

Hearing Date: August 13, 2014 at 10:00 a.m. (Prevailing Eastern Time)
Response Deadline: July 23, 2014 at 4:00 p.m. (Prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
-----)	

**NOTICE OF OBJECTION OF THE RESCAP BORROWER CLAIMS TRUST
TO CLAIM NUMBER 2024 FILED BY IRENE SCHMIDT**

PLEASE TAKE NOTICE that the undersigned has filed the attached *Objection of the ResCap Borrower Claims Trust to Claim Number 2024 Filed by Irene Schmidt* (the "Objection").

PLEASE TAKE FURTHER NOTICE that a hearing on the Objection will take place on **August 13, 2014 at 10:00 a.m. (Prevailing Eastern Time)** before the Honorable Martin Glenn, at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, Room 501 (the "Bankruptcy Court").



PLEASE TAKE FURTHER NOTICE that responses, if any, to the Objection must be made in writing, conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, and the Notice, Case Management, and Administrative Procedures approved by the Bankruptcy Court [Docket No. 141], be filed electronically by registered users of the Bankruptcy Court's electronic case filing system, and be served, so as to be received no later than **July 23, 2014 at 4:00 p.m. (Prevailing Eastern Time)**, upon (a) counsel for the ResCap Borrower Claims Trust, Morrison & Foerster LLP, 250 W. 55th Street, New York, NY 10019 (Attention: Gary S. Lee, Norman S. Rosenbaum and Jordan A. Wishnew); (b) the Office of the United States Trustee for the Southern District of New York, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014 (Attention: Linda A. Riffkin and Brian S. Masumoto); (c) the Office of the United States Attorney General, U.S. Department of Justice, 950 Pennsylvania Avenue NW, Washington, DC 20530-0001 (Attention: US Attorney General, Eric H. Holder, Jr.); (d) Office of the New York State Attorney General, The Capitol, Albany, NY 12224-0341 (Attention: Nancy Lord, Esq. and Enid N. Stuart, Esq.); (e) Office of the U.S. Attorney for the Southern District of New York, One St. Andrews Plaza, New York, NY 10007 (Attention: Joseph N. Cordaro, Esq.); (f) counsel for Ally Financial Inc., Kirkland & Ellis LLP, 153 East 53rd Street, New York, NY 10022 (Attention: Richard M. Cieri and Ray Schrock); (g) counsel for the committee of unsecured creditors, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, NY 10036 (Attention: Kenneth Eckstein and Douglas Mannal); (h) counsel for Ocwen Loan Servicing, LLC, Clifford Chance US LLP, 31 West 52nd Street, New York, NY 10019 (Attention: Jennifer C. DeMarco and Adam Lesman);

(i) counsel for Berkshire Hathaway Inc., Munger, Tolles & Olson LLP, 355 South Grand Avenue, Los Angeles, CA 90071 (Attention: Thomas Walper and Seth Goldman); (j) Internal Revenue Service, P.O. Box 7346, Philadelphia, PA 19101-7346 (if by overnight mail, to 2970 Market Street, Mail Stop 5-Q30.133, Philadelphia, PA 19104-5016); and (k) Securities and Exchange Commission, New York Regional Office, 3 World Financial Center, Suite 400, New York, NY 10281-1022 (Attention: George S. Canellos, Regional Director).

PLEASE TAKE FURTHER NOTICE that if you do not timely file and serve a written response to the relief requested in the Objection, the Bankruptcy Court may deem any opposition waived, treat the Objection as conceded, and enter an order granting the relief requested in the Objection without further notice or hearing.

Dated: July 2, 2014
New York, New York

/s/ Norman S. Rosenbaum

Gary S. Lee

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RESIDENTIAL CAPITAL, LLC, et al.,

Debtors.

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Case No. 12-12020 (MG)

Chapter 11

Jointly Administered

**OBJECTION OF THE RESCAP BORROWER CLAIMS TRUST
TO CLAIM NUMBER 2024 FILED BY IRENE SCHMIDT**

TO THE HONORABLE MARTIN GLENN,
UNITED STATES BANKRUPTCY JUDGE:

The ResCap Borrower Claims Trust (the “Borrower Trust”), established pursuant to the terms of the confirmed Chapter 11 plan in the above-captioned bankruptcy cases (the “Chapter 11 Cases”) [Docket No. 6065], as successor in interest to the above-captioned debtors with respect to Borrower Claims (collectively, the “Debtors”), hereby submits, on behalf of Debtor Residential Capital, LLC (“ResCap”) and its affiliated post-effective date Debtors in the Chapter 11 Cases, this objection (the “Objection”) seeking to disallow and expunge claim number 2024 (the “Schmidt Claim”), a copy of which is attached hereto as Exhibit 1, filed by Irene Schmidt (“Ms. Schmidt”), pursuant to section 502(b) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 3007(a) of the Federal Rules of Bankruptcy Procedure (the

“Bankruptcy Rules”). In support of the Objection, the Borrower Trust relies upon and incorporates by reference the Declaration of Deanna Horst, the Chief Claims Officer for The ResCap Liquidating Trust, annexed hereto as Exhibit 2 (the “Horst Declaration”).¹ In further support hereof, the Borrower Trust respectfully represents as follows:

PRELIMINARY STATEMENT

1. The Schmidt Claim relates to purported damages arising from a loan modification agreement that Ms. Schmidt alleges was entered into by the Debtors and her ex-husband improperly. There is nothing in the Debtors’ books and records, however, suggesting any impropriety with respect to the Debtors’ entry into the loan modification agreement. Ms. Schmidt has failed to provide a sufficient explanation as to why her claim represents a valid claim that should be allowed against the Debtors. As discussed herein, the Borrower Trust provides detailed explanations as to why the elements of Ms. Schmidt’s claim do not provide the basis for an allowed claim against the Debtors. Accordingly, the Schmidt Claim should be disallowed and expunged in its entirety from the Claims Register (as defined below).²

JURISDICTION, VENUE AND STATUTORY PREDICATE

2. This Court has jurisdiction over this Objection pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007.

¹ The ResCap Liquidating Trust and the Borrower Trust are parties to an Access and Cooperation Agreement, dated December 17, 2013, which, among other things, provides the Borrower Trust with access to the books and records held by the Liquidating Trust and Liquidating Trust’s personnel to assist the Borrower Trust in performing its obligations.

² The Borrower Trust reserves all of its rights to object on any other basis to the Schmidt Claim not set forth in this Objection, and to amend this Objection should any further bases come to light.

BACKGROUND

A. Chapter 11 Case Background

General Overview

3. On December 11, 2013, at the conclusion of a confirmation hearing, the Bankruptcy Court entered an *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “Confirmation Order”) approving the terms of the Chapter 11 plan, as amended (the “Plan”), filed in these Chapter 11 Cases [Docket No. 6065].³ On December 17, 2013, the Effective Date (as such term is defined in the Plan) occurred, and, among other things, the Borrower Trust and the ResCap Liquidating Trust were established [Docket No. 6137].

4. The Plan provides for the creation and implementation of the Borrower Trust, which is established for the benefit of Borrowers who filed Borrower Claims (as such terms are defined in the Plan) to the extent such claims are ultimately allowed either through settlement or pursuant to an order of the Court. See Plan, Art. IV.F. The Borrower Trust was established to, among other things, “(i) direct the processing, liquidation and payment of the Allowed Borrower Claims in accordance with the Plan, and the distribution procedures established under the Borrower Claims Trust Agreement, and (ii) preserve, hold, and manage the assets of the Borrower Claims Trust for use in satisfying the Allowed Borrower Claims.” See id.

Claim Specific Background

5. On July 17, 2012, the Court entered an order [Docket No. 96] appointing Kurtzman Carson Consultants LLC (“KCC”) as the notice and claims agent in these Chapter 11 Cases. Among other things, KCC is authorized to (a) receive, maintain, record, and otherwise

³ Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

administer the proofs of claim filed in these Chapter 11 Cases and (b) maintain the official claims register for the Debtors (the “Claims Register”).

6. On August 29, 2012, this Court entered an order approving the Debtors’ motion to establish procedures for filing proofs of claim in the Chapter 11 Cases [Docket No. 1309] (the “Bar Date Order”).⁴

7. On March 21, 2013, the Court entered an order (the “Procedures Order”) [Docket No. 3294] approving, among other things, certain procedures to be applied in connection with objections to claims filed by current or former borrowers (collectively, the “Borrower Claims,” and the procedures relating thereto, the “Borrower Claims Procedures”). The Procedures Order includes specific protections for borrowers and sets forth a process for the Debtors to follow before objecting to certain categories of Borrower Claims. For example, the Borrower Claims Procedures require that, prior to objecting to certain categories of Borrower Claims, individual borrowers must be furnished with a letter requesting additional documentation in support of the purported claim (a “Request Letter”). (See Procedures Order at 4).

8. Prior to the Plan Effective Date, the Debtors determined that no Request Letter was required to be sent to Ms. Schmidt under the Borrower Claims Procedures.

B. The Schmidt Claim

9. On October 30, 2012, Ms. Schmidt filed the Schmidt Claim (Claim No.

⁴ The Bar Date Order established, among other things, (i) November 9, 2012 at 5:00 p.m. (Prevailing Eastern Time) as the deadline to file proofs of claim by virtually all creditors against the Debtors (the “General Bar Date”) and prescribing the form and manner for filing proofs of claim; and (ii) November 30, 2012 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for governmental units to file proofs of claim (the “Governmental Bar Date”). Bar Date Order ¶¶ 2, 3. On November 7, 2012, the Court entered an order extending the General Bar Date to November 16, 2012 at 5:00 p.m. (Prevailing Eastern Time) [Docket No. 2093]. The Governmental Bar Date was not extended.

2024) as an administrative priority claim in the amount of \$245,241.48 against ResCap.⁵

10. On September 20, 2013, the Debtors filed the *Debtors' Forty-Ninth Omnibus Objection to Claims (No Liability Borrower Claims – Books and Records)* [Docket No. 5161] (the “Forty-Ninth Omnibus Claims Objection”) seeking to disallow and expunge various claims, including Claim No. 2024 filed by Ms. Schmidt.⁶

11. On April 1, 2014, the Borrower Trust withdrew without prejudice the Forty-Ninth Omnibus Claims Objection solely as it related to Claim No. 2024 filed by Ms. Schmidt [Docket No. 6737], and the Borrower Trust reserved all rights to object to Claim No. 2024 on any basis in the future.⁷

RELIEF REQUESTED

12. The Borrower Trust hereby files this Objection pursuant to section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007, and seeks the entry of an order, substantially in the form annexed hereto as Exhibit 3, disallowing and expunging the Schmidt Claim from the Claims Register because the Debtors' books and records do not reflect any basis or liability therefor.

OBJECTION

13. A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). If an objection refuting at least one of the claim’s essential

⁵ The Schmidt Claim left the debtor name and case number boxes blank. By default, KCC lists the Schmidt Claim as a claim against Residential Capital, LLC on the Claims Register.

⁶ Ms. Schmidt interposed identical responses (together, the “Response”) to the Forty-Ninth Omnibus Claims Objection [Docket Nos. 5505, 5552] on October 22, 2013 and October 25, 2013, respectively. On January 27, 2014, the Borrower Trust filed a reply to the Response [Docket No. 6369].

⁷ The Borrower Trust determined that Claim No. 2024 -- unlike the other claims that were the subject of the Forty-Ninth Omnibus Claims Objection -- was not a typical loan modification claim (i.e., a claim founded on allegations that the Debtors either failed to provide a loan modification or provided a loan modification with terms that were not as favorable to the claimant as the claimant believed he or she was entitled to) and thus it was more appropriately addressed in a stand-alone claim objection.

allegations is asserted, the claimant has the burden to demonstrate the validity of the claim. See In re Oneida Ltd., 400 B.R. 384, 389 (Bankr. S.D.N.Y. 2009), aff'd sub nom., Peter J. Solomon Co., L.P. v. Oneida, Ltd., No. 09-cv-2229, 2010 U.S. Dist. LEXIS 6500 (S.D.N.Y. Jan. 22, 2010); In re Rockefeller Ctr. Props., 272 B.R. 524, 539 (Bankr. S.D.N.Y. 2000), aff'd sub nom., NBC v. Rockefeller Ctr. Props. (In re Rockefeller Ctr. Props.), 266 B.R. 52 (S.D.N.Y. 2001), aff'd, 46 Fed. Appx. 40 (2d Cir. 2002). Moreover, section 502(b)(1) of the Bankruptcy Code provides, in relevant part, that a claim may not be allowed to the extent that “such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law....” 11 U.S.C. 502(b)(1). Furthermore, the burden of persuasion is on the holder of a proof of claim to establish a valid claim against a debtor. Feinberg v. Bank of N.Y. (In re Feinberg), 442 B.R. 215, 220-22 (Bankr. S.D.N.Y. 2010).

