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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
-----)	

**SUPPELEMENT TO THE RESCAP BORROWER CLAIMS TRUST'S
COUNTER-DESIGNATION OF ITEMS FOR RECORD ON APPEAL**

Pursuant to Rule 8006 of the Federal Rules of Bankruptcy Procedure and Rule 8007-1 of the Local Bankruptcy Rules for the Southern District of New York, the ResCap Borrower Claims Trust (the “**Borrower Trust**”), established pursuant to the terms of the *Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC, et al. and the Official Committee of Unsecured Creditors* [Docket No. 6065-1] (the “**Plan**”)* in the above-captioned Chapter 11 cases (the “**Chapter 11 Cases**”), hereby submits the following supplement to its filed counter-designation of additional items to be included in the record on appeal [Docket No. 7766] (the “**Counter-Designation**”) in connection with the Notice of Appeal [Docket No. 7674] filed by appellants Frank and Christina Reed (the “**Appellants**”), from the *Memorandum Opinion and*

* The Plan was confirmed by order of the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) dated December 11, 2013 [Docket No. 6065] and the Plan’s effective date occurred on December 17, 2013. The Plan provides for the creation and implementation of the Borrower Trust. *See Plan, (cont'd)*



Order Determining the Amount of Allowed Claim of Frank and Christina Reed [Docket No. 7619], which was entered by the Bankruptcy Court on October 6, 2014.

The Borrower Trust includes herewith copies of the Reed Exhibits that were entered into evidence by the Appellant during the September 15-16, 2014 evidentiary hearing, which were previously identified in the Counter-Designation as items to include in the record on appeal.[†]

Exhibits in Evidence from Reed Trial

Exhibit	Description
<i>Reed Exhibits</i>	
1	Contract for Sale between Reeds and Jacobs for \$2,040,000, dated December 8, 2007
2	Commerce Bank appraisal of 817 Matlack Drive, Moorestown, NJ 08057
3	Proposal to Purchase by Frank and Gina Roccisano at \$1,300,000 (excluding first two pages of document re: 6/25/2012 letter and bio of Moriuchi)
4	Statement of Scott Alvarez, Federal Reserve testimony before the U.S. Senate
5	Interagency Review of Foreclosure Policies and Practices, Federal Reserve System, Office of the Comptroller of the Currency, Office of Thrift Supervision
6	Lis Pendens recorded against 817 Matlack Drive, Moorestown, NJ 08057
7	Notice of Delinquency from 21 st Mortgage Corporation to Reed
8	Order and Opinion Dismissing 2008 Foreclosure Action (GMACM v. Reed)

(cont'd from previous page)

Art. IV.F. The Plan further provides that the Borrower Claims Trustee is deemed the representative of the Debtors' estates for the purpose of prosecuting objections to borrower claims, *see* Plan, Art. IV.S.

[†] For the avoidance of doubt, the Borrower Trust's designation of any pleadings and/or exhibit lists includes the designation of any and all exhibits filed with, attached to, or otherwise referenced in such pleadings. In addition, the Borrower Trust's counter-designation of items for record on appeal does not re-list those items included on the Appellants' designation of items for record on appeal, but incorporates those items by reference to the Statement of Issues and Designation of Record by Appellants Frank Reed and Christina Reed Pursuant to Federal Rule of Bankruptcy Procedure 8006 [Docket No. 7715].

Exhibit	Description
9	Declaration of Lauren Graham Delehey Declaration in Support of ResCap Borrower Claims Trust Objection to Proofs of Claim Filed by Frank Reed and Christina Reed, and attachments thereto, dated May 29, 2014
10	Supplemental Declaration of Lauren Graham Delehey Declaration in Support of ResCap Borrower Claims Trust's Reply in Support of Its Objection to Proofs of Claim, dated July 3, 2014
11	Excerpt from Hearing Transcript, dated July 9, 2014, on Borrower Trust's objection to Reeds' proofs of claim
12	Amended Complaint for Foreclosure, GMACM v. Reed, dated June 3, 2008
13	Statement of Charges for legal services from Law Offices of Jeffrey S. Walters
13A	Declaration of Jeffrey Walters in Support of Statement of Charges
14	Statement of Charges for legal services from Linda Campbell
14A	Declaration of Linda Campbell in Support of Statement of Charges
15	Statement of Charges for legal services from McCrink Law Firm
15A	Declaration of Krisden McCrink in Support of Statement of Charges
17	Testimony of Julie Williams (OCC Testimony before the U.S. Senate)
19	Document addressed to "To Whom It May Concern" from Thomas J. Tartamosa (mortgage broker), dated November 20, 2010

Dated: November 18, 2014
New York, New York

/s/ Norman S. Rosenbaum

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Counsel for the ResCap Borrower Claims Trust

Exhibit 1

Standard Form of Real Estate Sales Contract adopted by the Burlington County Association of REALTORS® and recommended for use only when (1) A Purchase Agreement has been signed by Seller, and (2) the real estate being sold is a one to four family residential property. This form has been certified by the Attorney General to be in compliance with the Plain Language Law. Approval of a consumer contract by the Attorney General only means that simple understandable and easily readable language is used. It is not an approval of the contract's terms or legality.

CONTRACT FOR SALE OF A ONE- TO-FOUR FAMILY RESIDENTIAL PROPERTY

THIS IS A LEGALLY BINDING CONTRACT THAT WILL BECOME FINAL IN THREE BUSINESS DAYS. DURING THIS PERIOD YOU MAY CHOOSE TO CONSULT AN ATTORNEY WHO CAN REVIEW AND CANCEL THIS CONTRACT. SEE SECTION ON ATTORNEY REVIEW FOR DETAILS.

THIS CONTRACT FOR SALE has been prepared on the 8th day of December, 2007.

BETWEEN Frank J. Reed 3rd & Christina A. Reed the Seller(s)

Whose address is 817 Matlack Drive, Moorestown, NJ 08057

Scott Jacobs and Tracey Jacobs the Buyer(s)

Whose address is 350 Tom Brown Road, Moorestown, NJ 08057

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1. ATTORNEY REVIEW

A. Study by Attorney.
The Buyer or Seller may choose to have an attorney study this Contract. If an attorney is consulted, the attorney must complete his or her Review of the Contracts within a three-day period. This Contract will be legally binding at the end of this three-day period unless an attorney for the Buyer or the Seller reviews and disapproves of this Contract.

B. Counting the Time:
You count the three days from the date of delivery of the signed Contract to the Buyer and Seller. You do not count Saturdays, Sundays or legal holidays. The Buyer and the Seller may agree in writing to extend the three-day period for attorney review.

C. Notice of Disapproval
If an attorney for the Buyer or the Seller reviews and disapproves of the Contract, the attorney must notify the REALTORS® and the other party named in this Contract within the three-day period. Otherwise, this Contract will be legally binding as written. The attorney must send notice of disapproval to the REALTORS® by certified mail, by telegram or by delivering it personally. The telegram or certified letter will be effective upon sending. The personal delivery will be effective upon delivery to the REALTORS® office. The attorney may also, but need not, inform the REALTORS® of any suggested revisions to the Contract that would make it satisfactory.

2. COMMENCEMENT OF ATTORNEY REVIEW:

The parties acknowledge by their initials the date of delivery of this Contract signed by both Buyer and Seller to be as follows:

INITIALS AS TO BUYER [Signature]

INITIALS AS TO SELLER [Signature]

DATE 12/10/07

DATE 12/07/07

3. NOTICES AND FAX TRANSMISSIONS.

A. Notices:
All notices required in this Contract must be in writing. All notices shall be by certified mail, by telegram, by personal delivery or by facsimile transmission (fax). The telegram, certified letter or facsimile transmission will be effective upon sending. The personal delivery will be effective upon delivery to the other party. Each party must accept the certified mail, telegram or facsimile transmission sent by the other party. Notices to the Seller shall be addressed as indicated on Line 18 of this Contract. Notices to the Buyer shall be addressed as indicated on Line 22 of this Contract. Notices to the Realtors® shall be addressed to the addresses as indicated in Paragraph 13 of this Contract. Notwithstanding the above, this notice provision shall not apply to Paragraph 1, entitled "Attorney Review," which has its own methods of notice that must be strictly adhered to.

B. Contract, Counter Offer, Addendum, Amendment:
The facsimile transmission (fax) of a signed copy of this Contract, any counter offer, addendum or amendment to the other party or their agent, followed by faxed acknowledgment of receipt, shall constitute delivery of the signed document. The Seller and Buyer agree to confirm the faxed transmission by mailing or personally delivering a clear copy with original signatures to the other party or their agent.

