) defines “beneficiary” under a Deed of Trust as the holder of the instrument or document evidencing the obligations secured by the Deed of Trust.¹⁰ See also *Fidelity & Deposit Co. of Maryland v. Ticor Title Ins. Co.*, 88 Wash. App. 64, 943 P.2d 710 (1997). Having an assignment of the Deed of Trust is not sufficient, *id.* At 68-69, because the security follows the obligation secured, rather than the other way around. This principle is neither new nor unique to Washington: [T]ransfer of the Note carries with it the security, without any formal assignment or delivery, or even mention of the latter. *Carpenter v. Longan*, 83 U.S. 271

1. Only the Holder of the Note has the right to foreclose.

The following case brings the issues of standing and real party in interest to light and could be useful with this loan.

In re: Peter A. Jacobson and Maria E. Jacobson, in the United States Bankruptcy court Western District of Washington: No. 08-45120 – Decision for Relief from Stay – Motion Denied: As it was neither brought in the name of the real party in interest, nor by anyone with standing, the motion for relief from stay will be denied.

<http://www.msfraud.org/law/lounge/Jacobson-relief-of-stay-denied.pdf>

RCW 61.24.005(2)

All foreclosure documents were reviewed in the previous section because of their relationship with the assignments. All foreclosure documents filed with the county were found to be defective and reliant upon earlier defective assignments.

There is still one notice of Trustee sale that has not been cancelled: document number 20110928001403.

SECURITIZATION & THE RIGHT TO FORECLOSE

THE POWER OF SALE (NON JUDICIAL STATES ONLY)

The Note and Deed have been separated. The chain of title has been broken. Assignments were not provided to the appropriate entities involved in the securitization of this Trust within the time frames allowed by the Trust. There is no chain of endorsements. The foreclosure documents were defective and relied upon earlier defective assignments.

Conclusion:

This Power of Sale belongs to the original Lender and original Trustee. If a subject property is being foreclosed and there is no recorded Assignment of Deed and Trust and Substitution of Trustee, the power of sale can only be invoked by the original lender and Trustee no matter if the servicing rights have been sold or transferred to another party.

The original lender is New Century Mortgage Corporation.

The Trustee is Pacific Northwest Title.

STATE FORECLOSURE LAWS

Foreclosure Laws were obtained from <http://www.foreclosures.com/foreclosure-laws/washington/>

WASHINGTON FORECLOSURE LAWS



Attorney General's Office

905 Plum St., Building #3
P.O. Box 40100
Olympia, WA 98504-0100

Foreclosure Laws in Washington

Judicial Foreclosure: **Yes. (But not common in Washington)**

Non-Judicial Foreclosure: **Yes**

Security Instruments: **Trust Deed / Mortgage**

Right of Redemption: **Judicial Foreclosure Only. (Very Rare)**

Deficiency Judgments: **Yes. Only in Judicial Foreclosure**

Time Frame: **120 Days**

Public Notice: **Notice of Default**

Judicial foreclosure: Used only when there is no power of sale clause in the loan document. In this process, foreclosure must be declared by the court.

Non-judicial foreclosure: Used when there is a power of sale clause in the loan document. If the power of sale clause includes the time, place, and terms of sale, then that specific procedure must be used. If it does not, then non-judicial foreclosure is carried out as follows.

1. A Notice of Sale must be transmitted no less than 30 days before the date of sale by regular mail to the borrower's attorney of record, if any, and by certified mail, return receipt requested, to the borrower at the borrower's last known address.

The notice of sale must be published once a week for four consecutive weeks in a newspaper of general circulation, and must also be posted for at least four weeks prior to the sale in two public places, one of which must be the door of the courthouse of the county in which the property is located and where the sale is to take place. The sale may not take place less than 190 days from the date of default.

2. The borrower has until 11 days prior to the sale to stop the foreclosure by paying the past due amount plus expenses, including Trustee and attorney fees.
3. The sale must be an auction, and held between 9:00 AM and 4:00 PM on a Friday. If Friday is a legal holiday, the sale will be held on the following business day. The successful bidder will be given a certificate of sale.
4. The sale may be postponed for not more than the week following the scheduled day by giving notice at all parties and posting the notice publicly beneath the original posted notice.
5. The non-judicial process does not permit suit by the lender for a deficiency balance. In judicial foreclosures, the lender may not sue for a deficiency balance if the property is found to have been abandoned for at least six months prior to the decree of foreclosure by the court.