14. As explained in further detail below and in the Horst Declaration, after the Borrower Trust conducted an exhaustive examination of the Debtors’ books and records to assess the allegations made in the Schmidt Claim, the Borrower Trust believes that there is no merit to Ms. Schmidt’s asserted claims. Accordingly, the Borrower Trust now files this Objection to the Schmidt Claim, which addresses the merits of the allegations set forth therein.

15. As a preliminary matter, Ms. Schmidt incorrectly filed her claim as an administrative priority claim under section 503(b)(9) of the Bankruptcy Code. There are no documents appended to the proof of claim evidencing or demonstrating that Ms. Schmidt is entitled to an administrative priority claim under section 503(b)(9) of the Bankruptcy Code. In short, this is not a claim arising from the value of goods received by the Debtors in the ordinary course of business within 20 days of the May 14, 2012 Petition Date, nor is the claim entitled to any other administrative priority.

16. According to the Schmidt Claim, the total claim consists of (a) \$183,600.00 in damages related to “fraudulent refinancing”; (b) “Hurricane Katrina related claims” in the total amount of \$38,457.75; (c) a “Hurricane Katrina related claim” in the amount of \$17,433.68 (purportedly held in escrow by Debtor GMAC Mortgage, LLC (“GMACM”)); and (d) a “Hurricane Isaac related claim” in the amount of \$5,750.05 (purportedly held in escrow by GMACM).

17. The Schmidt Claim attaches a copy of a Petition for Damages, filed on June 27, 2012 by Ms. Schmidt against GMACM in the 24th Judicial District Court for the Parish of Jefferson in the State of Louisiana (No. 716448) (the “Petition for Damages”), that describes the purported bases for the foregoing claims. In the Petition for Damages, Ms. Schmidt essentially alleges that she was damaged because her ex-husband, Douglas Schmidt (“Mr. Schmidt”, and together with Ms. Schmidt, the “Schmidts”), entered into a loan modification agreement with GMACM without her knowledge or consent, and because GMACM disbursed certain insurance proceeds related to hurricane damage to the Property (as defined below) to Mr. Schmidt rather than to her. The Petition for Damages was automatically stayed upon the Petition Date. The Schmidt Claim also attaches a copy of a Marital Property Settlement Agreement between Ms. Schmidt and Mr. Schmidt, dated November 22, 2010 (the “Marital Settlement Agreement”), as well as a copy of a Non-HAMP Loan Modification Agreement between Mr. Schmidt and GMACM, dated June 29, 2011 (the “Loan Modification Agreement”).

18. Prior to filing this Objection as well as after reviewing the Response,⁸ the Liquidating Trust on behalf of the Borrower Trust attempted to reconcile the Schmidt Claim with

⁸ The Response essentially summarizes the allegations in the Petition for Damages. In the Response, Ms. Schmidt increased the amount of the “Hurricane Isaac related claim” to \$9,091.29 and added a “Homeowners’ claim” of \$1,644.31 (purportedly held in escrow by GMACM).

the information in the Debtors' books and records. See Horst Declaration at ¶ 6. Specifically, the Liquidating Trust reviewed, among other documents, Mr. Schmidt's note and the accompanying mortgage, the purported Marital Settlement Agreement, the Loan Modification Agreement, and various correspondence between the Schmidts and GMACM with respect to the foregoing. See id.

19. According to Ms. Schmidt, the \$183,600.00 amount of the "fraudulent refinancing" component of the Schmidt Claim equals the amount of payments made by Ms. Schmidt over the course of nine years to GMACM in connection with Mr. Schmidt's mortgage loan (prior to Mr. Schmidt's loan modification). However, neither the Schmidt Claim nor the Response includes any documentary or other evidence substantiating the amount of that portion of the claim. See Horst Declaration at ¶ 7. Similarly, neither the Schmidt Claim nor the Response provides any documentary or other evidence substantiating the amount of the insurance-related claims. See id.

20. According to the Marital Settlement Agreement, (a) the Schmidts were married on April 15, 1998; (b) pursuant to the Schmidts' marriage contract referenced in the Marital Settlement Agreement (the "Marriage Contract"), Mr. Schmidt was obligated to purchase, at his own expense, the Schmidts' marital home, provided that the home would be owned one-half by each of the Schmidts; and (c) in accordance with the Marriage Contract, Mr. Schmidt purchased a home located at 3608 Wanda Lynn Drive, Metairie, Louisiana 70002 (the "Property"). See Horst Declaration at ¶ 8; see also Marital Settlement Agreement (a copy of which is included with the Schmidt Claim attached hereto as Exhibit 1) at pp. 1-2.

21. In order to finance his purchase of the Property, Mr. Schmidt obtained a loan in the principal amount of \$172,000.00 (the "Loan") that was originated by North Texas

Financial Network, Inc. on June 26, 2002. See Horst Declaration at ¶ 9. The Loan was evidenced by an adjustable rate mortgage note dated June 26, 2002 executed by Mr. Schmidt (the “Original Note” or “Original Loan”). See id.; Original Note, Exhibit A to Horst Declaration. Although title to the Property was in the name of both of the Schmidts, only Mr. Schmidt signed the Original Note. See Horst Declaration at ¶ 9; Original Note, Exhibit A to Horst Declaration. Mr. Schmidt’s obligations under the Original Note were secured by a mortgage on the Property signed by both of the Schmidts and recorded on or about July 1, 2002 (the “Original Mortgage”). See Horst Declaration at ¶ 9; Original Mortgage, Exhibit B to Horst Declaration. Homecomings Financial Network, Inc. serviced the Original Loan from September 1, 2002 until servicing transferred to GMACM on or about July 1, 2009. See Horst Declaration at ¶ 9. On February 16, 2013, servicing of the Modified Loan (as defined below) was transferred to Ocwen. See id.

22. According to the Marital Settlement Agreement, the Schmidts were divorced on or about April 29, 2004. See Horst Declaration at ¶ 10; see also Marital Settlement Agreement at p. 2. The Marital Settlement Agreement (dated November 22, 2010) states, among other things, that (a) Mr. Schmidt agreed to transfer all of his right, title and interest in the Property to Ms. Schmidt; (b) Mr. Schmidt agreed to transfer to Ms. Schmidt all right, title and interest in and to insurance proceeds then held by the lender in the approximate amount of \$22,000.00; (c) Mr. Schmidt agreed to bring the Original Mortgage current through March 2010; (d) Mr. Schmidt agreed to pay one-half of the sum due and owing to bring the Original Mortgage current through November 2010; (e) Mr. Schmidt agreed to execute all documents necessary to allow the lender and its successors or assigns to provide account information to Ms. Schmidt; (f) Ms. Schmidt agreed to pay one-half of the sums due and owing on the Original Mortgage from April 2010 through November 2010; and (g) Mr. Schmidt agreed to pay Ms. Schmidt one-half of

the payoff figure for the Original Loan as of December 2010 in monthly installments that would be equal to one-half of the monthly payment as required by the lender, with Ms. Schmidt agreeing to pay the full monthly amount due to the lender. See Horst Declaration at ¶ 10; see also Marital Settlement Agreement at pp. 2-3.

23. On June 29, 2011, Mr. Schmidt and GMACM entered into the Loan Modification Agreement, effective as of July 1, 2011, which modified the terms of the Original Loan (the “Modified Loan”). See Horst Declaration at ¶ 11.

“Fraudulent Refinancing” Claim

24. Ms. Schmidt contends that she was damaged because Mr. Schmidt and GMACM entered into the Loan Modification Agreement without her knowledge or consent. GMACM, however, did not have an affirmative duty to contact Ms. Schmidt with respect to the modification of the Original Loan. See Horst Declaration at ¶ 12. Although the Original Mortgage was signed by both of the Schmidts, the Original Note was signed only by Mr. Schmidt. See id. Since Mr. Schmidt was the sole obligor under the Original Note, the request for a loan modification was negotiated only with him consistent with the terms of the Original Mortgage. See id. The Original Mortgage states, in pertinent part, that “... any Borrower who co-signs this Security Instrument but does not execute the Note (a “co-signer”): ... agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer’s consent.” See id.; Original Mortgage (Section 13), Exhibit B to Horst Declaration (emphasis added). There is nothing in the Debtors’ books and records, and Ms. Schmidt has provided no documentary or other evidence, to suggest that Ms. Schmidt assumed or was otherwise obligated on the Original Loan or the Modified Loan. See Horst Declaration at ¶ 12.

The fact that Ms. Schmidt signed the Original Mortgage did not make her a borrower obligated under the Original Note. See id. Ms. Schmidt's only obligation to make payments to GMACM is found in the Marital Settlement Agreement, a purported contract between only her and Mr. Schmidt. See id.

25. Subsequent to the date of the Loan Modification Agreement (June 29, 2011), GMACM received letters from Ms. Schmidt on a monthly basis enclosing one-half of the monthly payment due under the Modified Loan. See Horst Declaration at ¶ 13. Indeed, up until receipt of the Petition for Damages, Ms. Schmidt did not make GMACM aware of any dispute she had related to the Loan Modification Agreement since there was no communication from her that raised such an issue. See id.

26. Lastly, any argument by Ms. Schmidt that she suffered financial damage as a result of the Loan Modification Agreement is belied by the fact that, according to GMACM's calculations, the aggregate amount of payments required under the Modified Loan until maturity is approximately \$2,455.86 less than the aggregate amount of payments that would have been required under the Original Loan in the absence of the loan modification. See Horst Declaration at ¶ 14. Moreover, as noted, even if the amount paid on account of the Original Loan prior to the loan modification (which Ms. Schmidt alleges to be \$183,600.00) is a cognizable claim against GMACM -- which it is not -- Ms. Schmidt fails to substantiate this amount. See id.

27. In sum, GMACM had no contractual or other obligation to obtain Ms. Schmidt's consent to the Loan Modification Agreement, see Horst Declaration at ¶ 15, and Ms. Schmidt has failed to demonstrate how she was harmed by the Debtors' actions. Accordingly, there is no basis for Ms. Schmidt's "fraudulent refinancing" claim against GMACM.

Insurance-Related Claim

28. With respect to the portion of Ms. Schmidt's claim concerning the hurricane-related insurance proceeds, because (a) only Mr. Schmidt signed the Original Note and (b) the Loan Modification Agreement was negotiated and executed only by Mr. Schmidt, GMACM only was obligated to remit any insurance proceeds, including those related to damage to the Property caused by Hurricanes Irene and Katrina, to Mr. Schmidt. See Horst Declaration at ¶ 16. In the loan servicing industry, it is standard practice to release insurance proceeds to the loan servicer, who then inspects the property and the proposed repairs and releases the funds to the noteholder in installments until the repairs are complete. See id. Mr. Schmidt was the sole borrower and obligor under the Original Loan and the Modified Loan and, therefore, the only party to whom the loan servicer can deliver the proceeds of the insurance policies. See id.

29. In sum, GMACM had no contractual or other obligation to remit the insurance proceeds to Ms. Schmidt and rightfully remitted the proceeds to Mr. Schmidt (or rightfully held certain proceeds in escrow pending an inspection). See Horst Declaration at ¶ 17.⁹ Accordingly, there is no basis for Ms. Schmidt's insurance-related claim against GMACM.

30. Based on the foregoing and as further supported by the Horst Declaration, the Debtors determined that they have no liability with respect to the Schmidt Claim, and accordingly, the Borrower Trust requests that the Schmidt Claim be disallowed and expunged in its entirety.

⁹ As noted, Ocwen is currently servicing the Modified Loan. The Liquidating Trust understands that Ms. Schmidt (who currently resides at the Property) has not allowed Ocwen to inspect the Property or the proposed repairs, and Ocwen will not release any insurance proceeds remaining in escrow until an inspection is completed. See id.

NOTICE

31. The Borrower Trust has provided notice of this Objection in accordance with the Case Management Procedures Order, approved by this Court on May 23, 2012 [Docket No. 141], and the Procedures Order.

CONCLUSION

WHEREFORE, the Borrower Trust respectfully requests entry of an order, substantially in the form of Exhibit 3 attached hereto, (a) disallowing and expunging the Schmidt Claim and (b) granting such other and further relief as is just and proper.