EXHIBIT

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NOTICE

To Buyer and Seller:

Read This Notice Before Signing the Contract

The Law requires real estate brokers to give you the following information before you sign this contract. It requires us to tell you that you must read all of it before you sign. The purpose is to help you in this purchase or sale.

- 1 As a real estate broker, I represent
☒ The Seller, not the Buyer B.T. Edgar & Son
☒ The Buyer, not the Seller Prudential Fox & Roach
☐ Both the Seller and the Buyer
☐ Neither the Seller nor Buyer
The title company does not represent either the Seller or Buyer.
- 2 You will not get any legal advice unless you have your own lawyer. Neither I nor anyone from the title company can give legal advice to either the buyer or the seller. If you do not hire a lawyer, no one will represent you in legal matters now or at the closing. Neither I nor the title company will represent you in those matters.
- 3 The contract is the most important part of the transaction. It determines your rights, risks, and obligations. Signing the contract is a big step. A lawyer would review the contract, help you to understand it, and negotiate its terms.
- 4 The contract becomes final and binding unless your lawyer cancels it within the following three business days. If you do not have a lawyer, you cannot change or cancel the contract unless the other party agrees. Neither can the real estate broker nor the title insurance company change the contract.
- 5 Another important service of a lawyer is to order a survey, title report, or other important reports. The lawyer will review them and help to resolve any questions that may arise about the ownership and condition of the property. These reports and survey can cost you a lot of money. A lawyer will also prepare the documents needed to close title and represent you at the closing.
- 6 A Buyer without a lawyer runs special risks. Only a lawyer can advise a Buyer about what to do if problems arise concerning the purchase of the property. The problem may be about the Seller's title, the size and shape of the property, or other matters that may affect the value of the property. If either the broker or the title company knows about the problems, they should tell you. But they may not recognize the problem, see it from your point of view, or know what to do. Ordinarily, the broker and the title company have an interest in seeing that the sale is completed, because only then do they usually receive their commissions. So their interests may differ from yours.
- 7 Whether you retain a lawyer is up to you. It is your decision. The purpose of this notice is to make sure that you have the information needed to make your decision.

SELLER [Signature] 12/9/07
DATE
SELLER [Signature] 12/9/07
DATE

BUYER [Signature] 12/8/07
DATE
BUYER [Signature] 12/08/07
DATE

[Signature] 12/9/07
Listing Broker
(Licensee)

[Signature] 12/8/07
Selling Broker
(Licensee)

88
89 **4. SALE, PURCHASE and PROPERTY.**
90

91 The Seller agrees to sell and Buyer agrees to buy under the terms of this Contract:

92 (a) All that land, building(s) and improvements in the Municipality of Moorestown, County of Burlington
93 and State of New Jersey, being commonly known as 817 Matlack Drive identified on
94 the Municipal Tax Map as Block 03803, Lot(s) No(s) 00002
95 A description of the boundaries of the land is either attached as Schedule "A" or appears in Deed Book _____ at
96 page _____, recorded in the Clerk or Register of Deeds' Office of Burlington County
97 (b) All other rights of the Seller in the land

98
99 **5. PERSONAL PROPERTY and FIXTURES.**

100 The property being transferred includes all fixtures permanently attached to the building(s), all shrubbery, plantings and fencing
101 Also included:
102 All permanently attached fixtures, wall / wall carpeting, with zero refrigerator, all window treatments
103
104

105
106
107
108 Specifically excluded
109 Swing set, and bathroom hanging mirror.
110
111

112
113
114 **6. PURCHASE PRICE/MANNER OF PAYMENT.**

115 The purchase price is Two Million Forty Thousand Dollars \$ 2,040,000
116 Payable as follows

117 (1) Deposit paid upon signing of the Contract \$ 50,000
118 (2) Additional deposit to be paid on or before \$ 0
119 (3) At settlement, by certified or cashier's check and or mortgage company check \$ 1,990,000
120 In the event of assumption of existing first mortgage or by Seller taking back Buyers' mortgage
121 note and mortgage See Additional Contract Provisions.
122

123 **PURCHASE PRICE** \$ 2,040,000
124
125

126 **7. DEPOSIT MONIES.**

127 All deposit payments made by the Buyer on account of the purchase price shall be held in a ☐ non-interest bearing ☒ interest
128 bearing (W-9 to be supplied to Escrow Holder with deposit) Trust Account of B.T. Edgar & Son who
129 is called the Escrow Holder and shall be applied on account of the purchase price upon compliance by the Buyer with this
130 Contract. In the event the W-9 form is not returned or returned incomplete or unsigned, the down payment monies shall be placed
131 in a Non-interest bearing trust account of the Escrow Holder
132

133 **8. SUFFICIENT ASSETS.**

134 Buyer represents that as of the signing of this Contract Buyer has or will have as of the date of settlement, all necessary cash
135 assets, together with the mortgage loan proceeds, to complete settlement. Should the Buyer not have sufficient cash assets at the
136 time of settlement, Buyer will be in breach of Contract and Seller shall be entitled to any remedies as provided by law.

137 Buyer further represents
138 ☒ the purchase of this property is NOT contingent upon the sale of any other real estate or personal property
139 ☐ in order to complete settlement, Buyer will require the proceeds from the sale of property located at
140 _____, which is currently under Contract. A copy of such Contract of Sale
141 shall be delivered to Seller, or Seller's agent at the time of signing of this Contract.
142 ☐ in order to complete settlement, Buyer will require the proceeds from the sale of property located
143 at _____, which is NOT currently under Contract.
144 A right of first refusal provision is attached and made a part of this Contract of Sale.

145 Seller represents that as of the date of settlement, Seller will have sufficient assets, including, but not limited to, the equity in the
146 property, to satisfy all liens, encumbrances and costs to complete settlement.
147
148

149 **9. MORTGAGE CONTINGENCY, PLACEMENT FEE (POINTS), COMMITMENT DATE:**

150 If payment of the purchase price requires a mortgage loan other than by the Seller or other than assumption of Seller's
151 mortgage, the Buyer shall apply for the loan in writing on lender's standard form within seven (7) days after the expiration of
152 the Attorney Review period (Paragraph 1) and use their best efforts to obtain it. The Buyer shall supply all necessary
153 information and fees required by the proposed lender and shall authorize the lender to communicate with the real estate
154 broker(s) and involved attorney(s). The Buyer shall obtain a written commitment from an established mortgage lender to make
155 a loan on the property under the following terms:
156

157 Principal Amount \$ 1,632,000.00 Type of Mortgage ☐ VA ☐ FHA ☒ Conventional ☐ Other

158 Term of Mortgage: 30 years, with monthly payments based on a 30 year payment schedule

159 If VA guaranteed or FHA insured, minimum amount of appraisal required \$ N/A See FHA/VA
160 AMENDATORY CLAUSE attached to and made part of this contract

161 At settlement, Seller shall also pay \$ 50,000.00 to be applied toward Buyer's escrow items, closing costs, and/or points.
162 This amount shall not exceed the maximum credit permitted by Buyer's Mortgage Lender. Each "point" being 1% of Buyer's
163 mortgage loan.
164

165 The written mortgage commitment must be delivered to the Seller's agent who is the Listing Broker identified in Paragraph 11
166 no later than the 7 day of January, 2008. Should Buyer require additional time to obtain the written
167 mortgage commitment, the commitment date shall automatically be extended for a period not to exceed days. If such
168

extension shall cause the commitment date to extend beyond the settlement date specified in paragraph 14 then the settlement date shall be extended for _____ days after the revised commitment date. In the event the mortgage commitment is not delivered by the specified date, or any extended date permitted by the Seller, this Contract shall be deemed null and void. In that event the deposit monies paid by the Buyer, shall be returned to the Buyer unless failure to obtain the mortgage commitment is the result of the Buyer's negligence or intentional conduct or failure to diligently pursue the mortgage application.

10. INSPECTION BY LENDERS, SURVEYORS: CERTIFICATIONS & REPAIRS.

Seller agrees to permit inspections of the property by authorized appraisers, inspectors and surveyors that may be requested by Buyer and/or Buyer's mortgage lender.

All mandatory certifications required by the Buyer's mortgage lender shall be paid for by the Buyer, except as otherwise provided in this Contract.

All mandatory repairs required by the Buyer's mortgage lender, or as a condition of those certifications, shall be accomplished before settlement at the Seller's expense except as otherwise noted in this Contract. If the total cost of those repairs is more than \$ 200.00, this Contract may be declared null and void at the option of the Seller and all deposit monies paid by the Buyer toward the purchase price shall be refunded to the Buyer, without further liability to the Seller, or the Buyer may elect to make the repairs in excess of \$ 200.00 at the Buyer's expense and in that event, this contract shall remain in full force and effect.