Laws:

- [RCW 23B.18.020 Mortgage foreclosure](#)
Law which regulates the lien holder's right to foreclose.
- [RCW 61.24.020- Deeds subject to all mortgage laws -- Foreclosure -- Recording and indexing -- Trustee and beneficiary, separate entities, exception](#)
Law which regulates the Trustee's obligation to a Trustee's sale.
- [RCW 61.24.030 Requisites to Trustee's sale](#)
- [RCW 61.24.040 Foreclosure and sale — Notice of sale](#)
Law which regulates the foreclosure on a Deed of Trust.
- [RCW 61.24.060 Rights and remedies of Trustee's sale purchaser](#)
Law which regulates when the purchaser may acquire title.
- [RCW 61.24.070 Trustee's sale, who may bid at — If beneficiary is purchaser — If purchaser is not beneficiary](#)
Law which regulates the bidder and proceeds to be paid to Trustee.
- [RCW 61.24.090 Curing defaults before sale](#)
Law which regulates discontinuance of the sale proceedings.
- [HB 2791 Concerning Distressed Home Conveyances](#)
Law which regulates discontinuance of the sale proceedings.
- [Revised HB2791 Property Conveyances - Distressed. Effective as of 6/12/08](#)
Law which regulates equity skimming. This new housing bill (along with 18 other states recent bills) was created to regulate the sale-leaseback deal, which I always been very much against, as outlined [here](#)

SECTION 6: CONCLUSION

This section presents the findings and draws conclusions as to what has occurred with this loan.

1. [REDACTED] and [REDACTED] husband and wife executed were given a in the amount of \$341,955.00 for [REDACTED] Washington 98059 which closed on **October 12, 2006**. This loan was originally funded by **New Century Mortgage Corporation** the Deed of Trust was signed by [REDACTED] and [REDACTED] husband and wife on **October 12, 2006** and filed in the Official Records of King County, WA Recorder's Office on 10/19/2006. The Note was securitized into Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3. The Deed of Trust shows that New Century Mortgage Corporation is the only valid holder.
2. Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 was a correspondent lender who originated and sold loans. The Note and Deed have taken two distinctly different paths. The Note was securitized into Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 and the Deed still shows that New Century Mortgage Corporation as the lender.
3. The written agreement that created the Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 is a "Pooling and Servicing Agreement" (PSA), and is a matter of public records, available on the website of the Securities Exchange Commission. The Trust is also described in a "Prospectus Supplement and Prospectus," that should available on the SEC website, however attempts to locate both documents has produced no results. The Trust by it terms set a closing date of December 29, 2006. The promissory Note, in this case, became Trust property in compliance with the requirement set forth in the PSA. The Trust agreement is filed under oath with the Securities and Exchange Commission. The acquisition of the assets of the subject Trust and the PSA are governed under the law. *Thus, the absence of assignments in conjunction with the sale of the Note (depositor, sponsor, and Trustee) does not allow for independent verification that this Note was sold into this Trust within the time frames allowed. Thus, any failure to deliver the Deed of Trust or delivery of the Deed of Trust without its Assignments as regulated by these Trusts in general could be a void act for the reason that it violated the express terms of the Trust instrument. The first assignment filed with the county was four years after the Trust closing date.*
4. The loan was originally sold to the Sponsor Citigroup Global Markets Realty Corp. and was then sold to the Depositor, Citigroup Mortgage Loan Trust Inc. and finally transferred to Citigroup Mortgage Loan Trust 2006-HE3. *There is no record of Assignments to the Sponsor, the Depositor, or the Trust, in part because the loan was registered with MERS and as required by the Pooling and Servicing Agreement, if the loan was registered with MERS, then assignments were to be given in blank to the Trustee. The problem arises in two parts: that arrangement violates a true sale, and the assignment, when finally done four years later was defective on many counts, and suggests that the original "in blank" assignment was probably not delivered as required by the Pooling and Servicing Agreement, thus, any failure to deliver the Deed of Trust or delivery of the Deed of Trust without its Assignments as regulated by the Trust could be a void act for the reason that it violated the express terms of the Trust instrument.*
5. The Deed of Trust was found to have MIN: 100488910104496871. A search of the MERS database produced the servicer of Wells Fargo Bank, N.A. d.b.a. as America's Servicing Company and the "Investor" is US Bank as Trustee. *The original lender of the promissory Note is New Century Mortgage Corporation.*

6. Corporation. ***Mortgage Electronic Registration Systems, Inc. (hereafter "MERS") is not named as the payee of the Note, but is named as acting solely as a "nominee" for lender as the beneficiary of the security interest Deed of Trust. The original Trustee under this Deed of Trust is*** Pacific Northwest Title.
7. A review of the county filings produced three defective assignments, all done by MERS after Northwest Trustee Services (a company on notice of pending investigation in the state of Washington by the AG), had begun foreclosure proceedings, then two successor Trustee notices, three notices of Trustee Sale, and two discontinuance of Trustee sale notices. Every document contained serious flaws and defects and are potentially fraudulent. Signatories are grossly misrepresented, ranging from clerks and document processors at Wells Fargo masquerading as Vice Presidents of Loan Documentation to an employee of Northwest Trustee Services pawning himself off as a Vice President of MERS. Minimally, none of the county filings occurred until AFTER an entity who had no legal standing to foreclosure has executed foreclosure proceedings.
8. The Note and Deed have been separated. The chain of title has been broken. Assignments were not provided to the appropriate entities involved in the securitization of this Trust within the time frames allowed by the Trust. There is no chain of endorsements. The foreclosure documents were defective and relied upon earlier defective assignments. **The Power of Sale remains with the original lender and Trustee.**

These conclusions are supported by various legal rulings.