Dated: July 2, 2014
New York, New York

/s/ Norman S. Rosenbaum
Gary S. Lee
Norman S. Rosenbaum
Jordan A. Wishnew
MORRISON & FOERSTER LLP
250 W. 55th Street
New York, New York 10019
Telephone: (212) 468-8000
Facsimile: (212) 468-7900

Counsel for The ResCap Borrower Claims Trust

Exhibit 1

Schmidt Claim

B 10 Modified (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK		PROOF OF CLAIM
Name of Debtor:	Case Number:	
<p><small>NOTE: This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) may be filed pursuant to 11 U.S.C. § 503.</small></p>		
<p>Name of Creditor (the person or other entity to whom the debtor owes money or property):</p> <p>DOUGLAS AND IRENE SCHMIDT</p> <p>Name and address where notices should be sent: NameID: 10803094</p> <p>DOUGLAS AND IRENE SCHMIDT</p> <p>3608 WANDA LYNN DR</p> <p>METAIRIE, LA 70002</p>		<p><input type="checkbox"/> Check this box if this claim amends a previously filed claim.</p> <p>Court Claim Number: _____ (If known)</p> <p>Filed on: _____</p> <p><input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.</p>
<p>Telephone number: <u>(504) 236-2623</u> email: <u>IRISHKA277@AOL.COM</u></p> <p>Name and address where payment should be sent (if different from above):</p> <p><u>IRENE SCHMIDT</u></p> <p><u>3608 WANDA LYNN DR METAIRIE LA 70002</u></p> <p>Telephone number: <u>(504) 236-2623</u> email: <u>IRISHKA 277@AOL.COM</u></p>		<p>5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.</p> <p><input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).</p> <p><input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4).</p> <p><input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).</p> <p><input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).</p> <p><input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).</p> <p><input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)().</p> <p>Amount entitled to priority:</p> <p>\$ _____</p> <p><small>* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small></p>
<p>1. Amount of Claim as of Date Case Filed: \$ <u>245,241.48</u></p> <p>If all or part of the claim is secured, complete item 4.</p> <p>If all or part of the claim is entitled to priority, complete item 5.</p> <p><input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.</p>		
<p>2. Basis for Claim: <u>see documentation attached</u> (See instruction #2)</p>		
<p>3. Last four digits of any number by which creditor identifies debtor:</p> <p><u>4544</u></p>	<p>3a. Debtor may have scheduled account as:</p> <p>_____ (See instruction #3a)</p>	<p>3b. Uniform Claim Identifier (optional):</p> <p>_____ (See instruction #3b)</p>
<p>4. Secured Claim (See instruction #4)</p> <p>Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.</p> <p>Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other</p> <p>Describe:</p> <p>Value of Property: \$ _____ Annual Interest Rate _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable (when case was filed)</p> <p>Amount of arrearage and other charges, as of the time case was filed, included in secured claim,</p> <p>if any: \$ _____ Basis for perfection: _____</p> <p>Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____</p>		
<p>6. Claim Pursuant to 11 U.S.C. § 503(b)(9):</p> <p>Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.</p> <p>\$ <u>245,241.48</u> (See instruction #6)</p>		
<p>7. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)</p>		
<p>8. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #8, and the definition of "redacted".)</p> <p>DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.</p> <p>If the documents are not available, please explain:</p>		
<p>9. Signature: (See instruction #9) Check the appropriate box.</p> <p><input checked="" type="checkbox"/> I am the creditor. <input type="checkbox"/> I am the creditor's authorized agent. <input type="checkbox"/> I am the trustee, or the debtor, or their authorized agent. <input type="checkbox"/> I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)</p> <p>(Attach copy of power of attorney, if any.)</p> <p>I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.</p> <p>Print Name: <u>IRENE SCHMIDT</u></p> <p>Title: _____</p> <p>Company: _____</p> <p>Address and telephone number (if different from notice address above):</p> <p><u>SAME</u></p> <p>Telephone number: _____ Email: _____</p>		
<p>Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.</p>		

RECEIVED

OCT 30 2012

KURTZMAN CARSON CONSULTANTS

COURT USE ONLY

October 26, 2012

RE: GMAC Mortgage/Ally Financial

Loan #7434264057

SS # [REDACTED] 4544

Name of the creditor:

Irene Schmidt

3608, Wanda Lynn Dr

Metairie, LA 70002

Phone # (504)236-2623

Summary of the claim:

Hurricane Katrina related claim: \$31,576.86

Hurricane Katrina related claim: \$6,880.89

Hurricane Katrina related claim: \$17,433.68 (held in escrow by GMAC)

Hurricane Isaac related claim: \$5,750.05 (held in escrow by GMAC)

Claim related to the fraudulent refinancing: 183,600.00 (paid to GMAC between 2002-2011 and lost as a result of the fraudulent refinance)

TOTAL: \$245,241.48

DIV. 0

JUDGE
ROSS P. LaDART

24TH JUDICIAL DISTRICT COURT FOR THE PARISH OF JEFFERSON

STATE OF LOUISIANA

NO. 716448

DIVISION

IRINA SCHMIDT

VERSUS

GMAC MORTGAGE, LLC AKA ALLY FINANCIAL, INC

FILE FOR RECORD
2012 JUN 27 AM 11:43
DEPUTY CLERK
PARISH OF JEFFERSON, LA

FILED

DEPUTY CLERK

PETITION FOR DAMAGES

NOW INTO COURT, comes Irina Schmidt, a person of full age of majority and a resident of Jefferson Parish, a petitioner herein, who respectfully represents that:

I.

Made Defendant herein is:

GMAC Mortgage, LLC aka Ally Financial, INC, a foreign corporation, authorized to do and doing business in The State of Louisiana, whose agent for service of process is C T Corporation System 5615 Corporate Blvd. Ste 400 B Baton Rouge, LA 70808

II.

On or about July 2002 Irina Schmidt and Douglas M. Schmidt purchased a property at 3608, Wanda Lynn Dr, Metairie, LA 70002.

III.

Douglas Schmidt took out a loan from GMAC Mortgage, LLC with Irina Schmidt being on the title of the above-mentioned property.

IV.

On or about August 29, 2005 the hurricane Katrina severely damaged the above-mentioned residence.

V.

The insurance company issued some monies to have the property repaired. The insurance proceeds were transferred by the insurance companies to GMAC Mortgage, LLC to disburse to the homeowners.

VI.

GMAC Mortgage, LLC failed to add Irina Schmidt as a payee when they issued the insurance proceeds checks.

VII.

As a result of their actions, Irena Schmidt did not receive the majority of the insurance proceeds to make the necessary repairs on the property.

VIII.

On or about June 29, 2011, GMAC Mortgage, LLC entered into an agreement with Douglas M. Schmidt, which changed the interest rate and increased the length of the loan and the total payoff amount on the property at 3608, Wanda Lynn Dr. Metairie, LA 70002.

IX.

Prior to the loan modification agreement signed, the mortgage had been paid for nine (9) years and only had 21 years of payments left.

X.

After the modification, the mortgage has been increased to thirty five (35) years with the date of maturity of June 29, 2046.

XI.

Irina Schmidt, at the time of the loan modification agreement signing, has been the only owner of the property. Douglas M. Schmidt had no longer been the co-owner of the property as of November 22, 2010 (Exhibit A).

XII.

GMAC Mortgage, LLC failed to contact her to assure that she was in agreement to modify the loan on her property.

XI.

A loan modification agreement has been signed between Douglas M. Schmidt and GMAC Mortgage, LLC without Irina Schmidt's knowledge or agreement on 6/29/2011 (Exhibit B).

XII

As a result, Irina Schmidt suffered financial damages since she is forced to make

the mortgage payments every month, otherwise the property will be in foreclosure.

XIII


Irina Schmidt and her minor children have been living in the hurricane-damaged property for approximately seven (7) years.

XIV.

The cause of plaintiff's injuries has been was due to the negligence and fault of the defendant, GMAC Mortgage, LLC

WHEREFORE, THE PETITIONER prays that her Petition is filed herein, and the defendant, GMAC Mortgage, LLC be served with a copy of same and cited to appear and answer same and after due proceedings are had, there be judgment herein in favor of the petitioner and against this defendant for all personal injury damages sustained by the petitioner which may be proven at trial and warranted under the circumstances and premises of this lawsuit, plus all costs of the proceedings, including expert witness fees, and legal interest on all amounts so awarded from the date of judicial demand until paid. PETITIONER further prays for all general and equitable relief and all orders of the Court necessary under the circumstances.

Respectfully Submitted,



Irina Schmidt, In Proper Person
3608, Wanda Lynn Drive
Metairie, LA 70002
Telephone: (504)236-2623

PLEASE SERVE:

GMAC Mortgage, LLC aka
Ally Financial, INC
Through their registered agent
C T Corporation System
5615 Corporate Blvd. Ste 400 B
Baton Rouge, LA 70808

24TH JUDICIAL DISTRICT COURT FOR THE PARISH OF JEFFERSON

STATE OF LOUISIANA

NO.

DIVISION

IRINA SCHMIDT

VERSUS

GMAC MORTGAGE, LLC AKA ALLY FINANCIAL, INC

FILED

DEPUTY CLERK

ORDER

Considering the foregoing Petition for Damages:

IT IS HEREBY ORDERED that defendant, GMAC Mortgage aka Ally Financial, Inc. show cause on the _____ day of _____, 2012, at _____ a.m. why there should not after due proceedings are had, be judgment herein in favor of the petitioner and against this defendant/s for all personal injury damages sustained by the petitioner which may be proven at trial and warranted under the circumstances and premises of this lawsuit and be made to pay reasonable fees and costs of the proceedings, including expert witness fees and legal interest on all amounts so awarded from the date of judicial demand until paid. as well as all general and equitable relief as prayed for herein.

Gretna, Louisiana, on this _____ day of _____, 2012

JUDGE

PLEASE SERVE:

GMAC Mortgage, LLC aka
Ally Financial, INC
Through their registered agent
C T Corporation System
5615 Corporate Blvd. Ste 400 B
Baton Rouge, LA 70808

6/20/2011

DOUGLAS M SCHMIDT
335 CITY PARK AVENUE
NEW ORLEANS LA 70119

Re: Account Number [REDACTED] 4057
3608 WANDA LYNN DR.
METAIRIE LA 70002

GMAC Mortgage

FILE FOR RECORD
2012 JUN 27 AM 11:43
DEPUTY CLERK
RISH OF JEFFERSON, LA

Dear DOUGLAS M SCHMIDT

Congratulations! Your request for a loan modification has been approved subject to the following:

- Receipt of your contribution in the form of certified funds
- Receipt of the signed and (if applicable) notarized and/or witnessed loan modification agreement and any attachments
- Receipt of clear title, if applicable

Highlights of the enclosed Loan Modification Agreement and instructions for completing and returning it are as follows:

- The contribution amount of \$1,037.00 in the form of certified funds, is due in our office by July 1, 2011.
- The interest rate is 2.25000%.
- The first modified payment begins August 1, 2011.
- **Modified payment amount**

Principal and Interest	\$632.94
Escrow	\$400.13
Total Payment	\$1,033.07
- If the Modification Agreement has notary provisions at the end:
 - Do NOT sign the enclosed Loan Modification Agreement unless you are in the presence of a notary.
 - This document must be signed in the presence of a notary and (if applicable) other witnesses.
- If executing an ink signature (paper), all of the documents must be executed and the signatures must be exactly as the names are typed. The signed and (if applicable) notarized Loan Modification Agreement should be returned using the enclosed pre-paid overnight envelope.
- If any modification closing costs are more than projected, the difference will be assessed to the account.
- All miscellaneous fees and costs – excluding late charges – may not have been included in the loan modification and will remain outstanding.
- For loans with mortgage insurance, the mortgage insurance premium may be subject to change following permanent modification. Any change would be proportionate to the modified loan amount, including any deferred balance, and would be reflected in a future escrow analysis following permanent modification.

The contribution and executed loan modification documents are due back by July 1, 2011. Please return to:

GMAC Mortgage, LLC
3700 J Street SW
Suite 222
Cedar Rapids, IA 52404

IMPORTANT! The loan modification will not be complete until we receive all properly executed documents and the contribution amount. If the modification is not completed we will continue to enforce our lien. If the conditions outlined above are not satisfied the modification will be withdrawn.

If you have any questions regarding this modification offer, please contact a modification specialist directly at (800) 850-4622 Monday – Thursday 8:00 AM to 7:00 PM, Friday 8:00 AM to 5:00 PM, Central Time.

Loan Modification Specialist
Enclosures

NOTICE: Federal law requires that we advise you that this notice is from a debt collector attempting to collect on a debt and any information obtained will be used for that purpose.

If you are currently involved in a bankruptcy proceeding or if you have been discharged of your personal liability for the repayment of this debt, this notice is being provided for informational purposes only, it is not an attempt to hold you personally responsible for the debt and any rights we may choose to pursue will be exercised against the property only.