11. FLOOD AREAS

The federal and state governments have designated certain areas as flood areas. If the property is located in a flood area, the use of the property may be limited. The Seller is not aware that the property is in a flood area, however, this does not ensure that your lender may not require flood insurance. If Buyer's inquiry reveals that the property is in a flood area, the Buyer may cancel this Contract within ten (10) business days after the expiration of the Attorney Review Period. If the mortgage lender requires "flood insurance" then the Buyer shall be responsible for obtaining such insurance on the property.

12. POSSESSION, OCCUPANCY and TENANCIES.

Possession and occupancy will be given to Buyer at time of settlement. However, if the property is to be tenant occupied as of the date of settlement, see TENANCY ADDENDUM and leases attached and made a part of this contract.

13. DATES AND TIME FOR PERFORMANCE.

The Seller and the Buyer agree that all dates and times for performance of this Contract are OF THE ESSENCE.

This means that the Seller and Buyer must perform what is required of them within the time limits set by this Contract, or be in default, except as provided in this Contract.

14. SETTLEMENT TIME and PLACE.

Settlement is the meeting at which time the Seller transfers ownership of the property by Deed to the Buyer and the Buyer pays the Seller the remainder of the purchase price.

Settlement shall take place at Infinity Title Co. - 33 E. Main St., Moorestown, NJ or at such place as may be required by the mortgage lender on the 7th day of February, 2008 at 4:00 o'clock P. M. The date, but not the hour, shall be of the essence. Where there is a designated title insurance company, the proceeds check will be issued by it or by its authorized agent.

15. SETTLEMENT COSTS and MONEY ADJUSTMENTS.

Seller shall pay for the preparation of the Deed, realty transfer fee, lien discharge fees, if any, and one-half of the title company charges for disbursements and attendance allowed by the Commissioner of Insurance; but all searches, title insurance premium and other conveyancing expenses are to be paid for by the Buyer unless the Seller and the Buyer provide differently in writing.

Seller and Buyer shall make prorated adjustments at settlement for items which have been paid by Seller or are due from Seller such as taxes, water and sewer charges which could be claims against the property, rental and security deposits, association and condominium dues, and fuel in Seller's tank. Adjustments of fuel shall be based upon physical inventory and pricing by the Seller's supplier, such determination shall be conclusive.

If Buyer is assuming Seller's mortgage loan, Buyer shall credit Seller for all monies such as taxes and insurance premiums paid in advance or on deposit with Seller's mortgage lender. Buyer shall receive a credit for monies which the Seller owes to Seller's Mortgage lender, such as current interest or a deficit in the mortgage escrow account. There shall be no adjustment on any Homestead Rebate due or to become due.

16. DEED and OTHER DOCUMENTS REQUIRED FOR SETTLEMENT.

A Deed is a written document used to transfer ownership of property. Seller agrees to provide and the Buyer agrees to accept a Bargain and Sale Deed with Covenants against Grantor's (Seller's) acts. This means that the Seller has done nothing to encumber the title while being the owner. If the Seller is a corporation, it will also deliver a corporate resolution authorizing the sale. The Seller shall give to the Buyer and/or title company an Affidavit of Title and executed IRS 1099S form for reporting the sale. An Affidavit of Title is a sworn statement which contains information clarifying the Seller's ownership of the property, such as marital status, right of tenants, claims on record against people having similar name as Seller.

Seller(s) state they are, are not, foreign persons or non resident aliens for the purpose of U.S. income taxation and will, if required, provide a certificate of non foreign status at or before, settlement as to each Seller.

17. CERTIFICATE OF OCCUPANCY AND ZONING COMPLIANCE.

Seller makes no representation concerning existing zoning ordinances except that Seller's use of the property is not presently in violation of any zoning ordinances and its present use as a single family dwelling may be continued.

Some municipalities may require a Certificate of Occupancy or Housing Code Letter to be issued. If any is required for this property, Seller shall obtain it at Seller's expense and shall be responsible to make and pay for any repairs required in order to obtain the Certificate or Letter. However, if this expense should exceed \$ 300.00 to the Seller, then the Seller may terminate this contract and refund to the Buyer all deposit monies plus Buyer's reasonable expenses, if any, in preparing to make settlement. The Buyer may elect to make repairs in excess of \$ 300.00 at the Buyer's expense. In addition, Seller shall comply with the New Jersey State Law, and local ordinances, including but

not limited to smoke detectors, carbon monoxide detectors and indoor sprinklers, the cost of which shall not be considered as a repair cost.

18. CONDOMINIUM/HOMEOWNERS ASSOCIATION DOCUMENTS

If the property is a condominium, or is subject to a homeowners' association, Seller shall prior to or at the time of the signing of this Contract, provide Buyer with a copy of the current rules, regulations and by-laws of the condominium, and/or homeowners' association. The name(s), address(es) and telephone number(s) of the Association(s) is/are:

N/A

Seller, if required, shall provide Buyer with written approval by the condominium or homeowners' association for Buyer's purchase of the property. Prior to settlement, Seller shall provide a "Status of Account" letter and Certificate of Insurance for the Association.

Seller represents that the current annual association fee is \$N/A. Buyer acknowledges that associations commonly require a one-time non refundable capital contribution or start-up fees.

19. QUALITY and INSURABILITY OF TITLE.

The title to be transferred shall be a marketable title and insurable at regular rates by a reputable title insurance company authorized to do business in the State of New Jersey.

The title shall be free and clear of all encumbrances including municipal liens and assessments and liabilities for future assessments for improvements constructed and completed, however, title shall be subject to liabilities for assessments for municipal improvements not completed on the date of this Contract. Seller represents that Seller has not been notified of any such assessments. All liens and encumbrances shall be satisfied at or before time of settlement. The title shall be subject to all existing utility easements and restrictions of record, provided such easement or restriction does not unreasonably limit the use of the property. Generally, an easement is a right of a person, other than the owner, of the property to use a portion of the property for a special purpose. A restriction is a recorded limitation on the use of the property. A violation of any restriction shall not be a reason for Buyer refusing to complete settlement as long as the Title Company insures the Buyer against actual loss at regular rates.

The Seller states, to the best of the Seller's knowledge, that there are no restrictions in any conveyance or plans of record that will prohibit use and occupancy of the property as a single family residential dwelling. The Seller states that all buildings and other improvements on the property are within its boundary lines. Also, that no improvements on adjoining properties extend across the boundary lines of this property. In the event the Seller is unable to transfer the quality of title required and if the Buyer is unwilling to accept Seller's title without a reduction of the purchase price, the monies paid by Buyer toward the purchase price shall be returned to the Buyer, together with expenses of examining the title, making survey, mortgage application fees and Buyer's other reasonable expense in preparing for settlement without further liability to the Seller.

20. CONDITION OF PROPERTY.

The land and buildings shall be transferred in the same condition as they now appear, reasonable wear and tear excepted. This means that the property is being sold in its present conditions unless otherwise warranted hereinafter. In addition, Seller shall leave the property free of debris and in broom clean condition.

21. SELLER'S WARRANTIES AND PRE-SETTLEMENT INSPECTION.

A warranty is a promise. Seller warrants that the plumbing, electrical and heating systems together with all equipment servicing those systems, the central air-conditioning, if existing, and all appliances, at time of settlement, are in good operating condition. Buyer shall have the right to inspect the property immediately prior to settlement to ensure that these items are in working order, also that the condition of the property are as agreed.

Seller shall have all utilities in service during the 48-hour period immediately preceding settlement.

22. SELLER'S REPRESENTATION. (Check appropriate box)

Seller represents that the property is serviced by ☒ public ☐ private waste disposal. If private waste disposal, see attached PRIVATE WASTE DISPOSAL ADDENDUM.

Seller represents that the property is serviced by ☒ public ☐ private drinking water source. If private drinking water source, see attached WELL DRINKING WATER TEST ADDENDUM.

Seller represents that to the best of Seller's knowledge there ☒ is ☐ are no underground fuel tank(s). ☐ is/are underground fuel tank(s) on the property. ☐ was/were underground fuel tank(s) which were properly removed. ☐ is/are underground fuel tank(s) which was/were properly abandoned in place pursuant to the rules and regulations of NJDEP. If an underground fuel tank(s) is present see attached UNDERGROUND FUEL TANK ADDENDUM.