In *Carpenter v. Longman* 16 Walls. 271, 83 U.S. 271, 274, 21 Led. 313 (1872), the United States Supreme Court stated,

"The Note and mortgage are inseparable; the former as essential, the latter as an incident. An assignment of the Note carries the mortgage with it, while assignment of the latter alone is a nullity."

An obligation can exist with or without security. With no security, the obligation is unsecured but still valid. A security interest, however, cannot exist without an underlying existing obligation. It is impossible to define security apart from its relationship to the promise or obligation it secures. The obligation and the security are commonly drafted as separate documents - typically a promissory Note and a Deed of Trust. If the creditor transfers the Note but not the Deed of Trust, the transferee receives a secured Note; the security follows the Note, legally if not physically. If the transferee is given the Deed of Trust without the Note accompanying it, the transferee has no meaningful rights except the possibility of legal action to compel the transferor to transfer the Note as well, if such was the agreement. (*Kelley v. Upshaw* 91952) 39 C.2d 179, 246 P.2d 23; *Phloem's v. Trainer* (1866) 30C 685)

"Where the mortgagee has 'transferred' only the mortgage, the transaction is a nullity and his 'assignee' having received no interest in the underlying debt or obligation, has a worthless piece of paper (4 Richard R. Powell), Powell on Real Property, § 37.27 [2] (2000)

By statute, assignment of the mortgage carries with it the assignment of the debt. . . . Indeed, in the event that a mortgage loan somehow separates interests of the Note and the Deed of Trust, with the Deed of Trust lying with some independent entity, the mortgage may become unenforceable. *The practical effect of splitting the Deed of Trust from the promissory Note is to make it impossible for the holder of the Note to foreclose, unless the holder of the Deed of Trust is the agent of the holder of the Note. Without the agency relationship, the person holding only the Note lacks the power to foreclose in the event of default. The person holding only the Deed of Trust will never experience default because only the holder of the Note is entitled to payment of the underlying obligation. The mortgage loan becomes ineffectual when the Note holder did not also hold the Deed of Trust.*"

AFFIDAVIT

I, [REDACTED] a citizen of the United States, being of majority in age, declare as follows, under penalty of perjury of the laws of the United States of America and Washington that the facts stated herein are true, correct and complete in all material fact, except as to those matters that are herein, made upon information and belief. And as to those claims or facts, the undersigned believes them to be true and admissible as evidence in a court of law, and if called upon as a witness, I will testify to the veracity of my statements:

1. That I am a subscriber to the Bloomberg Professional Service, licensed to use such service. I have completed the required training and engaged in continual education through Bloomberg, to stay abreast of Bloomberg Professional Service's latest progress and developments. I have the requisite knowledge and the trained ability to navigate and perform effective searches on the Bloomberg Terminal.
2. I am also a Mortgage Securitization Auditor and my qualification, expertise and experience provide me with the background necessary to be qualified as an expert in this field.
3. The contents of this report are factual, but it is provided for informational purposes only and is not to be construed as "legal advice."¹
4. During the dates of February 13-17, 2012, I researched the Bloomberg online Database, Mortgage Electronic Registration System, the Official Records of King County, WA and other various public information sites, I also conducted a complete review of all documentation provided to me which included, the Note, the Deed, a notice of default, three assignments, three Trustee auction notices and two successor Trustee notices, and a mortgage statement at the request of [REDACTED] whose property address is 4 [REDACTED]
5. Based on the information I have received, On October 12, 2006, [REDACTED] executed a negotiable promissory in the amount of \$341,955.00 for [REDACTED]. The Lender is New Century Mortgage Corporation. The Note is an Adjustable Rate Balloon Note. Interest is 8.700%. Monthly payment amount is \$2,559.01. The pages of the Note are numbered as follows: Page 1 of 4, Page 2 of 4, Page 3 of 4, and Page 4 of 4. This copy of the Note does not have any endorsements other than the borrowers. There are no allonges.
6. The Loan amount of \$341,955.00 and a closing date of October 12, 2006 in the zip code [REDACTED] were all identified in Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 with the Sponsor being Citigroup Global Markets Realty Corp. and the Trustee being U.S. Bank National Association, and the Trust Administrators being Citibank, N.A.
7. The basis of the identification of Loan amount of \$341,955.00 and a closing date of October 12, 2006 in the zip code [REDACTED] with the Trust being Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 was based on the following information: The loan corresponds exactly with *borrower's* loan document provided: Loan amount of \$341,955.00 and zip code of 98059. Copies of loan level detail are attached as Bloomberg Exhibit A-A-1.

¹ The client has been strongly advised to seek legal consultation from a competent legal professional in connection with the content of this report and how to properly use it.