FILE FOR RECORD
2012 JUN 27 AM 11:13
DEPUTY CLERK
PARISH OF JEFFERSON - LA

Record & Return To:

GMAC Mortgage, LLC
Attention: Loss Mitigation
3451 Hammond Avenue
Waterloo, IA 50702
Investor Number: 7819399
Custodian ID: W1

[Space Above This Line For Recorder's Use]

NON-HAMP LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement ("Agreement") made this July 1, 2011 ("Effective Date") between DOUGLAS M SCHMIDT ("Borrower") and GMAC Mortgage, LLC, Lender/Service or Agent for Lender/Service ("Lender"), amends and supplements that certain promissory note ("Note") dated June 26, 2002 in the original principal sum of One Hundred Seventy Two Thousand Dollars and No Cents (\$172,000.00) executed by Borrower. The Note is secured by a Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument"), dated the same date as the Note, and if applicable, recorded on with Instrument Number in Book and/or Page Number of the real property records of JEFFERSON County, LA. Said Security Instrument covers the real and personal property described in such Security Instrument (the "Property") located at 3608 WANDA LYNN DR. METAIRIE LA 70002, which real property is more particularly described as follows:

(Legal Description if Applicable for Recording Only)

Borrower acknowledges that "Lender" is the legal holder and the owner, or agent/service for the legal holder and owner, of the Note and Security Instrument and further acknowledges that if "Lender" transfers the Note, as amended by this Agreement, the transferee shall be the "Lender" as defined in this Agreement.

Borrower has requested, and Lender has agreed, to extend or rearrange the time and manner of payment of the Note and to extend and carry forward the lien(s) on the Property whether or not created by the Security Instrument.

Now, therefore, in consideration of the mutual promises and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. Borrower acknowledges that as of the Effective Date, the amount payable under the Note and Security Instrument (New Principal Balance) is One Hundred Eighty Two Thousand One Hundred Thirty Three Dollars and Twenty Nine Cents (\$182,133.29).

2. The Maturity Date is January 1, 2046.
3. Borrower hereby renews and extends such indebtedness and promises to pay jointly and severally to the order of Lender the Principal Balance, consisting of the amount(s) loaned to Borrower by Lender and any accrued but unpaid interest capitalized to date as applicable, along with any other amounts that may come due under the terms of the original Note and Security Instrument
4. Interest will be charged on the unpaid, non-deferred, 'New Principal Balance' until the non-deferred principal has been paid in full. Borrower promises to pay interest at the rate of 2.25000% from July 1, 2011 until I payoff my loan at the time when I sell or transfer any interest in my home, refinance the loan, or when the last scheduled payment is due. If Step Rate: The rate of interest I pay will change based upon Payment Schedule below.
5. Borrower promises to make monthly principal and interest payments of \$632.94, beginning on August 1, 2011, and continuing thereafter on the same day of each succeeding month, according to the Payment Schedule below until all principal and interest is paid in full. Borrower will make such payments at 3451 Hammond Avenue, Waterloo, Iowa, 50702 or at such other place as Lender may require. The amounts indicated in this paragraph do not include any required escrow payments for items such as hazard insurance or property taxes; if such escrow payments are required the monthly payments will be higher and may change as the amounts required for escrow items change.

If Step Rate:

PAYMENT SCHEDULE

Interest Rate	Interest Rate Change Date	Monthly Principal and Interest Payment Amount	Monthly Escrow Payment Amount	Total Monthly Payment	Payment Begins On	Payment Ends on
2.25000%	July 1, 2011	\$ 632.94	\$ 400.13, adjusts periodically	\$ 1,033.07, adjusts periodically	August 1, 2011	July 1, 2016
3.25000%	July 1, 2016	\$ 719.31	Adjusts periodically	Adjusts periodically	August 1, 2016	July 1, 2017
4.25000%	July 1, 2017	\$ 809.14	Adjusts periodically	Adjusts periodically	August 1, 2017	July 1, 2018
4.50000%	July 1, 2018	\$ 831.83	Adjusts periodically	Adjusts periodically	August 1, 2018	January 1, 2046

6. If on January 1, 2046 (the "Maturity Date"), Borrower still owes any amounts under the Note and Security Instrument, including any "Deferred Principal Balance " as provided for in this Agreement, Borrower will pay these amounts in full on that date.
7. If "Lender" has not received the full amount of any monthly payment within the grace period provided for in the original Note or as otherwise provided for by law, Borrower will pay a late payment fee to "Lender" in an amount calculated based on the late charge percentage provided for in the original Note, or as otherwise provided for by law, and the monthly payment required under this Agreement, with a maximum as provided for in the Note, or otherwise provided by law.

Borrower will pay this late charge promptly but only once on each late payment. The late charge is not in lieu of any other remedy of Lender, including any default remedy.

8. It is the intention of the parties that all liens and security interests described in the Security Instrument are hereby renewed and extended (if the Maturity Date of the original Note has been changed) until the indebtedness evidenced by the Note and this Agreement has been fully paid. Lender and Borrower acknowledge and agree that such renewal, amendment, modification, rearrangement or extension (if applicable) shall in no manner affect or impair the Note or liens and security interests securing same, the purpose of this Agreement being simply to modify, amend, rearrange or extend (if applicable) the time and the manner of payment of the Note and indebtedness evidenced thereby, and to carry forward all liens and security interests securing the Note, which are expressly acknowledged by Borrower to be valid and subsisting, and in full force and effect so as to fully secure the payment of the Note.
9. If all or any part of the Property or any interest in it is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by the Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by applicable law. If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by the Security Instrument without further notice or demand on Borrower. For purposes of this paragraph, "interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is transfer of title by Borrower at a future date to a purchaser.
10. As amended hereby, the provisions of the Note and Security Instrument shall continue in full force and effect, and the Borrower acknowledges and reaffirms Borrower's liability to Lender thereunder. In the event of any inconsistency between this Agreement and the terms of the Note and Security Instrument, this Agreement shall govern. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement, including but not limited to, in the case of the Borrower, the obligation to pay items such as taxes, insurance premiums or escrow items, as applicable. Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and Security Instrument, and shall allow Lender to exercise all of its remedies set forth in said Security Instrument.
11. Lender does not, by its execution of this Agreement, waive any rights it may have against any person not a party hereto. This Agreement may be executed in multiple counterparts, each of which shall constitute an original instrument, but all of which shall constitute one and the same Agreement.

EACH OF THE BORROWER AND THE LENDER ACKNOWLEDGE THAT NO REPRESENTATIONS, AGREEMENTS OR PROMISES WERE MADE BY THE OTHER PARTY OR ANY OF ITS REPRESENTATIVES OTHER THAN THOSE REPRESENTATIONS, AGREEMENTS OR PROMISES SPECIFICALLY CONTAINED HEREIN. THIS AGREEMENT, AND THE NOTE AND SECURITY INSTRUMENT (AS AMENDED HEREBY) SETS FORTH THE ENTIRE UNDERSTANDING BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

Executed effective as of the day and year first above written.

6/29/11 Douglas M. Schmidt Rachel Schmidt
Date DOUGLAS M. SCHMIDT Witness
Rachel Schmidt
Print

Date

Date

Witness

Print

Date

GMAC Mortgage, LLC

By: _____
Authorized Officer

Date: _____

LENDER ACKNOWLEDGMENT

NOTICE TO BORROWER IN SPECIAL FLOOD HAZARD AREA

Borrower: DOUGLAS M SCHMIDT

Loan #: [REDACTED] 4057

Property Location: 3608 WANDA LYNN DR.
METAIRIE LA 70002

This Notice Date is as of: 4/4/2011

X

NOTICE TO BORROWER IN NFIP PARTICIPATING COMMUNITY

We are giving you this notice to inform you that:

- The building or mobile home securing the loan for which you have applied is or will be located in an area prone to high flood risks that we call a Special Flood Hazard Area (SFHA).
- The area has been identified by the Federal Emergency Management Agency (FEMA) as an SFHA using the Flood Insurance Rate Map (FIRM) or the Flood Hazard Boundary Map (FHBM) for the community number 225199. FIRMs are prepared by FEMA in cooperation with the applicable community to identify high flood risk and low-to-moderate flood risk areas. The SFHA is which your building or mobile home is or will be located has at least a one percent chance of a flood equal to or exceeding the base flood elevation (a 100-year flood) in any given year. During the life of a 30-year mortgage loan, the risk of flooding in an SFHA is 26 percent.
- Federal law allows a lender and borrower jointly to request the Administrator of FEMA to review the determination of whether the property securing the loan is located in an SFHA. If you would like to make such a request, please contact us for further information. Borrowers may also call FEMA mapping specialists at (877) 336-2627 to discuss their concerns.
- Federal financial assistance, including FEMA disaster assistance, flood mitigation grants and federally backed mortgage lending is available in the NFIP participating communities. Mandatory flood insurance requirements are applicable to all Federal financial assistance. The mandatory flood insurance purchase requirements under section 102(b) of the Flood Disaster Protection Act of 1973 are applicable to Federally regulated lenders making loans in SFHAs. We will not make you the loan that you have applied for if you do not purchase flood insurance. If you fail to renew flood insurance on the property, federal law authorizes and requires us to purchase the flood insurance for you at your expense. The flood insurance must be maintained for the life of your loan.
 - Flood insurance coverage under the NFIP may be purchased through an insurance agent who will obtain the policy either directly through the NFIP or through a Write Your Own (WYO) company that has agreed to write or service the NFIP policies on behalf of FEMA. Flood insurance also may be available from private insurers that are not Federally backed.
 - At minimum, flood insurance purchased must cover the lowest of: (1) the outstanding principal balance of the loan(s); or (2) the maximum amount of coverage allowed for the type of building under the NFIP; or (3) the full replacement cost value (RCV) of the building and/or contents securing the loan. The market value or land value on which the building is located has no bearing on the RCV of the building.
- Federal disaster relief assistance, the majority of which is in the form of a low-interest disaster assistance loan from the Small Business Administration (SBA), may be available for losses not covered by your flood insurance policy. Flood insurance requirements apply to recipients of Federal disaster assistance grants and SBA disaster assistance loans. If you are planning to build a structure or make repairs, contact the local community's chief executive official to determine building standards for structures within an SFHA.

Loan #: [REDACTED] 4057

Page 2



NOTICE TO BORROWER IN NFIP NON-PARTICIPATING COMMUNITY

We are giving you this notice to inform you that:

- The building or mobile home securing the loan for which you have applied is or will be located in an area prone to high flood risks that we call a Special Flood Hazard Area (SFHA).
 - The area has been identified by the Federal Emergency Management Agency (FEMA) as an SFHA using the Flood Insurance Rate Map (FIRM) or the Flood Hazard Boundary Map (FHBM) for the community number 225199. FIRMs are prepared by FEMA in cooperation with the applicable community to identify high flood risk and low-to-moderate flood risk areas. The SFHA is which your building or mobile home is or will be located has at least a one percent chance of a flood equal to or exceeding the base flood elevation (a 100-year flood) in any given year. During the life of a 30-year mortgage loan, the risk of flooding in an SFHA is 26 percent.
 - Federal law allows a lender and borrower jointly to request the Administrator of FEMA to review the determination of whether the property securing the loan is located in an SFHA. If you would like to make such a request, please contact us for further information. Borrowers may also call FEMA mapping specialists at (877) 336-2627 to discuss their concerns.
- The community in which the property securing the loan is located does not participate in the National Flood Insurance Program (NFIP). Federal flood insurance is not available. However, private flood insurance may be available on a limited basis in the SFHAs of non-participating communities. Federal financial assistance including disaster assistance grants or loans and flood mitigation grants are not available in SFHAs of non-participating communities. For example, if the non-participating community has been identified for at least one year as containing an SFHA, properties located in the community will not be eligible for Federal disaster relief assistance in the event of a federally declared flood disaster.
- Conventional loans, loans that are not Federally backed can be made on buildings in SFHAs of non-participating communities, if authorized by the regulatory authority of the lending institution. However, government guaranteed or insured loans (e.g., SBA, VA, and FHA loans) are not permitted to be made in non participating communities, if secured by structures in SFHAs.

A non-participating community can join the NFIP – contact your local chief executive official for additional information.


DOUGLAS M SCHMIDT

6/29/11

Borrower/Applicant

Date

Borrower/Applicant

Date

Borrower/Applicant

Date

Borrower/Applicant

Date

Borrower/Applicant

Date

Borrower/Applicant

Date

11048976

MARITAL PROPERTY SETTLEMENT

STATE OF LOUISIANA

BY: Douglas M. Schmidt

PARISH OF JEFFERSON

AND: Irene Danilova Schmidt

BE IT KNOWN, that on this day before me, the undersigned authority, a Notary Public duly commissioned and qualified in the aforesaid State and Parish,

PERSONALLY CAME AND APPEARED:

DOUGLAS M. SCHMIDT, a person of the full age of majority, resident and domiciled in the Parish of Orleans, State of Louisiana, who is currently residing at 7209 St. Charles Avenue, New Orleans, Louisiana, appearing on behalf of his separate and paraphernal property; and

IRENE DANILOVA SCHMIDT, a person of the full age of majority, resident and domiciled in the Parish of Jefferson, State of Louisiana, who is currently residing at 3608 Wanda Lynn Drive, Metairie, Louisiana 70002.