23. HOME INSPECTION and REPORTS.

Although the premises is being purchased in its present condition, it is recommended that the Buyer obtain an inspection. The Seller will make the property available to the Buyer's qualified inspectors for the purpose of inspecting the property at Buyer's expense to assure that:

- A. The heating, air-conditioning, plumbing and electrical systems are in good operating condition.
- B. The foundation and structure of the building(s) and garage(s) are sound and that there is no water intrusion into the premises.
- C. The roof and flashings do not leak and are structurally sound.
- D. The doors and windows (including seals), fireplaces and chimneys are in good operating condition.
- E. There are no adverse environmental conditions affecting the property, such as the presence of toxic mold, radon gas of 4.0 pCi/l or greater, air-borne asbestos fibers, toxic chemicals or other pollutants in the soil, air or water.

These inspections are to be performed within 10 business days from the expiration of the Attorney Review Period. If the reports disclose defects in the items mentioned above, Buyer shall supply to Seller or Seller's agent within that 10 day period, those portions of the reports describing said defects, together with a list of requested repairs. The Seller shall then have 5 business days to respond in writing to the Buyer or Buyer's agent. If the Seller does not respond within 5 business days, or if the Seller refuses to make the requested repairs at Seller's expense, then the Buyer may cancel this Contract by giving written notice to the Seller or Seller's agent within 3 business days thereafter. In that event, all deposit monies shall be returned to Buyer and neither party shall have any further obligation to the other.

330 If Buyer does not obtain and deliver these inspection reports within that 10 day period, Buyer's rights under this
331 paragraph shall be deemed waived and this Contract shall remain binding. The time for delivery of these reports is
332 of the essence.
333 "Qualified inspector" is defined as someone who is licensed or certified by a governmental authority having jurisdiction
334 for such purposes. Where licensure or certification is not required by law for any such inspector, the term "qualified
335 inspector" shall mean persons who are regularly engaged in the business of inspecting residential properties for a fee
336 and who generally maintain good reputations for skill and integrity in their areas of expertise.
337 The fact that a structural element, system or subsystem is near, at or beyond the end of the normal useful life of such a
338 structural element, system or subsystem is not by itself a material defect.
339 Maintenance and cosmetic items that are included in inspection reports are for the Buyer's information only and are not
340 covered by the provisions of this paragraph.
341 Should Buyer's inspection fail to reveal existing defects in the property, Buyer's sole and exclusive remedy shall be
342 against the inspectors providing such services.
343 Attached is a Seller's disclosure statement to Buyer regarding the property. (Check appropriate box)
344 ☐ Yes
345 ☒ No
346

347 24. INFESTATION and/or DAMAGE by WOOD BORING INSECTS.

348 The Buyer is permitted to have the accessible areas of the building and detached garages inspected by a reputable
349 exterminating company of Buyer's choice to determine if there is any damage caused or infestation by termites or other
350 wood destroying insects. The Buyer will pay for this inspection. The inspection report shall be furnished to the Seller
351 or Seller's agent no later than 10 days prior to settlement. If infestation or damage is found, the Seller, at the
352 Seller's expenses, shall have the infestation treated and have repaired or replaced any wood which is deemed to be
353 unserviceable in the opinion of a professional engineer or building contractor. Treatment and/or repairs are to be
354 completed before settlement. If the estimate for the treatment and/or repairs exceeds \$1,500.00, Seller, at
355 Seller's option, may cancel this Contract. If Seller elects to cancel this Contract, all deposit monies plus the Buyer's
356 reasonable expenses, if any, in preparing to make settlement shall be refunded to the Buyer. The Buyer may agree to
357 accept the premises without the treatment and/or repairs in which case the Seller shall allow a credit of up to
358 \$1,500.00 against the purchase price at time of settlement. The failure of the Buyer to furnish the inspection
359 report to the Seller or Seller's agent within the time provided will constitute a waiver by the Buyer of Buyer's rights
360 under this clause.
361

362 25. RADON INFORMATION. (Check one)

363 ☐ Seller has obtained a radon test. The results of the test are being provided to the Buyer.
364 ☒ Seller represents that Seller is unaware of any such tests having been made.
365

366 26. LEAD-BASED PAINT DOCUMENT ACKNOWLEDGMENT (applies to dwellings built before 1978)

367 Buyer acknowledges receipt of the EPA pamphlet entitled "Protect Your Family From Lead in Your Home". Moreover,
368 a copy of a document entitled DISCLOSURE OF INFORMATION AND ACKNOWLEDGMENT LEAD-BASED
369 PAINT AND LEAD-BASED PAINT HAZARDS has been fully completed and signed by Buyer, Seller and
370 Broker(s) and is attached and made part of this Contract.
371

372 27. LEAD-BASED PAINT and/or LEAD-BASED PAINT HAZARD CONTINGENCY CLAUSE.

373 This paragraph is applicable to all dwellings built prior to 1978. Unless the Buyer and Seller agree to a longer or shorter
374 period, Buyer has a ten (10) business day period within which to complete an inspection and/or risk assessment (the
375 "Inspection") of the Property by a certified inspector/risk assessor for the presence of lead based paint hazards. The
376 Inspection shall be ordered and obtained by the Buyer at the Buyer's expense within ten (10) business days from the
377 expiration of the Attorney Review Period. If the Inspection indicates that no lead-based paint or lead based paint hazard
378 is present at the Property, this contingency clause shall be deemed to be null and void. If the Inspection indicates that
379 lead based paint or lead based paint hazard is present at the Property, this contingency clause will terminate at the time
380 set forth above unless within five business days of receiving the inspection results, the Buyer delivers a copy of the
381 inspection and/or risk assessment report to the Seller and Broker(s) and (a) advises Seller and Broker(s), in writing that
382 Buyer is voiding this Contract, or (b) delivers to Seller and Broker(s) a written amendment (the "Amendment") to this
383 Contract listing the specific existing deficiencies and corrections required by the Buyer. The Amendment shall provide
384 that the Seller agrees to (a) correct the deficiencies and (b) furnish the Buyer with a certification from a certified
385 inspector/risk assessor that the deficiencies have been corrected, before the date of settlement. The Seller shall have
386 5 days after receipt of The Amendment to sign and return it to Buyer or send a written counter proposal to Buyer. If
387 Seller does not sign and return the amendment or fail to offer a counter proposal, this Contract shall be null and void
388 and all deposit monies paid by Buyer toward the purchase price shall be refunded to the Buyer, without further liability
389 to the Seller. In the event Seller offers a counter proposal, Buyer shall have 5 days after receipt of the counter
390 proposal to accept it. If the Buyer fails to accept the counter proposal within the time limit provided, this Agreement
391 shall be null and void and all deposit monies paid by Buyer toward the purchase price shall be refunded to the Buyer,
392 without further liability to the Seller.
393

394 28. NOTICE OF OFF-SITE CONDITIONS. (This statement is required by the New Jersey Real Estate Commission for
395 Residential Resale Properties)

396 Pursuant to the New Residential Construction Off-Site Conditions Disclosure Act, P.L. 1995, c. 253 the clerks of
397 municipalities in New Jersey maintain lists of off-site conditions which may affect the value of residential properties in
398 the vicinity of the off-site condition. Purchasers may examine the lists and are encouraged to independently investigate
399 the area surrounding this property in order to become familiar with any off-site conditions that may affect the value of
400 the property. In cases where a property is located near the border of a municipality, purchasers may wish to also
401 examine the list maintained by the neighboring municipality. If new construction, see attached NOTIFICATION
402 REGARDING OFF-SITE CONDITIONS ADDENDUM.
403

404 29. AIRPORT SAFETY ZONE. (Check applicable box)

405 Seller represents that the property identified in Paragraph 1 of this Contract ☐ is ☒ is not located in an AIRPORT
406 SAFETY ZONE as defined by the New Jersey Air Safety and Zoning Act of 1983, amended by L 1991C 445

407 30. MEGAN'S LAW STATEMENT. (This statement is required by the New Jersey Real Estate Commission.)
408 Under New Jersey Law, the county prosecutor determines whether and how to provide notice of the presence of
409 convicted sex offenders in the area. In their professional capacity, real estate licensees are not entitled to notification by
410 the county prosecutor under Megan's Law and are unable to obtain such information for you. Upon settlement, the
411 county prosecutor may be contacted for such further information as may be disclosable to you.
412

413 31. DISPUTE BETWEEN SELLER AND BUYER OVER DEPOSIT.