8. The Deed of Trust was originally filed with the Official Records of King County, WA Recorder's Office and shows the holder to be New Century Mortgage Corporation.
9. Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 was a correspondent lender who originated and sold loans. The Note and Deed have taken two distinctly different paths. The Note was securitized into Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 and the Deed still shows that New Century Mortgage Corporation as the lender.
10. The written agreement that created the Citigroup Mortgage Loan Trust Inc. 2006-HE3 Asset-Backed Pass-Through Certificates, Series 2006-HE3 is a "Pooling and Servicing Agreement" (PSA), and is a matter of public records, available on the website of the Securities Exchange Commission. The Trust is also described in a "Prospectus Supplement and Prospectus," that should be available on the SEC website, however attempts to locate both documents has produced no results. The Trust by its terms set a closing date of December 29, 2006. The promissory Note, in this case, became Trust property in compliance with the requirement set forth in the PSA. The Trust agreement is filed under oath with the Securities and Exchange Commission. The acquisition of the assets of the subject Trust and the PSA are governed under the law. Thus, the absence of assignments in conjunction with the sale of the Note (depositor, sponsor, and Trustee) does not allow for independent verification that this Note was sold into this Trust within the time frames allowed. Thus, any failure to deliver the Deed of Trust or delivery of the Deed of Trust without its Assignments as regulated by these Trusts in general could be a void act for the reason that it violated the express terms of the Trust instrument. The first assignment filed with the county was four years after the Trust closing date.
11. The loan was originally sold to the Sponsor Citigroup Global Markets Realty Corp. and was then sold to the Depositor, Citigroup Mortgage Loan Trust Inc. and finally transferred to Citigroup Mortgage Loan Trust 2006-HE3. There is no record of Assignments to the Sponsor, the Depositor, or the Trust, in part because the loan was registered with MERS and as required by the Pooling and Servicing Agreement, if the loan was registered with MERS, then assignments were to be given in blank to the Trustee. The problem arises in two parts: that arrangement violates a true sale, and the assignment, when finally done four years later was defective on many counts, and suggests that the original "in blank" assignment was probably not delivered as required by the Pooling and Servicing Agreement, thus, any failure to deliver the Deed of Trust or delivery of the Deed of Trust without its Assignments as regulated by the Trust could be a void act for the reason that it violated the express terms of the Trust instrument.
12. The Deed of Trust was found to have MIN: 100488910104496871. A search of the MERS database produced the servicer of Wells Fargo Bank, N.A. d.b.a. as America's Servicing Company and the "Investor" is US Bank as Trustee. The original lender of the promissory Note is New Century Mortgage Corporation.
13. Corporation. Mortgage Electronic Registration Systems, Inc. (hereafter "MERS") is not named as the payee of the Note, but is named as acting solely as a "nominee" for lender as the beneficiary of the security interest Deed of Trust. The original Trustee under this Deed of Trust is Pacific Northwest Title.
14. A review of the county filings produced three defective assignments, all done by MERS after Northwest Trustee Services (a company on notice of pending investigation in the state of Washington by the AG), had begun foreclosure proceedings, then two successor Trustee notices, three notices of Trustee Sale, and two discontinuance of Trustee sale notices. Every document contained serious flaws and defects and are potentially fraudulent. Signatories are grossly misrepresented, ranging from clerks and document processors at Wells Fargo masquerading as Vice Presidents of Loan Documentation to an employee of Northwest Trustee Services posing himself off as a Vice President of MERS. Minimally, none of the

county filings occurred until AFTER an entity that had no legal standing to foreclosure has executed foreclosure proceedings.

15. The Note and Deed have been separated. The chain of title has been broken. Assignments were not provided to the appropriate entities involved in the securitization of this Trust within the time frames allowed by the Trust. There is no chain of endorsements. The foreclosure documents were defective and relied upon earlier defective assignments. The Power of Sale remains with the original lender and Trustee.
16. As has been previously stated and supported in this report, generally, if the Deed of Trust and the Note are not together with the same entity, there can be no legal enforcement of the Note. The Deed of Trust enforces the Note, and provides the capability for the lender to foreclose on the property. Thus, if the Deed of Trust and the Note are separated, foreclosure legally cannot occur: conversely, the Note cannot be enforced by the Deed of Trust if each contains a different mortgagee/beneficiary; and, if the Deed of Trust is not itself a legally enforceable instrument, there can be no valid foreclosure on the homeowners' property.
17. No Entity can be a creditor if they do not hold/own the asset in question (i.e. the NOTE and/or the property); a Mortgage Pass Through Trust (i.e. R.E.M.I.C., as defined in Title 26, Subtitle A, Chapter 1, Subchapter M, Part II §§ 850-862) cannot hold assets, for if they do, their tax exempt status is violated and the Trust itself is void ab initio. Therefore, either the Trust has voided its intended Tax Free Status, or the asset is not in fact owned by it.
18. Since the loan was sold, pooled and turned into a security, the alleged holder can no longer claim that it is a real party of interest, as the original lender has been paid in full.
19. Moreover, once the Note was converted into a stock, or stock equivalent, it is no longer a Note. If both the Note and the stock, or stock equivalent, exist at the same time, that is known as double dipping. Double dipping is a form of securities fraud. Once a loan has been securitized, it forever loses its security component (i.e., the Deed of Trust), and the right to foreclose through the Deed of Trust is forever lost.
20. The Promissory Note has been converted into a stock as a permanent fixture. It is now a stock and governed as a stock under the rules and regulations of the SEC; hence, the requirement for the filings of the registration statements, pooling and servicing agreements, form 424B-5, etc. There is no evidence on Record to indicate that the Deed of Trust was ever transferred concurrently with the purported legal transfer of the Note, such that the Deed of Trust and Note has been irrevocably separated, thus making a nullity out of the purported security in a property, as claimed (Federal Rules of Evidence Rules 901 & 902).
21. Investigation reveals that this was a securitized loan. But to be controlled by those SEC filings, the true original loan Note and Deed of Trust had to be provided by the Document Custodian certified to have been in possession of them by the closing date: which was December 29, 2006. Because it was not, the claim of ownership by the Trust cannot be substantiated and the loan servicing rights not established at law by agreement.