Who after being duly sworn did depose and state that:

Pursuant to a Marriage Contract entered into by and between Irene Danilova and Douglas M. Schmidt, on or about April 15, 1998, the parties established a separate property regime whereby each party would be separate in property in that no community property regime would exist between them, upon their marriage. As part of the Marriage Contract, Douglas M. Schmidt was obligated to acquire, at his separate expense, residential real estate in the New Orleans area costing not less than \$150,000.00, with the proviso that the home would be owned one-half (1/2) each by the Appearers. In conformity with the Marriage Contract, Douglas M. Schmidt and Irene Danilova Schmidt acquired the following described property in both of their names:

ONE CERTAIN LOT OF GROUND, together with all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging or in anywise appertaining, situated in the Parish of Jefferson, State of Louisiana, in that part hereof known as Cleary Subdivision, in **SQUARE NO. 153-A**, bounded by Wanda Lynn Drive Olney Street, the Western boundary line of the subdivision, and Marion Street, which said LOT of ground is designated by the **NUMBER 4**, commences at a distance of one hundred fifty and no hundredths (150.00') feet from the corner of Wanda Lynn Drive and Olney Street, and measures thence fifty and no hundredths (50.00') feet front on Wanda Lynn Drive, a width in the rear of fifty and thirteen hundredths (50.13') feet, a depth on the sideline nearest Olney Street of one hundred twenty three and forty seven hundredths (123.47') feet, and a depth on the opposite sideline of one hundred twenty two and five hundredths (122.05') feet; all according to sketch of survey by Gilbert, Kelly & Couturie, Inc., Errol E. Kelly, Surveyor, dated May 10, 1973, a copy of which is annexed to an act before Allain C. Andry, Jr., Notary Public, dated May 11, 1973, for reference. All as more fully shown on a plat of survey by Gilbert, Kelly & Couturie, Inc., Surveyors, dated September 16, 1994, a copy of which is annexed to act before Erin M. Springer, Notary Public, dated October 4, 1994.

EFIL: 11/22/2010 4:26 PM JEFF PAR 2748102 NWLH \$139.00 :: 11048976 CONVEYANCE BOOK 3272 PAGE 152 AND MORTG BK 4466 PG 845

11048976

The improvements thereon bear the Municipal No.: 3608 Wanda Lynn Drive, Metairie, Louisiana 70002.

THIS ACT IS MADE AND SUBJECT TO THE FOLLOWING:

1. Fence encroachments as shown on the survey by Gilbert, Kelly & Couturie, Inc., Surveyors, dated September 16, 1994.
2. Brick column and concrete chain wall encroachments as shown on the survey by Gilbert, Kelly & Couturie, Inc., dated September 16, 1994.

(Hereinafter may be referred to as Wanda Lynn property)

In order to finance the acquisition of the property, Douglas M. Schmidt placed a thirty (30) year mortgage on the immovable property in favor of North Texas Financial Network, Inc. in the original principal amount of \$172,000.00 as duly recorded on July 1, 2002 at MOB 4069, folio 350 of the mortgage records of Jefferson Parish, Louisiana. The aforesaid mortgage which was subsequently assigned to GMAC Financial Services Inc., now known as Ally Financial Services.

The parties further did depose and state that they were divorced by Judgment rendered in the Civil District Court for the Parish of Orleans on or about April 29, 2004.

The parties further did depose and state that they no longer wish to remain co-owners of the aforesaid marital property and do hereby agree to settle, compromise, and liquidated all claims by and between the parties arising out of their co-ownership of the aforesaid immovable property.

Accordingly, the parties do hereby agree to bind themselves to the following obligations:

1. Douglas M. Schmidt does hereby agree to transfer ~~and by these presents does hereby transfer all of his right, title, and interest into the preceding described immovable property bearing Municipal Number 3608 Wanda Lynn Drive, Metairie, Louisiana 70002~~ unto Irene Danilova Schmidt.
2. Douglas M. Schmidt does hereby agree to transfer unto Irene Schmidt any and all funds currently held in a joint account at the First Bank and Trust which had an original, initial deposit of approximately \$6,000.00. Douglas M. Schmidt shall sign all necessary documentation for the transfer of funds within three (3) days of the execution of this agreement.
3. Douglas M. Schmidt agrees to transfer all right, title and interest in and to insurance proceeds currently held by the mortgagee, Ally Financial Services in the approximate amount of \$22,000.00. Douglas M. Schmidt does agree to execute any and all documents necessary for the release of the funds. Should

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it be necessary that Ally Bank transfer the funds to Douglas M. Schmidt, he agrees to, transfer the funds received to Irene Schmidt within three (3) days of his receipt of the funds.

4. Douglas M. Schmidt does hereby agree to bring the mortgage encumbering the Wanda Lynn property current through March, 2010, together with any late charges and/or fees incurred prior to April 1, 2010, and will provide Irene Schmidt proof that the mortgage is paid through March, 2010, at closing. If there are any sums due and owing for the time period prior to April 1, 2010, then Douglas M. Schmidt will pay the monies owed to Irene Schmidt within three (3) days of the execution of this contract. Payment is to be made to Irene Schmidt's checking account at the Whitney National Bank.
5. Douglas M. Schmidt agrees to pay one-half (½) of the sum due and owing to bring the mortgage current through November, 2010, said payment due and payable within seven (7) days of the execution of this document. Payment is to be made to Irene Schmidt's checking account at the Whitney National Bank.
6. Douglas M. Schmidt does agree to execute any and all documents necessary to allow Ally Financial Services its successors, or assigns to provide account information to Irene Danilova Schmidt within three days of the execution of this contract
7. Additionally, Irene Danilova Schmidt would receive all monies paid or to be paid by Road Home. In connection therewith Douglas M. Schmidt agrees to execute any and all documents necessary to receive funds from the Road Home Program.

For and consideration of the transfer of the property to her and payments made by Douglas M. Schmidt, Irene Danilova Schmidt does hereby agree to pay one-half (½) of the sums due and owing on the mortgage encumbering the subject property from April, 2010 through November, 2010. The payment is due within seven (7) days of the execution of this document.

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The parties agree to obtain a payoff figure from the current lender as of December, 2010. That figure would be divided in half. Douglas M. Schmidt will be responsible for paying unto Irene Danilova Schmidt one-half (½) of the payoff figure in monthly installments that will be equal to one-half (½) of the monthly payment as required by the lender. Irene Schmidt will timely pay the full monthly amount due to the lender. Douglas Schmidt will make his monthly payment to Irene Schmidt no later than the 5th day of each month. Payment is to be made to Irene Schmidt's checking account at the Whitney National Bank. There will be no pre-payment penalty for Douglas M. Schmidt paying the obligation off early.

As long as the obligation remains outstanding to Irene Danilova Schmidt, Douglas M. Schmidt agrees to pay one-half (½) of the homeowner's and flood insurance and one-half (½) of the property taxes. These payments are in addition to the payment set forth in the preceding paragraph. Payment is to be made to Irene Schmidt no less than thirty (30) days preceding the date that the payment is due to the insurance company / taxing authority. Payment is to be made to Irene Schmidt's checking account at the Whitney National Bank within seven (7) days of notification of amounts due by Irene Schmidt. Should Douglas M. Schmidt prepay the obligation owed to Irene Schmidt prior to the scheduled payoff date, he would no longer be responsible for payment of the homeowner's insurance, flood insurance, and property taxes. All payments due to Irene Schmidt by Douglas M. Schmidt shall be made to her Whitney National Bank checking account bearing the last four digits 9674; or to any account designated by Irene Schmidt, in the future.

Both parties agree to waive any resolatory rights in connection with this contract. The parties specifically reserve all other rights that they may have against each other that do not specifically arise out of the ownership Wanda Lynn property; both parties expressly acknowledging that all rights and claims arising out of their co-ownership of the Wanda Lynn property have been addressed by this agreement; expressly agreeing that all rights that they may have arising out of the co-ownership of the Wanda Lynn property as to themselves or to third parties have been specifically compromised and settled by this agreement; and do hereby agree to dismiss any and all claims against each other or other third parties arising out of an in connection with the Wanda Lynn property.

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The parties do specifically hereby agree to execute any and all documents necessary to
effectuate the covenants and agreements expressed herein.

THUS DONE AND PASSED at Metairie, Louisiana, on this 22nd day of

November, 2010.

WITNESSES:

Gail D. Seibert
Print Name: GAIL D. SEIBERT

Douglas M. Schmidt
DOUGLAS M. SCHMIDT

Jan L. Diaz
Print Name: Jan L. Diaz

NOTARY PUBLIC

JOHN Y. HENRY, NOTARY PUBLIC
MY COMMISSION IS ISSUED FOR LIFE
LOUISIANA STATE BAR #776

WITNESSES:

Gail D. Seibert
Print Name: GAIL D. SEIBERT

Irene Danilova Schmidt
IRENE DANILOVA SCHMIDT

Jan L. Diaz
Print Name: Jan L. Diaz

NOTARY PUBLIC

JOHN Y. HENRY, NOTARY PUBLIC
MY COMMISSION IS ISSUED FOR LIFE
LOUISIANA STATE BAR #776

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GMAC Mortgage
P.O. BOX 52050
Phoenix, AZ 85072

Irena Schmidt
3608 Wanda Lynn Dr.
Metairie, LA 70002

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RE: Property Address: 3608 Wanda Lynn Dr. Metairie, LA 70002
 Date of Loss: 08/29/2005
 Tracking #: 118452

Enclosed: Copies of draw checks and letter documenting 2nd draw was sent.

*Please let me know
if you have any questions
Jodi
480-768-5176*

October 19, 2007

Douglas Schmidt
335 City Park Avenue
New Orleans, LA 70119

DRAW CHECKS

Re: Loan Number [REDACTED] 4057

881 369 • 1441

Dear Mr. Schmidt:

We received your insurance claim check in the amount of \$53,597.80 and have deposited it into a hazard suspense account. Enclosed please find Homecomings Financial, LLC check #11118356 in the amount of \$17,865.93 representing the first disbursement from the insurance funds. The proceeds are disbursed in increments from the hazard suspense account initiated in your name. This account was specifically created to retain funds issued by your insurance company in conjunction with damage to your property.

When the repairs to your home reach 40 – 60 percent completion, please contact us. We will order a property inspection and upon verification and receipt of required documents, we will release a second check to you. The final disbursement will be disbursed upon full completion of the repairs.

Homecomings Financial, LLC appreciates having you as a customer and we value your business. Please contact our office with any questions or concerns at 1.866.222.8719.

Sincerely,

Courtney Knight
Claim Specialist
Insurance Claims Center

002/002

1786593

↓ Do not endorse or write below this line ↓

Page 1

Homecomings Financial

A GMAC Company
PO Box 52125
Phoenix AZ 85072

May 13, 2008

Douglas M. Schmidt
335 City Park Avenue
New Orleans, LA 70119

RE:

Property Address	: 3608 Wanda Lynn Dr. Metairie, LA 70002
Tracking No.	: 881369
Date of Loss	: 08/29/2005
Account No.	: [REDACTED] 4057

Dear Douglas M Schmidt:

The enclosed check(s) represents a partial release of funds held by us for property restoration.

As previously advised, additional funds will be released upon further completion and subsequent inspections by our representative.

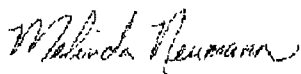
FLORIDA PROPERTIES: Please contact our office 10 to 14 business days prior to needing additional funds to allow time for the property inspection.

NON-FLORIDA PROPERTIES: please contact our office 7-10 business days prior to needing additional funds.

The balance of your funds is \$22,020.94.

If I may be of additional assistance, please call me at 1-866-663-1786.

Sincerely,



Melinda Neumann, Ext. 6372
Insurance Claims Center
FAX: 888-371-3567

Enclosure – 2nd DRAW Check(s)

\$13,710.93

Exhibit 2

Horst Declaration

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RESIDENTIAL CAPITAL, LLC, et al.,

Debtors.