414 The Escrow Holder is not required to resolve any dispute which might arise between the Seller and Buyer concerning
415 deposit payments in the Trust Account. The Escrow Holder will require from both the Seller and Buyer their written
416 permission to pay out the deposit payment from the Trust Account. If the dispute is not resolved, the Escrow Holder
417 will retain the deposit money until the Buyer and/or Seller receive an order from the Court regarding distribution
418

419 32. FAILURE OF BUYER OR SELLER TO SETTLE. BROKER'S RIGHT TO BROKERAGE FEE:

420 In the event the Seller or Buyer fails to settle in accordance with this Contract, either may commence any legal or
421 equitable action against the other as may be permitted by law. If Seller breaches this Contract, Seller will nevertheless
422 be liable to the Broker for a brokerage fee as otherwise set forth in the Listing Agreement Contract. If Buyer breaches
423 this Contract, Buyer will nevertheless be liable to the Broker for damages as determined by the Court, which may be
424 equivalent to the brokerage fee in this Contract.
425

426 33. BROKERAGE FEE: LIEN ON PROCEEDS.

427 The Seller agrees to pay the named real estate broker(s) for services rendered in procuring this sale.
428 This fee is payable as follows:

429 B T. Edgar & Son Ph#: (856) 235 0101 As stated in Listing Agreement
430 Listing Broker Brokerage Fee 2% of sales pr.
431 27 E. Main Street, Moorestown, NJ 08057 Fax: (856) 722 9190
432 Address and Telephone Number

433
434 Prudential Fox & Roach Ph# (856) 234 0011 As stated in M.D.S.
435 Selling Broker Brokerage Fee 2% of sales pr.
436 1 W. Main Street, Moorestown, NJ 08057 Fax (856) 234 3979
437 Address and Telephone Number

438
439 The brokerage fee shall be due and payable at the time of actual settlement and all purchase money consideration has
440 been received by the Seller. The Seller agrees and acknowledges that the dollar amount of the brokerage fee shall be a
441 lien (a legal claim) on the purchase money proceeds derived from the sale of the subject property. The Seller, by this
442 Contract, authorizes and directs the Buyer's attorney, or the title insurance company, whichever is the case, to pay to the
443 broker(s) the full brokerage fee out of the proceeds of sale, prior to the payment of any funds to the Seller. The
444 brokerage fee bill duly receipted by the broker or broker's agent or the closing attorney's or title insurance company's
445 check in payment of such brokerage fee, shall be deemed a release and discharge of this lien.
446

447 34. SELLER NOT LIABLE TO BUYER AFTER SETTLEMENT.

448 All warranties, guarantees, representations of Seller concerning the property, the systems servicing the property, the
449 appliances, lot lines, location of structures, driveways, fences and any other matter affecting this Contract, unless
450 otherwise set forth in writing shall be absolutely void after settlement or delivery and acceptance of possession
451 or occupancy, whichever is earlier. Buyer acknowledges they have the right to purchase a home warranty.
452

453 35. RISK OF LOSS

454 The risk of loss or damage to the property by fire or otherwise, except ordinary wear and tear, is the responsibility of the
455 Seller until settlement.
456

457 36. NO RELIANCE ON OTHERS.

458 This Contract is entered into by the Seller and Buyer based upon their full understanding of the meaning of all the
459 provisions of this Contract, and upon the knowledge of the parties as to the value of the land and whatever buildings are
460 upon same and not on any representations made by either of them to the other, or by the real estate broker(s) involved.
461 The Broker(s) named in this Contract, their personnel and associates are not to be held liable either to Seller or Buyer
462 for the performance or non performance of any of the terms of this Contract. Seller and Buyer agree that they are
463 entering into this Contract without any reliance upon any representations or statements which may have been made by
464 personnel or associates of the realty firm(s).
465

466 37. CONSUMER INFORMATION STATEMENT ACKNOWLEDGMENT.

467 By signing below the Seller(s) and Buyer(s) acknowledge they received the Consumer Information Statement on New Jersey
468 Real Estate Relationships from the brokerage firms involved in this transaction prior to the first showing of the property.
469

470 38. DECLARATION OF LICENSEE BUSINESS RELATIONSHIP(S).

471 B T. Edgar & Son (name of firm) AND
472 Louise Marsh Carter (name(s) of licensee(s))
473

474 AS ITS AUTHORIZED REPRESENTATIVE(S), ARE WORKING IN THIS TRANSACTION AS (choose one)
475 ☒ SELLER'S AGENT(S) ☐ BUYER'S AGENT(S)
476 ☐ DISCLOSED DUAL AGENT(S) ☐ TRANSACTION BROKER(S)
477

478 INFORMATION SUPPLIED BY Prudential Fox & Roach (name of firm) AND
479 Holly Donahue (name(s) of licensee(s))
480

481 INDICATED THAT IT IS OPERATING IN THIS TRANSACTION AS A (choose one)
482 ☒ SELLER'S AGENT ☐ BUYER'S AGENT
483 ☐ DISCLOSED DUAL AGENT(S) ☐ TRANSACTION BROKER

484 39. NO ASSIGNMENT OR RECORDING.

485 This Contract shall not be assigned. This means that neither the Buyer nor the Seller may transfer the rights under this
486 Contract to anyone else. Neither this Contract nor a memorandum of it shall be recorded in the County Recording
487 Office.

488 40. ENTIRE CONTRACT, NO ORAL REPRESENTATIONS.

489 This contract is the entire and only Contract between Buyer and Seller and cancels and replaces any previous
490 agreements between them. This Contract may be changed only in writing signed by both Buyer and Seller. ANY
491 REPRESENTATIONS OR AGREEMENTS NOT CONTAINED IN THIS CONTRACT ARE OF NO EFFECT.
492

493 41. BINDING ON SUCCESSORS.

494 This Contract is binding not only on the Seller and Buyer but also on their heirs, personal representatives, and
495 successors.

496 42. ADDITIONAL CONTRACT PROVISIONS.

497 A. Seller agrees to finish the basement bathroom, now partially finished

498 B. Contingent upon appraisal equal to or greater than sale price of \$2,040,000.00

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43. ACKNOWLEDGMENT OF TERMS OF CONTRACT.

The Seller and Buyer agree to the terms of this Contract by signing below. If a corporation is a party, this Contract is signed by its proper corporate officers pursuant to a corporate resolution, and its corporate seal is affixed.

[Signature] _____
Witness _____
Date 12/14/07

[Signature] _____
Witness _____
Date 12/18/07

Witness _____
Date _____

[Signature] _____
SELLER _____
Date 12/08/07

[Signature] _____
SELLER _____
Date 12/19/07

[Signature] _____
BUYER _____
Date 12/18/07

[Signature] _____
BUYER _____
Date 12/08/07

THIS CONTRACT PREPARED BY _____

(Individual Licensee)

Seller's Statement To Buyer Regarding Residential Property

The following is a statement, made by the seller, of information concerning the condition of the property located at _____

This disclosure is not a warranty of any kind by the seller or any agent of the seller in this transaction, and is not a substitute for any inspections or warranties the purchaser may wish to obtain.

To the Seller

Please complete the following form, including past history of problems if known. Do not leave any spaces blank. If the condition is not applicable to your property, mark N/A in the blank. Attach additional pages if additional space is required. Be sure to sign the last page.

The following are representations made by the seller and are not the representations of seller's agents.

Appliances/Systems

The items below are in good working order:

	Yes	No	Repairs within last 2 years
Range/Oven	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Microwave	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Hood fan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Dishwasher	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Refrigerator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Ceiling fan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Washing Machine	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

	Yes	No	Repairs within last 2 years
Hot Water Heater	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Trash compactor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Central air	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Water softener	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Attic fan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sump pump	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Ceiling fan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
TV antenna	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Garage door opener & remote controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Fireplace & chimney	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other			
Explanations of "No" and "Repair" responses (if any)			

Property Conditions & Improvements

1. Basement: Has there been evidence of or problems with water leakage?

☐ Yes ☒ No ☐ Unknown

If yes, please explain, including the frequency and extent of the problem.

2. Insulation: Please describe if known.

Has urea formaldehyde foam insulation (UFFI) been installed?

☐ Yes ☒ No ☐ Unknown

If removed, by whom and when?

3. Pool: Age of pool? 2 Any leaks?

☐ Yes ☒ No ☐ Unknown

If yes, please explain.

4. Water System: Well or city water? (Please circle.) If well, please describe type of well (depth/diameter).

Age of well _____ Any known problems or repairs?

☐ Yes ☒ No ☐ Unknown

If yes, please describe.

Has the water been tested?

☐ Yes ☒ No ☐ Unknown

If yes, date of last report and results.

5. Drainage System: Septic tanks/drain fields or city sewer system? (Please circle.) Any known problems or repairs?

☐ Yes ☒ No ☐ Unknown

If yes, please describe.