I supply this report as written testimony and am available for oral testimony.

[REDACTED]

APPENDIX

DEFINITIONS

Assignment: An assignment of mortgage (or Deed of Trust, depending upon the state) is a document which indicates that a mortgage has been transferred from the original lender or borrower to a third party. These assignments are filed with the county the land/property is. Assignments are more commonly seen when lenders sell mortgages to other lenders. They are essential to the chain of title.

This document shows that the loan obligation has been transferred. It usually describes the property so that there is no confusion. It should include the name of the original party, along with the name of the third party, with contact information and the date that the assignment of mortgage becomes valid. In the case of an assignment of mortgage between lenders, the document Notes the identity of the borrower, while assumed mortgages identify the lender and indicate that the transfer took place between borrowers.

Beneficiary: A beneficiary (also, in Trust law, *cestui que use*) in the broadest sense is a natural person or other legal entity who receives money or other benefits from a benefactor. The beneficiaries of a Trust are the persons with equitable ownership of the Trust assets, although legal title is held by the Trustee.

Correspondent lender: A type of Mortgage Company that is a cross between a mortgage broker and a mortgage lender. This is a term applied to a mortgage broker that originates and closes the loan in their own company name, funds the loan from their own source of money such as a line of credit (also referred to as a "Warehouse Line" and then immediately sells the loan on an individual basis to a lender who is their sponsor.

Custodian: The Custodian is often the same entity as the Trustee, and is typically engaged to hold onto the funds in cash reserves serving as internal credit enhancements of the securitization and collateral security documents related to the transferred assets.

Debtor: The Debtor is the person who borrows money from the Lender.

Depositor: The Depositor is the entity who buys the loans from the Sponsor and deposits them with the Issuing Entity.

Issuing Entity: The Issuing Entity is a statutory Trust and the intermediary owner of the loan documents. The issuing entity also issues securities that represent undivided interests in the cash flows from a particular pool of loans.

Investor: An investor is a party that makes an investment into one or more categories of assets, such as equity, debt securities, real estate, currency, commodity, derivatives such as put and calls options, etc. with the objective of making a profit.

Lender: The Lender is the Originator of the loan for the Debtor. In some instances the Lender and the Originator are the same entities, in others, the role of the Originator is to buy and accumulate loans from different lenders. In the latter, the Originator is also called a Wholesale Lender.

Servicer: The Servicer is the entity who collects monthly payments from borrowers and passes the cash flows to the Trustee. The Servicer must advance to the Trust payments due from delinquent borrowers before collection.

Sponsor: The Sponsor is the entity who buys the loans from different Originators, combines them into a pool, and sells them to the Depositor.

Trustee: The Trustee acts on behalf of the Trust and the investors. It is essentially an administrative function, to represent the Trust, to monitor the effectiveness of the servicing, to manage and oversee the payments to the certificate holders, and to administer any reserve accounts.

Underwriter: The Underwriter is the Wall Street investment firm who provides initial capital to purchase the securities. As the initial purchaser, the Underwriter plays a key role in structuring the entire transaction, including a role in determining the characteristics of the underlying loans.

WHAT IS A SECURITIZATION?

A securitization is the term used to describe the process of issuing securities backed by the cash flows from a pool of underlying assets.

Securitization has also been defined as "the sale of equity or debt instruments, representing ownership interests in or secured by, segregated, income-producing asset or pool of assets, in a transaction structured to reduce or reallocate certain risks inherent in owning or lending against the underlying assets and to ensure that such interests are more readily marketable and, thus, more liquid than ownership interests in and loans against the underlying assets."

A securitization transaction typically has the following characteristics. An originator of homogenous income-producing assets sells the assets to a newly formed special purpose entity, also known as a securitization Trust, which can be any legal entity that is designed to make the chances of it filing for bankruptcy remote.

The Trust will then issue, directly or through a Trustee, securities in the form of certificates to investors. The securities represent an undivided interest in the assets of the Trust. An underwriter will typically find the investors to purchase the securities.