)
)
)
)
)
)
)

Case No. 12-12020 (MG)

Chapter 11

Jointly Administered

**DECLARATION OF DEANNA HORST WITH RESPECT TO
OBJECTION OF THE RESCAP BORROWER CLAIMS TRUST
TO CLAIM NUMBER 2024 FILED BY IRENE SCHMIDT**

Deanna Horst, pursuant to 28 U.S.C. § 1746, declares under penalty of perjury:

1. I am the Chief Claims Officer for The ResCap Liquidating Trust (the “Liquidating Trust”), and previously served as Chief Claims Officer for Residential Capital, LLC and its affiliates (“ResCap”), a limited liability company organized under the laws of the state of Delaware and the parent of the other debtors in the above-captioned Chapter 11 Cases (collectively, the “Debtors”). I have been employed by affiliates of ResCap since August of 2001. In June 2012, I became Senior Director of Claims Management for ResCap, and in October of 2013, I became the Chief Claims Officer. I began my association with ResCap in 2001 as the Director, Responsible Lending Manager, charged with managing the Debtors’ responsible lending on-site due diligence program. In 2002, I became the Director of Quality Asset Management, managing Client Repurchase, Quality Assurance and Compliance—a position I held until 2006, at which time I became the Vice President of the Credit Risk Group, managing Correspondent and Broker approval and monitoring. In 2011, I became the Vice President, Business Risk and Controls, and supported GMAC Mortgage, LLC (“GMACM”) and Ally Bank in this role. In my current position, I am responsible for Claims Management and

Reconciliation and Client Recovery. I am authorized to submit this Declaration with respect to the *Objection of the ResCap Borrower Claims Trust to Claim Number 2024 Filed by Irene Schmidt* (the “Objection”).¹

2. Except as otherwise indicated, all facts set forth in this Declaration are based upon my familiarity with the Debtors’ books and records, information learned from my review of relevant documents, and information I have received through my discussions with other former members of the Debtors’ management or other former employees of the Debtors and/or the Liquidating Trust’s or Borrower Trust’s professionals and consultants.² If I were called upon to testify, I could and would testify competently to the facts set forth in the Objection on that basis.

3. The Debtors have examined the Schmidt Claim and the Response, as well as their books and records in order to (a) assess the allegations made in the Schmidt Claim and the Response and (b) verify that the Debtors followed the applicable guidelines and policies regarding loan modifications with respect to the Schmidt Claim. For the reasons set forth below, the Debtors determined that Ms. Schmidt’s allegations of liability are unsubstantiated and have no validity.

4. The Schmidt Claim was filed as an administrative priority claim in the amount of \$245,241.48 against Debtor Residential Capital, LLC. According to the Schmidt Claim, the total claim consists of (a) \$183,600.00 in damages related to “fraudulent refinancing”; (b) “Hurricane Katrina related claims” in the total amount of \$38,457.75; (c) a “Hurricane

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Objection.

² The Liquidating Trust and the Borrower Trust are parties to an Access and Cooperation Agreement, dated December 17, 2013, which, among other things, provides the Borrower Trust with access to the books and records held by the Liquidating Trust and Liquidating Trust’s personnel to assist the Borrower Trust in performing its obligations.

Katrina related claim” in the amount of \$17,433.68 (purportedly held in escrow by GMACM); and (d) a “Hurricane Isaac related claim” in the amount of \$5,750.05 (purportedly held in escrow by GMACM).

5. The Schmidt Claim attaches a copy of a Petition for Damages, filed on June 27, 2012 by Ms. Schmidt against GMACM in the 24th Judicial District Court for the Parish of Jefferson in the State of Louisiana (No. 716448) (the “Petition for Damages”), that describes the purported bases for the foregoing claims. In the Petition for Damages, Ms. Schmidt essentially alleges that she was damaged because her ex-husband, Douglas Schmidt, entered into a loan modification agreement with GMACM without her knowledge or consent, and because GMACM disbursed certain insurance proceeds related to hurricane damage to the Property (as defined below) to Mr. Schmidt rather than to her. The Petition for Damages was automatically stayed upon the Petition Date. The Schmidt Claim also attaches a copy of a Marital Property Settlement Agreement between Ms. Schmidt and Mr. Schmidt, dated November 22, 2010 (the “Marital Settlement Agreement”), as well as a copy of a Non-HAMP Loan Modification Agreement between Mr. Schmidt and GMACM, dated June 29, 2011 (the “Loan Modification Agreement”).

6. Prior to filing the Objection as well as after reviewing the Response, the Liquidating Trust on behalf of the Borrower Trust attempted to reconcile the Schmidt Claim with the information in the Debtors’ books and records. Specifically, the Liquidating Trust reviewed, among other documents, Mr. Schmidt’s note and the accompanying mortgage, the purported Marital Settlement Agreement, the Loan Modification Agreement, and various correspondence between the Schmidts and GMACM with respect to the foregoing.

7. Neither the Schmidt Claim nor the Response includes any documentary or other evidence substantiating the \$183,600.00 amount of the “fraudulent refinancing” component of the Schmidt Claim. Similarly, neither the Schmidt Claim nor the Response provides any documentary or other evidence substantiating the amount of the insurance-related claims.

8. According to the Marital Settlement Agreement, (a) the Schmidts were married on April 15, 1998; (b) pursuant to the Schmidts’ marriage contract referenced in the Marital Settlement Agreement (the “Marriage Contract”), Mr. Schmidt was obligated to purchase, at his own expense, the Schmidts’ marital home, provided that the home would be owned one-half by each of the Schmidts; and (c) in accordance with the Marriage Contract, Mr. Schmidt purchased a home located at 3608 Wanda Lynn Drive, Metairie, Louisiana 70002 (the “Property”).

9. In order to finance his purchase of the Property, Mr. Schmidt obtained a loan in the principal amount of \$172,000.00 (the “Loan”) that was originated by North Texas Financial Network, Inc. on June 26, 2002. The Loan was evidenced by an adjustable rate mortgage note dated June 26, 2002 executed by Mr. Schmidt (the “Original Note” or “Original Loan”). See Original Note, a copy of which is attached hereto as Exhibit A. Although title to the Property was in the name of both of the Schmidts, only Mr. Schmidt signed the Original Note. Mr. Schmidt’s obligations under the Original Note were secured by a mortgage on the Property signed by both of the Schmidts and recorded on or about July 1, 2002 (the “Original Mortgage”). See Original Mortgage, a copy of which is attached hereto as Exhibit B. Homecomings Financial Network, Inc. serviced the Original Loan from September 1, 2002 until servicing transferred to GMACM on or about July 1, 2009. On February 16, 2013, servicing of the Modified Loan (as defined below) was transferred to Ocwen.

10. According to the Marital Settlement Agreement, the Schmidts were divorced on or about April 29, 2004. The Marital Settlement Agreement (dated November 22, 2010) states, among other things, that (a) Mr. Schmidt agreed to transfer all of his right, title and interest in the Property to Ms. Schmidt; (b) Mr. Schmidt agreed to transfer to Ms. Schmidt all right, title and interest in and to insurance proceeds then held by the lender in the approximate amount of \$22,000.00; (c) Mr. Schmidt agreed to bring the Original Mortgage current through March 2010; (d) Mr. Schmidt agreed to pay one-half of the sum due and owing to bring the Original Mortgage current through November 2010; (e) Mr. Schmidt agreed to execute all documents necessary to allow the lender and its successors or assigns to provide account information to Ms. Schmidt; (f) Ms. Schmidt agreed to pay one-half of the sums due and owing on the Original Mortgage from April 2010 through November 2010; and (g) Mr. Schmidt agreed to pay Ms. Schmidt one-half of the payoff figure for the Original Loan as of December 2010 in monthly installments that would be equal to one-half of the monthly payment as required by the lender, with Ms. Schmidt agreeing to pay the full monthly amount due to the lender.

11. On June 29, 2011, Mr. Schmidt and GMACM entered into the Loan Modification Agreement, effective as of July 1, 2011, which modified the terms of the Original Loan (the “Modified Loan”).

“Fraudulent Refinancing” Claim

12. Ms. Schmidt contends that she was damaged because Mr. Schmidt and GMACM entered into the Loan Modification Agreement without her knowledge or consent. GMACM, however, did not have an affirmative duty to contact Ms. Schmidt with respect to the modification of the Original Loan. Although the Original Mortgage was signed by both of the Schmidts, the Original Note was signed only by Mr. Schmidt. Since Mr. Schmidt was the sole

obligor under the Original Note, the request for a loan modification was negotiated only with him consistent with the terms of the Original Mortgage. The Original Mortgage states, in pertinent part, that "... any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): ... agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent." See Original Mortgage (Section 13), a copy of which is attached hereto as Exhibit B. There is nothing in the Debtors' books and records, and Ms. Schmidt has provided no documentary or other evidence, to suggest that Ms. Schmidt assumed or was otherwise obligated on the Original Loan or the Modified Loan. The fact that Ms. Schmidt signed the Original Mortgage did not make her a borrower obligated under the Original Note. Ms. Schmidt's only obligation to make payments to GMACM is found in the Marital Settlement Agreement, a purported contract between only her and Mr. Schmidt.

13. Subsequent to the date of the Loan Modification Agreement (June 29, 2011), GMACM received letters from Ms. Schmidt on a monthly basis enclosing one-half of the monthly payment due under the Modified Loan. Indeed, up until receipt of the Petition for Damages, Ms. Schmidt did not make GMACM aware of any dispute she had related to the Loan Modification Agreement since there was no communication from her that raised such an issue.

14. Lastly, any argument by Ms. Schmidt that she suffered financial damage as a result of the Loan Modification Agreement is belied by the fact that, according to GMACM's calculations, the aggregate amount of payments required under the Modified Loan until maturity is approximately \$2,455.86 less than the aggregate amount of payments that would have been required under the Original Loan in the absence of the loan modification. Moreover, as noted, even if the amount paid on account of the Original Loan prior to the loan modification

(which Ms. Schmidt alleges to be \$183,600.00) is a cognizable claim against GMACM -- which it is not -- Ms. Schmidt fails to substantiate this amount.

15. In sum, GMACM had no contractual or other obligation to obtain Ms. Schmidt's consent to the Loan Modification Agreement.

Insurance-Related Claim

16. With respect to the portion of Ms. Schmidt's claim concerning the hurricane-related insurance proceeds, because (a) only Mr. Schmidt signed the Original Note and (b) the Loan Modification Agreement was negotiated and executed only by Mr. Schmidt, GMACM only was obligated to remit any insurance proceeds, including those related to damage to the Property caused by Hurricanes Irene and Katrina, to Mr. Schmidt. In the loan servicing industry, it is standard practice to release insurance proceeds to the loan servicer, who then inspects the property and the proposed repairs and releases the funds to the noteholder in installments until the repairs are complete. Mr. Schmidt was the sole borrower and obligor under the Original Loan and the Modified Loan and, therefore, the only party to whom the loan servicer can deliver the proceeds of the insurance policies.

17. In sum, GMACM had no contractual or other obligation to remit the insurance proceeds to Ms. Schmidt and rightfully remitted the proceeds to Mr. Schmidt (or rightfully held certain proceeds in escrow pending an inspection).³

Dated: July 2, 2014

/s/ Deanna Horst
Deanna Horst
Chief Claims Officer for
The ResCap Liquidating Trust

³ As noted, Ocwen is currently servicing the Modified Loan. The Liquidating Trust understands that Ms. Schmidt (who currently resides at the Property) has not allowed Ocwen to inspect the Property or the proposed repairs, and Ocwen will not release any insurance proceeds remaining in escrow until an inspection is completed.

Exhibit A

Original Note

SEE "PREPAYMENT PENALTY ADDENDUM TO NOTE" ATTACHED HERETO AND MADE A PART HEREOF.

ADJUSTABLE RATE NOTE

(LIBOR Index - Rate Caps)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

JUNE 26, 2002
[Date]NEW ORLEANS
[City]LOAN NO.: [REDACTED]
LOUISIANA
[State]3608 WANDA LYNN DR., METAIRIE, LA 70002
[Property Address]**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$ 172,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is NORTH TEXAS FINANCIAL NETWORK, INC.

I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 8.500 %. The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS**(A) Time and Place of Payments**

I will pay principal and interest by making a payment every month.

I will make my monthly payments on the first day of each month beginning on AUGUST, 2002

I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on JULY 01, 2032, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at NORTH TEXAS FINANCIAL NETWORK, INC.