Location of septic field?

6. Heating System: Type hot air

Age of heating system 2

Any known problems or repairs?

☐ Yes ☒ No ☐ Unknown

If yes, please describe.

7. Plumbing System.

☒ Copper ☐ Galvanized ☐ Cast

Any known problems or repairs?

☐ Yes ☒ No ☐ Unknown

If yes, please describe.

8. Electrical System:

☐ Yes ☒ No ☐ Unknown

Capacity _____ amps

Any known problems or repairs?

☐ Yes ☒ No ☐ Unknown

If yes, please describe.

9. Aluminum Wiring:

☐ Yes ☒ No ☐ Unknown

10. Infestation: History, if any, of termites, carpenter ants, etc.?

☐ Yes ☒ No ☐ Unknown

Any treatments for infestation?

☐ Yes ☒ No ☐ Unknown

If yes, please describe.

Presently under warranty?

☒ Yes ☒ No ☐ Unknown

With whom?

Please describe any repairs.

11. Asbestos: Is asbestos present in any form in or on the property?

☐ Yes ☒ No ☐ Unknown

If yes, where? _____

Has it been removed or encapsulated?

☐ Yes ☐ No ☐ Unknown

If removed, from where, when and by whom? _____

12. Radon: Has the property been tested for the presence of radon gas?

☐ Yes ☒ No ☐ Unknown

If yes, what were the test results? _____

13. Landfill: Is the property located in close proximity to a landfill?

☐ Yes ☒ No ☐ Unknown

If yes, which landfill and location? _____

14. Environment: Are you aware of any environmental concerns?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

15. Principal Uses: Are you aware of any principal uses of the property other than as residential property, such as commercial use or farming?

☐ Yes ☒ No ☐ Unknown

If yes, please describe the use _____

Other Items

As the seller, are you aware of any of the following

16. Features of the property shared in common with adjoining landowners, such as walls, fences, roads or driveways whose use or responsibility for maintenance may have an effect on the property?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

17. Rights-of-way, easements or similar matters that may affect the property?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

18. Room additions or structural modifications?

☒ Yes ☐ No ☐ Unknown

If yes, please describe work and identify who did the work
3rd floor
basement

19. Underground storage tanks on the property?

☐ Yes ☒ No ☐ Unknown

If yes, please describe type, location and size of tank _____

20. Settling, flooding, drainage, grading, or soil problems?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

21. Major damage to the property or any of the structures from fire, wind, floods or landslides?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

22. Any zoning violations or nonconforming uses?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

23. Homeowners association which has any authority over the property?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

24. Any "common areas" (facilities such as pools, tennis courts, walkways, or other areas co-owned?)

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

25. Any assessments, liens or judgments against the property or owners?

☐ Yes ☒ No ☐ Unknown

If yes, please describe _____

26. Please state any other facts or information relating to this property that would be of interest to a buyer

To the extent of the seller's knowledge as a property owner, the seller acknowledges that the information contained above is true and accurate for those areas of the property listed

(Seller)

(Date)

(Seller)

(Date)

To the Buyer

The buyer is urged to carefully inspect the property and, if desired, to have the property inspected by an expert. The buyer understands that there are areas of the property of which seller has no knowledge and that this disclosure statement does not encompass those areas. The buyer also acknowledges that he has read and received a signed copy of this statement from the seller or the seller's agent.

(Buyer)

(Date)

(Buyer)

(Date)

RIDER TO CONTRACT FOR SALE

THIS RIDER TO CONTRACT FOR SALE ("Rider") is made this 18th day of December, 2007, by and between SCOTT JACOBS and TRACI JACOBS, husband and wife (the "Buyer") and FRANK J. REED, III and CHRISTINA A. REED, husband and wife (the "Seller") and amends that certain Contract for Sale dated as of December 8, 2007 (the "Contract") for real property known as 817 Matlack Drive, Moorestown, New Jersey 08057, being described and depicted on the Municipal Tax Map of Moorestown Township as Block 3803, Lot 2 (the "Property").

The Buyer and the Seller intending to be legally bound hereby agree to amend the Contract as follows:

- 1 Line 20 of the Contract shall be amended to include Miriam Jacobs.
- 2 Line 109 of the Contract shall be amended and restated so that the swing set and bathroom hanging mirror are specifically excluded. The Seller shall replace the bathroom hanging mirror with a standard grade mirror of comparable size; or, in the alternative, shall repair any damage to the wall after the bathroom hanging mirror is removed by Seller.
- 3 Line 209 of the Contract shall be amended and restated so that Settlement shall take place at the law offices of Shennan, Silverstein, Kohl, Rose & Podolsky, P.A., 4300 Haddonfield Road, Suite 311, Pennsauken, New Jersey 08109. The remainder of paragraph 14 shall be unchanged.
- 4 Line 323 of the Contract shall be amended to reflect that the inspections are to be performed within 10 business days from December 17, 2007.
- 5 Line 343-345 of the Contract shall be amended so that the block marked "yes" shall be checked by Seller. Seller's Property Disclosure Statement is attached to the Contract.

6. Paragraph 32 of the Contract (Failure of Buyer or Seller to Settle; Broker's Right to Brokerage Fee) shall be amended so that the second and third sentences therein shall be deleted in their entirety.

7. Paragraph 42 of the Contract (Additional Contract Provisions) shall be amended and restated as follows:

A. Seller agrees to finish the basement bathroom, now partially completed, at Seller's sole cost and expense (the "Basement Bathroom Work"). The Basement Bathroom Work shall be completed in a good and workmanlike manner on or before Closing. Buyer shall have an opportunity to inspect the Basement Bathroom Work on or about January 8, 2008.

B. Subparagraph 42.B of the Contract is deleted and replaced with the following provision:

Buyer's obligation to purchase the property shall be contingent upon the Lender's appraisal being equal to or greater than the Purchase Price. In the event that the Lender's appraisal is less than the Purchase Price, the Buyer shall be entitled to cancel the Contract upon written notice to the Seller and Seller's agent on or before the Mortgage Commitment Date whereupon the deposit shall be returned to Buyer and neither party shall have any further liability or obligation to the other hereunder

C. Seller shall, at the time of Closing, deliver to Buyer the 10-year home warranty provided by Builder

D. Upon execution of this Rider by Seller, Seller shall provide Buyer, Buyer's agent and Buyer's counsel with the Seller's Owner's Title Policy of Insurance and most recent survey of the Property.

8. Upon execution of this Rider by Buyer and Seller, the Attorney Review Period provided for in paragraph 1 of the Contract shall be concluded and the Agreement (as defined below) shall be in full force and effect and binding upon the parties hereto

9. Notices required under this Rider or the Contract will be accepted by recognized overnight courier or by confirmed facsimile transmission followed by postage prepaid first class mail.

DEL-20-2007 10:44

LAW OFFICE R. GRUENBERG

856 235 6898 P.05/05

10. The Buyer and the Seller agree that if the Buyer defaults under the Contract, the Seller's damages will be difficult to determine and that the deposit represents a fair estimate of the Seller's damages. The Seller's sole and exclusive remedy in the event of the Buyer's default under the Contract, shall be to retain the deposit as complete and liquidated damages for the Buyer's default hereunder.

11. Except as otherwise changed by this Rider, the Contract shall continue in full force and effect. In the event of a conflict between the provisions of this Rider and the Contract, the provisions of this Rider shall control.

12. This Rider may be executed in any number of counterparts, each of which shall be considered an original and together shall constitute a single Agreement. For purposes of this Rider, a counterpart transmitted by facsimile shall constitute an original.

IN WITNESS WHEREOF, the Buyer and the Seller execute this Rider the date first written above.

Scott Jacobs, Buyer

Traci Jacobs, Buyer

Miriam Jacobs, Buyer

Frank J. Reed, III, Seller

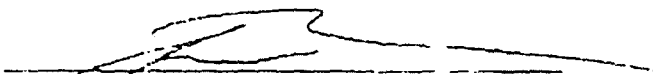
Christina A. Reed, Seller

10. The Buyer and the Seller agree that if the Buyer defaults under the Contract, the Seller's damages will be difficult to determine and that the deposit represents a fair estimate of the Seller's damages. The Seller's sole and exclusive remedy in the event of the Buyer's default under the Contract, shall be to retain the deposit as complete and liquidated damages for the Buyer's default hereunder.

11. Except as otherwise changed by this Rider, the Contract shall continue in full force and effect. In the event of a conflict between the provisions of this Rider and the Contract, the provisions of this Rider shall control.