Such investors will pay cash for the securities and the proceeds are used by the Trust to purchase the assets from the originator. The term of a securitization transaction can range between 5 years to 30 years, depending on the nature and term of the assets backing the securities. The cash flows generated by the assets are used to repay the amounts due under the securities issued by the Trust.

WHO AND WHAT IS MERS?

MERS (Mortgage Electronic Registration System) was created to eliminate the need for the executing and recording of assignment of mortgages, with the idea that MERS would be the mortgagee of record. This would allow "MERS" to foreclose on the property, and at the same time, assist the lenders in avoiding the recording of the Assignments of Beneficiary on loans sold. This saved the lenders money in manpower and the costs of recording these Notes. It was also designed to "shield" investors from liability as a result of lender misconduct regarding the process of mortgage lending.

MERS is simply an "artificial" entity designed to circumvent certain laws and other legal requirements dealing with mortgage loans. By designating certain member employees to be MERS corporate officers, MERS has created a situation whereby the foreclosing agency and MERS "designated officer" has a conflict of interest.

Since neither MERS nor the servicer have a beneficial interest in the Note, nor do they receive the income from the payments, and since it is actually an employee of the servicer signing the Assignment in the name of MERS, the Assignment executed by this "MERS employee" is illegal.

The actual owner of the Note has not executed the Assignment to the new party. An assignment of a mortgage in the absences of the assignment and physical delivery of the Note will result in a nullity.

It must also be Noted that the lender or other holder of the Note registers the loan on MERS. Thereafter, all sales or assignments of the mortgage loan are accomplished electronically under the MERS system. MERS never acquires actual physical possession of the mortgage Note, nor do they acquire any beneficial interest in the Note.

The existence of MERS indicated numerous violations of Unfair and Deceptive Acts and Practices due to the conflicting nature and identity of the servicer and the beneficiary. Each of these practices was intentionally designed to mislead the borrower and benefit the lenders. So the question becomes, is MERS the foreclosing party or the Servicer? Since the Servicer is the party initiating the foreclosure and they take the documents to their own employee who has also been designated as a "Corporate Officer of MERS", and who conveniently signs the document for MERS, aren't they the "foreclosing party"?

Is MERS the Beneficial Owner of the Note?

1. MERS is named as the beneficiary on the Deed of Trust and holds only legal title to the interest granted by Borrower in this Security Instrument...has the right: to exercise any or all of those interests, including, but not limited to, releasing and canceling this security instrument.
 - a. MERS has no actual possession of the Note, though they claim to hold the Note.
 - b. MERS receives no payments or income from the monthly payments. This money goes to the ultimate Investor. The Investor has the beneficial interest in the Note by reason of the Investor receiving the payments.
 - c. MERS agreement says that MERS shall at all-time comply with the instructions of the holder of mortgage loan promissory Notes. Additionally, it says "in the absence of contrary instructions from the beneficial owner, MERS may rely on instructions from the servicer shown on the MERS system in accordance with these rules and the procedures with respect to transfers of beneficial ownership.
 - d. MERS has testified in Florida Courts that they are not the beneficial owner of the Note.

Assignment of Beneficiary

MERS does not record the assignment of beneficiary as required by law, until the foreclosure process starts and the Notice of Default has been filed, and apparently, only when it appears that the borrower will not be able to reinstate the loan and then foreclosure is inevitable. It maintains itself as the beneficiary throughout the entire process up to foreclosure.

MERS has represented in Florida Courts that its sole purpose is as a system to track mortgages. It has stated that it does not do the entries itself, but the lenders and servicers do. When an Assignment of Beneficiary is executed, it is the member servicer or lender that goes to the website, downloads the necessary forms, completes the forms and then takes it to the designated "MERS officer" to sign.

MERS agreements state that MERS and the Member agree that: (i) the MERS System is not a vehicle for creating or transferring beneficial interest in mortgage loans, (ii) transfer of servicing interests reflecting on MERS System are subject to the consent of the beneficial owner.

Since neither MERS nor the servicer have a beneficial interest in the Note, nor do they receive the income from the payments, and since it is actually an employee of the servicer signing the Assignment in the name of MERS, this begs the question:

Is the assignment executed by the MERS employee even legal, since the actual owner of the Note has not executed the assignment to the new party?

A good indicator might be in *Sobel v Mutual Development, Inc*, 313 So 2d 77 (1st DCA Fla 1975). ***An assignment of a mortgage in the absence of the assignment and physical delivery of the Note in question is a nullity.***

Possession of the Note & Holder in Due Course

Possession of the Note is a key argument coming to the forefront. The foreclosing entity must prove possession and ownership of the original Note in order to foreclose. This comes to the forefront because it has been reported that upwards of 40% of the Notes are missing and cannot be found. MERS is once again involved in this.

In Judicial Foreclosure states, MERS foreclosure lawsuits often include a Lost, Missing, or Destroyed Affidavit. This affidavit "testifies" that the Note cannot be found, and that the Note prior to being lost was in the possession of MERS. This has become very problematic for MERS, since they have admitted in Courts that they do not own the Note or even hold the Note. *If this is so, then MERS is likely filing fraudulent Affidavits.*

When challenged, one defense that MERS uses to support its "legal standing" is that the servicer has possession of the Note and Deed. MERS, by the act of having its own "Officers" as employees of the servicer, entitles it to foreclose on behalf of the servicer and the beneficiary.