12035 JUSTICE AVENUE, BATON ROUGE, LA 70816

or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ 1,322.53 . This amount may change.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

MULTISTATE ADJUSTABLE RATE NOTE - LIBOR INDEX - Single Family - Freddie Mac UNIFORM INSTRUMENT

Amended for Louisiana

VMP-815N(LA) (0009)

Page 1 of 4

LENDER SUPPORT SYSTEMS INC. 815NLA.NEW (12/00)

Initials: 18
Form 3590 1/01

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**(A) Change Dates**

The interest rate I will pay may change on the first day of JULY, 2005, and on that day every sixth month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six-month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent Index figure available as of the first business day of the month immediately preceding the month in which the Change Date occurs is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding SEVEN AND THREE QUARTERS percentage points (7.750 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 9.500 % or less than 7.750 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point (1%) from the rate of interest I have been paying for the preceding six months. My interest rate will never be greater than 15.500 %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying any Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

6. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

7. BORROWER'S FAILURE TO PAY AS REQUIRED**(A) Late Charges for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

8. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. UNIFORM SECURED NOTE

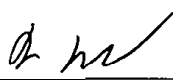
This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises that I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

	(Seal)	(Seal)
DOUGLAS M. SCHMIDT	-Borrower	-Borrower
_____	(Seal)	(Seal)
	-Borrower	-Borrower
_____	(Seal)	(Seal)
	-Borrower	-Borrower
_____	(Seal)	(Seal)
	-Borrower	-Borrower

"NE VARIETUR" for identification with a mortgage given before me on JUNE 26, 2002



Notary qualified in MICHAEL E. WINTERS
ORLEANS Parish, Louisiana.

Exhibit B

Original Mortgage

7819399

Return To:
NORTH TEXAS FINANCIAL NETWORK, INC.

12035 JUSTICE AVENUE
BATON ROUGE, LA 70816

Prepared By:

NORTH TEXAS FINANCIAL NETWORK, INC.
12035 JUSTICE AVENUE
BATON ROUGE, LA 70816
(225) 292-7800

WTC 02-0676-A

[Space Above This Line For Recording Data]

LOAN NO.:

MORTGAGE

WINTERS TITLE AGENCY
630 N. CARROLLTON AVE.
NEW ORLEANS, LA 70119
PH: 488-0091

10239392 MB 4069 550
224.00
JF
788736 024 JF
11:54:19 AM JEFF PAR
07/01/2002-39392

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated
together with all Riders to this document.

JUNE 26, 2002

LOUISIANA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
VMP-6(LA) (0102)

Page 1 of 15

LENDER SUPPORT SYSTEMS, INC. 60LA.NEW (5/01)

Initials: *JS*
Form 3019 1/01

(B) "Borrower" is

IRENE DANILOVA SCHMIDT AND DOUGLAS M. SCHMIDT, HUSBAND AND WIFE

Borrower is the mortgagor under this Security Instrument.

(C) "Lender" is
NORTH TEXAS FINANCIAL NETWORK, INC.

Lender is a CORPORATION
organized and existing under the laws of TEXAS
Lender's address is

12035 JUSTICE AVENUE, BATON ROUGE, LA 70816

Lender's tax identification number is [REDACTED]. Lender is the mortgagee under this Security Instrument.

(D) "Note" means the promissory note signed by Borrower and dated JUNE 26, 2002

The Note states that Borrower owes Lender

ONE HUNDRED SEVENTY TWO THOUSAND AND NO/100 X X X X X X X X X X X X X X X X ~~DOLLAR~~
(U.S. \$ 172,000.00 ✓) plus interest. Borrower has promised to pay this debt in regular Periodic
Payments and to pay the debt in full not later than JULY 01, 2032 .

(E) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(F) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(G) "Riders" means all Riders to this Security Instrument that are executed by Borrower. All Riders to this Security Instrument are deemed to be a part of this Security Instrument as if fully incorporated herein. The following Riders are to be executed by Borrower [check box as applicable]:

☒ Adjustable Rate Rider ☐ Condominium Rider ☒ 1-4 Family Rider
☐ Graduated Payment Rider ☐ Planned Unit Development Rider ☐ Biweekly Payment Rider
☐ Balloon Rider ☐ Rate Improvement Rider ☐ Second Home Rider
☒ Other(s) [specify] _____

FULL LEGAL DESCRIPTION & MARITAL STATUS ADDENDUM

(H) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(I) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments, and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(J) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

VMP-6(LA) 10102)

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Initials: 27
Form 3019 1/01

(K) "Escrow Items" means those items that are described in Section 3.

(L) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(M) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(N) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(P) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns, with power of sale, the following described property located in the _____ PARISH _____ [Type of Recording Jurisdiction]
of JEFFERSON _____ [Name of Recording Jurisdiction]:

SEE FULL LEGAL DESCRIPTION ATTACHED

Parcel ID Number: 113-105

which currently has the address of

3608 WANDA LYNN DR. _____ [Street]
METAIRIE _____ [City], Louisiana 70002 _____ [Zip Code]

("Property Address"):

ANNEXED TO MORTGAGE BY IRENE DANILOVA, WIFE OF, AND DOUGLAS M. SCHMIDT IN FAVOR OF NORTH TEXAS FINANCIAL NETWORK, INC. BY ACT BEFORE MICHAEL E. WINTERS, NOTARY PUBLIC, DATED JUNE 26, 2002

LEGAL DESCRIPTION:

ONE CERTAIN LOT OF GROUND, together with all the buildings and improvements thereon, And all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging or in anywise appertaining, situated in the Parish of Jefferson, State of Louisiana, in that part hereof known as Cleary Subdivision, in SQUARE NO. 153-A, bounded by Wanda Lynn Drive, Olney Street, the western boundary line of the subdivision, and Marion Street, which said LOT of ground is designated by the NUMBER 4, commences at a distance of one hundred fifty and no hundredths (150.00') feet from the corner of Wanda Lynn Drive and Olney Street, and measures thence fifty and no hundredths (50.00') feet front on Wanda Lynn Drive, a width in the rear of fifty and thirteen hundredths (50.13') feet, a depth on the sideline nearest Olney Street of one hundred twenty three and forty seven hundredths (123.47') feet, and a depth on the opposite sideline of one hundred twenty two and five hundredths (122.05') feet; all according to sketch of survey by Gilbert, Kelly & Couturie, Inc., Errol E. Kelly, Surveyor, dated may 10, 1973, a copy of which is annexed to an act before Allain C. Andry, Jr., Notary Public, dated may 11, 1973, for reference. All as more fully shown on a plat of survey by Gilbert, Kelly & Couturie, Inc., Surveyors, dated September 16, 1994, a copy of which is annexed to an act before Erin M. Springer, Notary public, dated October 4, 1994.

The improvements thereon bear the Municipal Number 3608 Wanda Lynn Drive, Metairie, Louisiana 70002.

This act is made , executed and accepted subject to the following:

1. Fence encroachments as shown on the survey by Gilbert, Kelly & Couturie, Inc., Surveyors, dated September 16, 1994.
2. Brick column and concrete chain wall encroachments as shown on the survey by Gilbert, Kelly & Couturie, Inc., dated September 16, 1994.

ALL THE PARTIES HERETO WAIVE PRODUCTION OF SURVEY AND HEREBY RELEASE AND RELIEVE ME, MICHAEL E. WINTERS, WINTERS TITLE AGENCY, INC. And FIRST AMERICAN TITLE INSURANCE COMPANY FROM ANY AND ALL LIABILITY AND RESPONSIBILITY IN CONNECTION HEREWITH.

MARITAL STATUS ADDENDUM:

IRENE DANILOVA, [REDACTED], WIFE OF, AND DOUGLAS M. SCHMIDT, [REDACTED], both persons of the full age of majority and residents of Jefferson Parish, Louisiana who declared under oath unto me, Notary that she has been married but once and then to Douglas M. Schmidt, with whom she is presently

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and hypothecate the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.

Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. **Funds for Escrow Items.** Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. **Occupancy.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. **Preservation, Maintenance and Protection of the Property; Inspections.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. **Borrower's Loan Application.** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's

knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's

requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless

Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the

reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice, in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited

to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. 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. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Notice of Default; Right to Cure. Lender shall give notice to Borrower prior to acceleration following Borrower's failure to pay principal, interest, and other fees and charges as provided in the Note, or following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and the sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure as available under Applicable Law. If the default is not cured on or before the date specified in the notice, Lender at its option may accelerate and require immediate payment in full of all sums secured by this Security Instrument without further demand for payment.

23. Foreclosure. Following Lender's acceleration of payment, Lender may commence appropriate foreclosure proceedings under this Security Instrument under ordinary or executory process, under which Lender may cause the Property to be immediately seized and sold, with or without appraisal, in regular session of court or in vacation, in accordance with Applicable Law. For purposes of foreclosure under executory process procedures, Borrower confesses judgment and acknowledges to be indebted to Lender for all sums secured by this Security Instrument, in principal, interest, costs, expenses, attorneys' fees and other fees and charges. To the extent permitted by Applicable Law, Borrower waives: (a) the benefit of appraisal as provided in Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure, and all other laws with regard to appraisal upon judicial sales; (b) the demand and three days' delay as provided in Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (c) the notice of seizure as provided under Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (d) the three days' delay provided under Articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (e) all other benefits provided under Articles 2331, 2722 and 2733 of the Louisiana Code of Civil Procedure and all other articles not specifically mentioned above. Borrower agrees that any declaration of fact made by an authentic act before a notary public and two witnesses by a person declaring such facts to be within his or her knowledge, will constitute authentic evidence of such facts for purposes of foreclosure under Applicable Law and for purposes of La. R.S. Section 9:3504(D)(6).

24. Cumulative Remedies. Lender shall have such additional default remedies as may be available under then Applicable Law. All of Lender's remedies shall be cumulative, and nothing under this Security Instrument shall limit or restrict the remedies available to Lender following default.

25. Keeper. Should the Property be seized as an incident to an action for recognition or enforcement of this Security Instrument by executory process, sequestration, attachment, writ of *fieri facias*, or otherwise, Borrower agrees that the court issuing such an order shall, if requested by Lender, appoint Lender, or any person or entity designated by Lender, as keeper of the Property as provided in La. R.S. Section 9:5136, *et. seq.* Borrower agrees to pay the reasonable fees of such a keeper, which fees shall be secured by this Security Instrument as an additional expense.

26. Cancellation. This Security Instrument shall remain in effect until canceled from the public records. Following the full payment and satisfaction of all sums secured by the Security Instrument, Borrower may request in writing that Lender provide Borrower with the original paraphed Note marked "paid in full", or with an appropriate mortgage cancellation certificate, for submission to the Clerk of Court or Recorder of Mortgages for the Parish of Orleans for the purpose of canceling this Security Instrument. Lender may delay providing Borrower with the canceled Note or with a mortgage cancellation certificate for up to 60 days following Lender's receipt of Borrower's request. Unless Lender agrees to cancel this Security Instrument from the public records, Borrower shall be responsible for doing so. Borrower shall pay all cancellation costs.

27. Waiver of Homestead Rights. Borrower (and Borrower's spouse to the extent applicable) waive any homestead rights and other exemptions from seizure with respect to the Property as may be provided under Applicable Law.

28. Savings and Loan Association. If Lender is a savings and loan association or thrift institution, the Note and all sums secured by this Security Instrument shall have the benefits of La. R.S. Section 6:830.

29. Future Advances. Lender may, but shall not be required to, make advances to protect the security of this Security Instrument pursuant to Section 9. At no time shall the principal amount of the indebtedness secured by this Security Instrument, including advances made pursuant to Section 9, exceed 150% of the original amount of the indebtedness set forth in the Note.

30. Late Charges. Should Borrower fail to pay any installment of principal and interest under the Note within 15 days of when due, Borrower agrees to pay Lender a late charge in an amount equal to 5.000 %.

31. Marital Status. Borrower's marital status is: A MARRIED MAN

32. Additional Defined Terms. As used in this Security Instrument, "Lender" additionally includes any successors and assigns of the Lender first named above, as well as any subsequent holder or holders of the Note, or of any indebtedness secured by this Security Instrument.

As used in this Security Instrument, "Note" additionally includes any substitute note or notes issued in replacement of Note first described above. It is Borrower's intent that this Security Instrument secure all renewals, extensions, refinancings, and modifications of the Note, to the extent provided by La. R.S. Section 9:5390.

As used in this Security Instrument, "Lien" also means a privilege, mortgage, security instrument, assignment or other encumbrance. "Real Property" means "immovable property" as that term is used in the Louisiana Civil Code. "Condemnation" includes "expropriation" as that term is used in Louisiana law.

33. Property Includes Servitudes and Component Parts. The Property subject to this Security Instrument additionally includes servitudes and component parts now or hereafter attached to or incorporated into the Property.

34. Full Ownership. Borrower is the full and lawful owner of the Property. If the Security Instrument is on a leasehold interest, and Borrower subsequently acquires ownership of the Property, Borrower's leasehold and ownership interests in the Property shall not merge unless Lender agrees to the merge in writing.