12. This Rider may be executed in any number of counterparts, each of which shall be considered an original and together shall constitute a single Agreement. For purposes of this Rider, a counterpart transmitted by facsimile shall constitute an original.

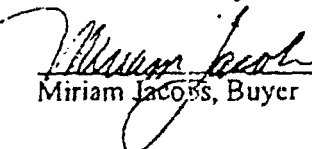
IN WITNESS WHEREOF, the Buyer and the Seller execute this Rider the date first written above.



Scott Jacobs, Buyer



Traci Jacobs, Buyer



Miriam Jacobs, Buyer

Frank J. Reed, III, Seller

Christina A. Reed, Seller

Exhibit 2

This appraisal has been performed for Commerce Bank in connection with a loan request made by you. Commerce Bank makes no representations regarding the accuracy of the information contained in the appraisal and assumes no liability in connection with this appraisal.



COMPLETE APPRAISAL SUMMARY REPORT

LOCATED AT:
817 Matack Drive
Block 3803 Lot 2
Moorestown, NJ 08057

FOR:
Commerce Bank
2059 Springdale Road
Cherry Hill, NJ 08003

AS OF:
1/21/2008

An Administrative Compliance Review has been completed on this report.
This report has been deemed acceptable by Commerce Bank.

(Reviewed by)

(Date)

BY:
Peter R. McCaffrey
Robert M. Sapio Real Estate Appraisal & Consulting, LLC

EXHIBIT

2

File No. 08011502

Robert M. Sapio
Real Estate Appraisal & Consulting, LLC
314 Cherry Avenue
Voorhees, NJ 08043

Telephone No.: (856) 429-2789
Fax No.: (856) 795-2297

January 25, 2008

Joseph Graves
Commerce Bank
2059 Springdale Road
Cherry Hill, NJ 08003

RE: Reed
817 Matlack Drive
Moorestown, NJ

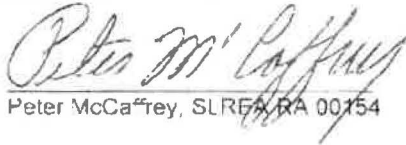
Dear Mr. Graves:

In accordance with your request, enclosed is one copy of the appraisal report of the captioned property. The purpose of the appraisal was to estimate market value of the captioned property, as improved, in unencumbered fee simple title, subject to the Assumptions and Limiting Conditions contained in the URAR form 439, the Certification and this report.

This report is prepared in compliance with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

This is a complete appraisal in a summary report.

Respectfully submitted,


Peter McCaffrey, SLREA RA 00154

Uniform Residential Appraisal Report

File # 08011502

The purpose of this summary appraisal report is to provide the lender/client with an accurate and adequately supported opinion of the market value of the subject property.											
Property Address 817 Matlack Drive			City Moorestown			State NJ		Zip Code 08057			
Borrower Reed 3rd, Frank & Christina			Owner of Public Record Reed 3rd, Frank & Christina			County Burlington					
Legal Description Block 3803 Lot 2			Assessor's Parcel # 03803-00002			Tax Year 2007		R E Taxes \$ 30,748			
Neighborhood Name N/A			Map Reference			Census Tract 7005.051					
SUBJECT	Occupant <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant			Special Assessments \$			<input type="checkbox"/> PUD <input type="checkbox"/> HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month				
	Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)										
CONTRACT	Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input checked="" type="checkbox"/> Other (describe) Market Value										
	Lender/Client Commerce Bank			Address 2059 Springdale Road, Cherry Hill, NJ 08003							
NEIGHBORHOOD	Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No										
	Report data source(s) used, offering price(s), and date(s): The subject is currently under contract for \$2,040,000. Listed with Edgar & Son, LLC, Louise Carter-agent, (856) 235-0101.										
SITE	I <input type="checkbox"/> did <input checked="" type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. Contract not provided to appraiser.										
	Contract Price \$ Date of Contract: Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)										
IMPROVEMENTS	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No										
	If yes, report the total dollar amount and describe the items to be paid. N/A										
Note: Race and the racial composition of the neighborhood are not appraisal factors.											
NEIGHBORHOOD	Neighborhood Characteristics			One-Unit Housing Trends			One-Unit Housing		Present Land Use %		
	Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural			Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining			PRICE AGE		One-Unit 98 %		
NEIGHBORHOOD	Built-Up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%			Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply			\$ (000) (yrs)		2-4 Unit %		
	Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow			Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths			900 Low New		Multi-Family %		
NEIGHBORHOOD	Neighborhood Boundaries are Main Street East, Westfield Road north, Cinnaminson Township west and Lenola Road south.			2,900 High 90			Commercial 2 %		Other %		
	Neighborhood Description The subject is located in a prestigious residential neighborhood of executive style single family detached dwellings. Schools, parks and recreational facilities are scattered around the Township. Employment and shopping centers are located along State Highway Routes 38, 73 and 130.										
SITE	Market Conditions (including support for the above conclusions) Property values appear stable. Demand and supply are in balance. Marketing times for similar properties average 3-6 months. Most sales are conventional financing with some FHA. Conventional mortgages available at prevailing rates and discounts. No adverse effect on Market Value.										
	Dimensions 270 x 185 x 111.42 x 156.41			Area 26,572 Sq. Ft.			Shape Irregular		View Good		
SITE	Specific Zoning Classification R1A			Zoning Description Residential							
	Zoning Compliance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)										
SITE	Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe										
	Utilities Public Other (describe)			Public Other (describe)			Off-site Improvements - Type		Public Private		
SITE	Electricity <input checked="" type="checkbox"/> Gas <input checked="" type="checkbox"/>			Water <input checked="" type="checkbox"/> Sanitary Sewer <input checked="" type="checkbox"/>			Street Asphalt		<input checked="" type="checkbox"/> Alley <input type="checkbox"/>		
	FEMA Special Flood Hazard Area Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			FEMA Flood Zone C			FEMA Map # 340105 0005B		FEMA Map Date 9/4/1991		
SITE	Are the utilities and off-site improvements typical for the market area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe										
	Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, and uses, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe										
SITE	There are no known adverse easements or encroachments. Highest and best use is continued residential. Zoning conformance is a legal matter and an attorney's opinion should be sought to confirm the foregoing conclusion.										
IMPROVEMENTS	General Description			Foundation			Exterior Description		materials/condition		
	Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit			Concrete Slab <input type="checkbox"/> Crawl Space <input type="checkbox"/>			Foundation Walls		Poured Concrete/Gd.		
IMPROVEMENTS	# of Stories 2.5			Full Basement <input type="checkbox"/> Partial Basement <input type="checkbox"/>			Exterior Walls		Stucco/Wood/Good		
	Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit			Basement Area 1,820 sq. ft.			Roof Surface		Fiberglass/Good		
IMPROVEMENTS	<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.			Basement Finish 60 %			Gutters & Downspouts		Aluminum/Good		
	Design (Style) 2 1/2st. Colonial			Outside Entry/Exit <input type="checkbox"/> Sump Pump <input type="checkbox"/>			Window Type		Anderson/Good		
IMPROVEMENTS	Year Built 2006			Evidence of Infestation <input type="checkbox"/> Dampness <input type="checkbox"/> Settlement <input type="checkbox"/>			Storm Sash/Insulated		Yes/Good		
	Effective Age (Yrs) 1			Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant <input type="checkbox"/>			Screens		Yes/Good		
IMPROVEMENTS	A/C <input type="checkbox"/> None <input type="checkbox"/> Drip Stair <input type="checkbox"/> Stairs <input type="checkbox"/>			Cooling <input checked="" type="checkbox"/> Central Air Conditioning <input type="checkbox"/> Individual <input type="checkbox"/> Other <input type="checkbox"/>			Amenities		Woodstove(s) #		
	Floor <input type="checkbox"/> Finished <input type="checkbox"/> Heated <input type="checkbox"/>			Other <input type="checkbox"/>			Fireplace(s) # 3		Fence		
IMPROVEMENTS	Appliances <input checked="" type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input checked="" type="checkbox"/> Disposal <input checked="" type="checkbox"/> Microwave <input checked="" type="checkbox"/> Washer/Dryer <input checked="" type="checkbox"/> Other (describe)										
	Finished area above grade contains: 14 Rooms			7 Bedrooms			7.5 Bath(s)		6,555 Square Feet of Gross Living Area Above Grade		
IMPROVEMENTS	Additional features (special energy efficient items, etc.) Three zone heat and air, basement finished with full bath, bedroom and game room. Three fireplaces and upgrades throughout the dwelling.										
	Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.) The subject is in very good condition with no apparent needed repairs. The subject is under two years old and was built by Maines, one of South Jersey's premier builders.										
IMPROVEMENTS	Are there any physical deficiencies or adverse conditions that affect the usability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe										
	There are no physical deficiencies or adverse conditions.										
IMPROVEMENTS	Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe										