When confronted with this defense, the response should be for the servicer to produce the Note. It must also be Noted that the lender or other holder of the Note registers the loan on MERS. Thereafter, all sales or assignments of the mortgage loan are accomplished electronically under the MERS system. MERS never acquires actual physical possession of the mortgage Note, nor do they acquire any beneficial interest in the Note.

WHAT IS ROBOSIGNING?

In the foreclosure industry, robo-signing is the practice of a bank employee signing thousands of documents and affidavits without verifying the information contained in the document or affidavit.

Testimony and affidavits have presented information that these bank employees were often nothing more than minimum wage employees working as document signers, using the titles of vice presidents for a multitude of banks all in the same day.

Some reports have revealed that one “bank official” performed the task of signing off on almost 10,000 documents in one month. The practice calls into question the validity of thousands of mortgage foreclosures across the country.

When the practice recently came to light, four major banks, J.P. Morgan Chase, Ally Financial/GMAC, Bank of America and Wells Fargo all called a halt to foreclosure actions in 23 states. In the days following their announcements, Bank of America ceased foreclosures in all 50 states.

Today, any foreclosure documents must be reviewed for possible robo-signed signatures.

CASE LAW

EMERALD GARDENS CONDOMINIUM, APPELLANT V. US BANK, RESPONDENT

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Opinion Information Sheet: DO NOT CITE. SEE RAP GR 14.1(a).

Washington Appellate Court Reverses and Directs Trial Court Ruling to reinstate the order of default and decree Quieting Title

In this case, the homeowner gave up their rights to the property, turning it over to the Homeowner's Association, who in turn sued the bank for Quiet Title. The Homeowner's Association won by default.

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR GREENSPPOINT FUNDING, APPELLANT V. NANCY GROVES, APPELLEE, APRIL 12, 2011

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Texas Appellate Court Upholds Trial Court Ruling to Quiet Title

Excerpts

“Memorandum Opinion”

“Nancy Groves sued Mortgage Electronic Registration Systems, Inc. (MERS), as nominee for Greenspoint Funding, to invalidate a Deed of Trust securing MERS's alleged lien on Groves' property. The trial court entered a default judgment against MERS, which then filed this restricted appeal. We affirm.”

“The trial court's judgment states:

“[T]he court Orders and Adjudges, that [Groves] is the owner of [the property].

“The court further Orders and Adjudges that the Deed of Trust filed is void and has no force or effect.

“The court further orders the Deed of Trust removed from the title to the property made the subject of this litigation.”

RANG JIN HWANG NO. LA08-15337SB. UNITED STATES BANKRUPTCY COURT, C.D. CA. SEPTEMBER 4, 2008.

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“Opinion Denying Lift Stay for Failure to Join Real Part in Interest”

Excerpts from the Conclusion:

“Consequently, if a loan servicer wishes to seek relief from the automatic stay, either as agent or nominee of the Noteholder, the servicer may do so only if the Noteholder either joins or ratifies the motion. Absent joinder or ratification, the Noteholder must substitute into the servicer's place, and prosecute the motion on its own. Fed.R.Civ.P. 17(a)(3).

If the servicer has mistakenly failed to seek relief in the Noteholder's name, the court must allow a reasonable time for the Noteholder to join or substitute into the action. Id. IndyMac, by its own admission, is not the holder of the Note on which this motion is based, and therefore lacks the authority to enforce the Note. Since it lacks the authority to enforce the Note, IndyMac also has no authority whatsoever to enforce the mortgage on Rang Jin Hwang's Las Vegas residence.”

396 B.R. 511 (2008) RAYMOND VARGAS NO. LA08-17036SB. UNITED STATES BANKRUPTCY COURT, CD. CA. OCTOBER 21, 2008.

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MERS Relief from Stay Motion: Findings of Fact and Conclusion of Law

Excerpts from the Conclusion:

“The court concludes that this motion for relief from stay must be denied on two separate grounds. First, the motion improperly attempts to obtain relief for unidentified parties, in violation of the rule requiring the disclosure of parties appearing before the court. Second, the only evidence supporting the motion is provided by a witness who is incompetent to provide any relevant evidence”

U.S. BANK NATIONAL ASSOCIATION, TRUSTEE [FN1] VS. ANTONIO IBANEZ NO. SJC-10694. SUPREME JUDICIAL COURT, MA JANUARY 7, 2011

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US National Bank is Denied Quiet Title

Excerpts

“After foreclosing on two properties and purchasing the properties back at the foreclosure sales, U.S. Bank National Association (U.S. Bank), as Trustee for the Structured Asset Securities Corporation Mortgage Pass-Through Certificates, Series 2006-Z; and Wells Fargo Bank, N.A. (Wells Fargo), as Trustee for ABFC 2005-OPT 1 Trust, ABFC Asset Backed Certificates, Series 2005-OPT 1 (plaintiffs) filed separate complaints in the Land Court asking a judge to declare that they held clear title to the properties in fee simple. We agree with the judge that the plaintiffs, who were not the original mortgagees, failed to make the required showing that they were the holders of the mortgages at the time of foreclosure. As a result, they did not demonstrate that the foreclosure sales were valid to convey title to the subject properties, and their requests for a declaration of clear title were properly denied.”