35. Modification of Section 13 of this Security Instrument. Section 13 of this Security Instrument is hereby modified to the following extent:

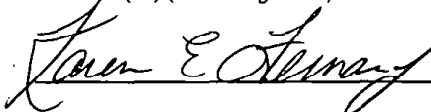
Each Borrower covenants and agrees that Borrower's obligations and liabilities under this Security Instrument and under the Note shall be joint, several and solidary with all other Borrowers and with each guarantor of the Note (if applicable). However, to the extent that the Property is community-owned immovable (real) property, and Borrower's spouse co-signs this Security Instrument, but does not co-sign the Note, Borrower's spouse is co-signing this Security Instrument for purpose of: (a) concurring with the granting of this Security Instrument on the community-owned Property (to the extent required under Civil Code Article 2347).

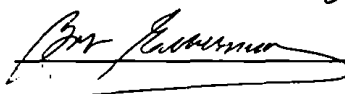
without obligating the separate property of Borrower's spouse; and (b) waiving any homestead rights to which Borrower's spouse may be entitled under Applicable Law. Notwithstanding the fact that Borrower's spouse did not co-sign the Note, and further notwithstanding the language of Section 13 of this Security Instrument, Borrower's spouse is obligated for payment of the Note and all other sums secured by this Security Instrument to the extent of the spouse's community property interest, and to the extent that the Note is a community obligation.

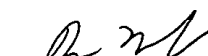
36. Additional Waivers. Borrower hereby waives production of mortgage, conveyance and other certificates with respect to the Property, and relieves and releases the Notary Public before whom this Security Instrument was passed from all responsibility and liability in connection therewith.

THUS DONE, AND PASSED, on this 26th day of JUNE, 2002, in the presence of the undersigned Notary Public, and in the presence of the undersigned competent witnesses, who hereinto sign their names, along with Borrower, after being duly sworn and after reading of the whole.

WITNESS(ES) (as to all signatures):


-Witness


-Witness


DOUGLAS M. SCHMIDT (Seal)
-Borrower


IRENE DANILOVA SCHMIDT (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower


Notary qualified in MICHAEL E. WINTERS
ORLEANS Parish, Louisiana

FILED AND RETURNED, JEFFERSON PARISH, LOUISIANA 4063 FOL 550
1023 292 D076 02/07/14 AM TIME 11:54:19 MB BOOK
JOE WINTER, CLERK OF COURT - RECORDER
BY [Signature] DEPUTY CLERK & RECORDER

1-4 FAMILY RIDER
(Assignment of Rents)

THIS 1-4 FAMILY RIDER is made this 26th day of JUNE, 2002, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to NORTH TEXAS FINANCIAL NETWORK, INC.

(the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

3608 WANDA LYNN DR., METAIRIE, LA 70002

[Property Address]

1-4 FAMILY COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT. In addition to the Property described in the Security Instrument, the following items now or hereafter attached to the Property to the extent they are fixtures are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or the leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property."

B. USE OF PROPERTY; COMPLIANCE WITH LAW. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

C. SUBORDINATE LIENS. Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

D. RENT LOSS INSURANCE. Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Section 5.

E. "BORROWER'S RIGHT TO REINSTATE" DELETED. Section 19 is deleted.

F. BORROWER'S OCCUPANCY. Unless Lender and Borrower otherwise agree in writing, Section 6 concerning Borrower's occupancy of the Property is deleted.

G. ASSIGNMENT OF LEASES. Upon Lender's request after default, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

H. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. Borrower absolutely and unconditionally assigns and transfers to Lender all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive the Rents until: (i) Lender has given Borrower notice of default pursuant to Section 22 of the Security Instrument, and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of default to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii)

Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sums secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

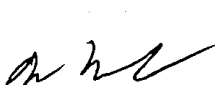

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Section 9.

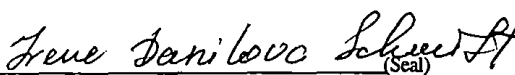
Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not performed, and will not perform, any act that would prevent Lender from exercising its rights under this paragraph.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

I. CROSS-DEFAULT PROVISION. Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this
1-4 Family Rider.

  (Seal)
DOUGLAS M. SCHMIDT -Borrower

 (Seal)
IRENE DANILOVA SCHMIDT -Borrower

____ (Seal) _____ (Seal)
-Borrower -Borrower

____ (Seal) _____ (Seal)
-Borrower -Borrower

____ (Seal) _____ (Seal)
-Borrower -Borrower

LOAN NO.: [REDACTED]

ADJUSTABLE RATE RIDER
(LIBOR Index - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 26th day of JUNE, 2002, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to
NORTH TEXAS FINANCIAL NETWORK, INC.

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

3608 WANDA LYNN DR., METAIRIE, LA 70002
[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 8.500 %. The Note provides for changes in the interest rate and the monthly payments as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**(A) Change Dates**

The interest rate I will pay may change on the first day of JULY, 2005, and on that day every sixth month thereafter. Each date on which my interest rate could change is called a "Change Date."

Initials: 

MULTISTATE ADJUSTABLE RATE RIDER (LIBOR Index) - Single Family - Freddie Mac UNIFORM INSTRUMENT
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LENDER SUPPORT SYSTEMS INC. 815R.NEW (12/00)

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six-month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent Index figure available as of the first business day of the month immediately preceding the month in which the Change Date occurs is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding SEVEN AND THREE QUARTERS percentage points (7.750 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 9.500 % or less than 7.750 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point (1%) from the rate of interest I have been paying for the preceding six months. My interest rate will never be greater than 15.500 %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 18 of the Security Instrument is amended to read as follows:


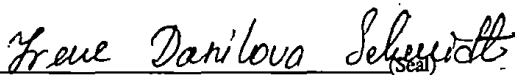
Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if a Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

 _____ (Seal) DOUGLAS M. SCHMIDT -Borrower	 _____ (Seal) IRENE DANILOVA SCHMIDT -Borrower
_____ (Seal) -Borrower	_____ (Seal) -Borrower
_____ (Seal) -Borrower	_____ (Seal) -Borrower
_____ (Seal) -Borrower	_____ (Seal) -Borrower

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Return To:
NORTH TEXAS FINANCIAL NETWORK, INC.

12035 JUSTICE AVENUE
BATON ROUGE, LA 70816

Prepared By:

NORTH TEXAS FINANCIAL NETWORK, INC.
12035 JUSTICE AVENUE
BATON ROUGE, LA 70816
(225) 292-7800

WINTERS TITLE AGENCY
630 N. CARROLLTON AVE.
NEW ORLEANS, LA 70119
PH: 488-0081

WTC 02-0676-A

[Space Above This Line For Recording Data]

LOAN NO.: [REDACTED]

MORTGAGE

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated together with all Riders to this document.

JUNE 26, 2002

LOUISIANA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
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LENDER SUPPORT SYSTEMS, INC. 80LA.NEW (5/01)

Initials: JS
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(K) "Escrow Items" means those items that are described in Section 3.

(L) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(M) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(N) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(P) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns, with power of sale, the following described property located in the _____ PARISH _____ [Type of Recording Jurisdiction]
of JEFFERSON _____ [Name of Recording Jurisdiction]

SEE FULL LEGAL DESCRIPTION ATTACHED

Parcel ID Number: 113-105

which currently has the address of

3608 WANDA LYNN DR.

[Street]

METAIRIE

[City], Louisiana

70002

[Zip Code]

("Property Address"):

VMP-6(LA) (0102)

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ANNEXED TO MORTGAGE BY IRENE DANILOVA, WIFE OF, AND DOUGLAS M. SCHMIDT IN FAVOR OF NORTH TEXAS FINANCIAL NETWORK, INC. BY ACT BEFORE MICHAEL E. WINTERS, NOTARY PUBLIC, DATED JUNE 26, 2002

LEGAL DESCRIPTION:

ONE CERTAIN LOT OF GROUND, together with all the buildings and improvements thereon, And all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging or in anywise appertaining, situated in the Parish of Jefferson, State of Louisiana, in that part hereof known as Cleary Subdivision, in SQUARE NO. 153-A, bounded by Wanda Lynn Drive, Olney Street, the western boundary line of the subdivision, and Marion Street, which said LOT of ground is designated by the NUMBER 4, commences at a distance of one hundred fifty and no hundredths (150.00') feet from the corner of Wanda Lynn Drive and Olney Street, and measures thence fifty and no hundredths (50.00') feet front on Wanda Lynn Drive, a width in the rear of fifty and thirteen hundredths (50.13') feet, a depth on the sideline nearest Olney Street of one hundred twenty three and forty seven hundredths (123.47') feet, and a depth on the opposite sideline of one hundred twenty two and five hundredths (122.05') feet; all according to sketch of survey by Gilbert, Kelly & Couturie, Inc., Errol E. Kelly, Surveyor, dated may 10, 1973, a copy of which is annexed to an act before Allain C. Andry, Jr., Notary Public, dated may 11, 1973, for reference. All as more fully shown on a plat of survey by Gilbert, Kelly & Couturie, Inc., Surveyors, dated September 16, 1994, a copy of which is annexed to an act before Erin M. Springer, Notary public, dated October 4, 1994.

The improvements thereon bear the Municipal Number 3608 Wanda Lynn Drive, Metairie, Louisiana 70002.

This act is made , executed and accepted subject to the following:

1. Fence encroachments as shown on the survey by Gilbert, Kelly & Couturie, Inc., Surveyors, dated September 16, 1994.
2. Brick column and concrete chain wall encroachments as shown on the survey by Gilbert, Kelly & Couturie, Inc., dated September 16, 1994.

ALL THE PARTIES HERETO WAIVE PRODUCTION OF SURVEY AND HEREBY RELEASE AND RELIEVE ME, MICHAEL E. WINTERS, WINTERS TITLE AGENCY, INC. And FIRST AMERICAN TITLE INSURANCE COMPANY FROM ANY AND ALL LIABILITY AND RESPONSIBILITY IN CONNECTION HEREWITH.

MARITAL STATUS ADDENDUM:

IRENE DANILOVA, [REDACTED], WIFE OF, AND DOUGLAS M. SCHMIDT, [REDACTED] both persons of the full age of majority and residents of Jefferson Parish, Louisiana who declared under oath unto me, Notary that she has been married but once and then to Douglas M. Schmidt, with whom she is presently

Exhibit 3

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
_____)	

**ORDER GRANTING OBJECTION OF THE RESCAP BORROWER CLAIMS TRUST
TO CLAIM NUMBER 2024 FILED BY IRENE SCHMIDT**

Upon the objection (the “Objection”)¹ of The ResCap Borrower Claims Trust (the “Borrower Trust”), as successor to Residential Capital, LLC and its affiliated debtors (collectively, the “Debtors”) with respect to Borrower Claims, seeking entry of an order, pursuant to section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007, disallowing and expunging the Schmidt Claim (Claim No. 2024) on the ground that such claim has no basis in the Debtors’ books and records, all as more fully described in the Objection; and the Court having jurisdiction to consider the Objection pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Objection and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Objection having been provided, and it appearing that no other or further notice need be provided; and upon consideration of the Objection and the Declaration of Deanna Horst annexed to the Objection as Exhibit 2; and the Court having found and determined that the relief sought in the Objection is in the best interests of the Borrower Trust, the Borrower

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Objection.

Trust's beneficiaries, the Debtors, their estates, creditors, and other parties in interest, and that the legal and factual bases set forth in the Objection establish just cause for the relief granted herein; and the Court having determined that the Objection complies with the Borrower Claim Procedures set forth in the Procedures Order; and responses to the Objection, if any, having been resolved, withdrawn or otherwise overruled by this Order; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the relief requested in the Objection is granted to the extent provided herein; and it is further

ORDERED that, pursuant to section 502(b) of the Bankruptcy Code, the Schmidt Claim is disallowed and expunged with prejudice; and it is further

ORDERED that Kurtzman Carson Consultants LLC, the notice and claims agent in these Chapter 11 Cases, is directed to disallow and expunge the Schmidt Claim so that such claim is no longer reflected on the claims register maintained in the Chapter 11 Cases; and it is further

ORDERED that entry of this Order is without prejudice to the Borrower Trust's right to object to any other claims in these Chapter 11 Cases; and it is further

ORDERED that the Borrower Trust and the Debtors are authorized and empowered to take all actions as may be necessary and appropriate to implement the terms of this Order; and it is further

ORDERED that notice of the Objection, as provided therein, is deemed good and sufficient notice of such objection, and the requirements of Bankruptcy Rule 3007(a), the Case Management Procedures entered on May 23, 2012 [Docket No. 141], the Procedures Order, and the Local Bankruptcy Rules of this Court are satisfied by such notice; and it is further

ORDERED that the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: _____, 2014
New York, New York

THE HONORABLE MARTIN GLENN
UNITED STATES BANKRUPTCY JUDGE