CHRISTINE PROVOST VS. DIVERSIFIED FINANCIAL, ETC. NO. 09-3-25191-6 SEA
SUPERIOR COURT OF WASHINGTON IN AND FOR THE COUNTY OF KING

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Judgment & Findings for Damages and Quiet Title

Findings state that the defendants had “unclean hands” as outlined in the declarations filed by Plaintiff and also did not act with diligence. Monetary damages as well as quiet title are given to plaintiff.

LANDMARK NATIONAL BANK, PLAINTIFF/APPELLEE, V. BOYD A. KESLER NO. 98,489
SUPREME COURT, KS SEPTEMBER 29 2008

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MERS Lacks the Power to Foreclose

Excerpts

"The legal status of a nominee, then, depends on the context of the relationship of the nominee to its principal. Various courts have interpreted the relationship of MERS and the lender as an agency relationship. See *In re Sheridan*, ___ B.R. ___, 2009 WL 631355, at *4 (Bank. D. Idaho March 12, 2009) (MERS "acts not on its own account. Its capacity is representative."); *Mortgage Elec. Registration System, Inc. v. Southwest*, ___ Ark. ___, ___, ___ S.W.3d ___, 2009 WL 723182 (March 19, 2009) ("MERS, by the terms of the Deed of Trust, and its own stated purposes, was the lender's agent"); *LaSalle Bank Nat. Assn. v. Lamy*, 2006 WL 2251721, at *2 (N.Y. Sup. 2006) (unpublished opinion) ("A nominee of the owner of a Note and mortgage may not effectively assign the Note and mortgage to another for want of an ownership interest in said Note and mortgage by the nominee.")

The relationship that MERS has to Sovereign is more akin to that of a straw man than to a party possessing all the rights given a buyer. A mortgagee and a lender have intertwined rights that defy a clear separation of interests, especially when such a purported separation relies on ambiguous contractual language. The law generally understands that a mortgagee is not distinct from a lender: a mortgagee is "[o]ne to whom property is mortgaged: the mortgage creditor, or lender." *Black's Law Dictionary* 1034 (8th ed. 2004). By statute, assignment of the mortgage carries with it the assignment of the debt. K.S.A. 58-2323. Although MERS asserts that, under some situations, the mortgage document purports to give it the same rights as the lender, the document consistently refers only to rights of the lender, including rights to receive notice of litigation, to collect payments, and to enforce the debt obligation. The document consistently limits MERS to acting "solely" as the nominee of the lender.

Indeed, in the event that a mortgage loan somehow separates interests of the Note and the Deed of Trust, with the Deed of Trust lying with some independent entity, the mortgage may become unenforceable.

"The practical effect of splitting the Deed of Trust from the promissory Note is to make it impossible for the holder of the Note to foreclose, unless the holder of the Deed of Trust is the agent of the holder of the Note.

[Citation omitted.] Without the agency relationship, the person holding only the Note lacks the power to foreclose in the event of default. The person holding only the Deed of Trust will never experience default because only the holder of the Note is entitled to payment of the underlying obligation. [Citation omitted.]

The mortgage loan becomes ineffectual when the Note holder did not also hold the Deed of Trust." *Bellistri v. Ocwen Loan Servicing, LLC*, 284 S.W.3d 619, 623 (Mo. App. 2009).

JOSHUA & STEPHANIE MITCHELL CASE NO. BK-S-07-16226-LBR, CHAPTER 7 UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA MARCH 31, 2009

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MERS Does Not Have Legal Standing

Excerpts from Summary

OVERVIEW: The organization claimed that it had the right to seek relief from the stay that was imposed when the debtors declared bankruptcy because it was named as a beneficiary under Deeds of Trust the debtors executed, or because it was another beneficiary's nominee. The court disagreed. The organization did not have standing merely because it was the alleged beneficiary under a Deed of Trust, and terms and conditions which governed the organization's operations showed that it was not a beneficiary because it did not have the right to receive payments, any servicing rights, or rights to property that secured debtors' loans. In order to enforce rights as the agent of a holder, the organization had to show that its principal was entitled to enforce the Note. Counsel for the organization acknowledged that the organization was the agent for its members only, and if a Note was transferred to a nonmember, the organization could not act as the agent. The court could not assume that just because the organization was named as the initial nominee in a Deed of Trust that it still retained that relationship with the holder of the Note.

OUTCOME: The court found that the organization did not have standing to seek an order lifting the stay in two cases it considered with the debtors' case, and it denied the organization's motion to lift the stay in those cases