Uniform Residential Appraisal Report

File # 08011502

There are 9 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 1,539,000 to \$ 2,150,000	
There are 4 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 1,850,000 to \$ 2,900,000	
FEATURE	SUBJECT
Address	817 Matlack Drive Moorestown, NJ 08057
Proximity to Subject	same street
Sale Price	\$ 1,850,000
Sale Price/Gross Liv. Area	\$ 327.84 sq.ft.
Data Source(s)	MLS
Verification Source(s)	Broker
VALUE ADJUSTMENTS	DESCRIPTION
Sales or Financing Concessions	None
Date of Sale/Time	8/20/2007
Location	Good
Leasehold/Fee Simple	Fee Simple
Site	61 acres
View	Good
Design (Style)	2 1/2st Colonial
Quality of Construction	Good
Actual Age	1
Condition	Good
Above Grade	Total Bdrms. Baths
Room Count	14 7 7.5 11 5 4.5
Gross Living Area	6,555 sq.ft. 5,643 sq.ft.
Basement & Finished Rooms Below Grade	Full, Bath GameRm, Bed
Functional Utility	Good
Heating/Cooling	FHA/Central
Energy Efficient Items	3 zone heat/air
Garage/Carport	3 car
Porch/Patio/Deck	Porch
Net Adjustment (Total)	\$ 131,100
Adjusted Sale Price of Comparables	\$ 1,981,100
<input checked="" type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain:	
My research <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.	
Data Source(s) Public Records	
My research <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.	
Data Source(s) Public Records	
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).	
ITEM	SUBJECT
Date of Prior Sale/Transfer	5/31/2006
Price of Prior Sale/Transfer	1,574,619
Data Source(s)	Public Records
Effective Date of Data Source(s)	1/21/2008
Analysis of prior sale or transfer history of the subject property and comparable sales: The subject was purchased on 5/31/2006 as new construction. The subject is currently listed for sale with Edgar & Sons, LLC-Moorestown. The listing agent is Louise Carter. The listing is for \$2,296,000 and is currently under agreement for \$2,040,000.	
Summary of Sales Comparison Approach See attached addendum	
Indicated Value by Sales Comparison Approach \$ 2,040,000	
Indicated Value by: Sales Comparison Approach \$ 2,040,000 Cost Approach (if developed) \$ 1,946,169 Income Approach (if developed) \$ N/A	
All weight is placed on the Sales Comparison Approach to value.	
This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 2,040,000 as of 1/21/2008 which is the date of inspection and the effective date of this appraisal.	

Uniform Residential Appraisal Report

File # 08011502

ADDITIONAL COMMENTS

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.
Support for the opinion of site value (summary of comparable and sales or other methods for estimating site value)

COST APPROACH

ESTIMATED	REPRODUCTION OR	REPLACEMENT COST NEW	OPINION OF SITE VALUE	= \$	500,000
Source of cost data			DWELLING 6,555 Sq. Ft. @ \$ 190.00	= \$	1,245,450
Quality rating from cost service	Effective date of cost data		Basement 1,820 Sq. Ft. @ \$ 80.00	= \$	145,600
Comments on Cost Approach (gross living area calculations, depreciation, etc.)			3 F/P	= \$	18,500
The Reproduction Cost was derived from the Marshall and Swift Evaluation Service and cost data contained in the appraisers files.			Garage/Carport 888 Sq. Ft. @ \$ 40.00	= \$	35,520
			Total Estimate of Cost-New	= \$	1,445,070
			Less: Physical Functional External		
			Depreciation 28,901	= \$	(28,901)
			Depreciated Cost of Improvements	= \$	1,416,169
			'As-is' Value of Site Improvements	= \$	30,000
Estimated Remaining Economic Life (HUD and VA only)	Years		INDICATED VALUE BY COST APPROACH	= \$	1,946,169

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ X Gross Rent Multiplier = \$ Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)

INCOME

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached
Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? Yes No If Yes, date of conversion.

Does the project contain any multi-dwelling units? Yes No Data Source

Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities

PUD INFORMATION

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

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21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature *Robert M. Sapio*
 Name Robert M. Sapio
 Company Name Robert M. Sapio Real Estate Appraisals
 Company Address 314 Cherry Avenue, Voorhees, NJ 08043

Telephone Number (856) 429-2789
 Email Address rms@rmsapio.com
 Date of Signature and Report January 30, 2008
 Effective Date of Appraisal 1/21/2008
 State Certification # _____
 or State License # 42RA00015400
 or Other (describe) _____ State # _____
 State NJ
 Expiration Date of Certification or License 12/31/2009

ADDRESS OF PROPERTY APPRAISED
817 Matlack Drive
Moorestown, NJ 08057
 APPRAISED VALUE OF SUBJECT PROPERTY \$ 2,340,000
 LENDER/CLIENT

Name Joseph Graves
 Company Name Commerce Bank
 Company Address 2059 Springdale Road, Cherry Hill, NJ 08003
 Email Address joseph.graves@yesbank.com

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- ☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
 Date of Inspection _____
☐ Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- ☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
 Date of Inspection _____

General Text Addendum

File No 08011502

Borrower	Reed 3rd, Frank & Christina		
Property Address	817 Matlack Drive		
City	Moorestown	County	Burlington
State	NJ	Zip Code	08057
Lender	Commerce Bank		

SCOPE

This is the extent of the process of collecting, confirming and reporting market data.

The primary source of the market data used in this report was the Multiple Listing Service in the subject County. Also, where necessary, market data from the appraiser's files and public records were utilized.

INCOME APPROACH

The Income Approach was not developed due to the lack of rental data in the local market which precludes developing a market rental estimate for the subject. Nearly all dwellings, locally, are owner occupied. This situation also causes a dearth of sold rental properties making it virtually impossible to derive a gross rent multiplier.

ZONING

A representative of the zoning office indicates the subject property building lot is legal, conforming and the existing improvements can be rebuilt if destroyed or are found to be uninhabitable.

Zoning conformance is a legal matter, we suggest an attorney's opinion be sought to confirm the appraiser's conclusion.

MORE THAN SIX MONTHS

In order to present the most similar sales, it is necessary to select sale 3, which is more than six months old, due to the low sale turnover in the subject neighborhood.

Stmt8-062701

Statement of Limiting Conditions :

USE, COPIES, PUBLICATION, DISTRIBUTION OF THIS REPORT:

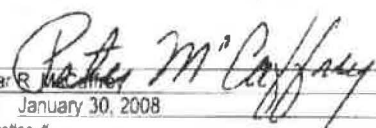
This appraisal report is prepared for the sole and exclusive use of Commerce Bank, N.A., to assist in determining the collateral values for mortgage financing. It is not to be relied upon by third parties for any purpose, whatsoever.

The report may not be used for any purpose by any person or party other than the client or the party to whom it is addressed or copied without the written consent of an officer of the appraisal firm (Robert M. Sapio, Real Estate Appraisal & Consulting, LLC) and then only in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations efforts, news, sales, other media, without the written consent and approval of an officer of the Sapio firm, nor may any reference be made in such a public communication to the Appraisal Institute or the MAI or SRA designations.

This supersedes No. 10 on page 1 of the Statement of Limiting Conditions.

Signature 
Name Peter R. Sapio
Date Signed January 30, 2008
State Certification # _____ State _____
Or State License # 42RA00015400 State NJ

Signature _____
Name _____
Date Signed _____
State Certification # _____ State _____
Or State License # _____ State _____

General Text Addendum

File No. 08011502

Borrower	Reed 3rd, Frank & Christina		
Property Address	817 Matlack Drive		
City	Moorestown	County Burlington	State NJ Zip Code 08057
Lender	Commerce Bank		

Sales Comparison Approach

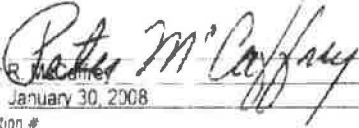
Sale No. 1 is 804 Matlack Drive in Moorestown. The sale is similar to the subject located within the subject's development. The sale is built by the same developer, Roger Maines, as the subject. The sale is a two and a half story colonial dwelling with similar construction to the subject. The subject has superior room count, bedroom count and bathroom count and an upward \$50,000 adjustment was made for those items. The sale has a full finished basement with a full bath. Sale has three-zone heat, three-car garage and a patio in the rear. The sale is in very good condition similar to the subject. The sale has a total of 5,643 square feet of gross living area.

Sale No. 2 is 807 Riverton Road in Moorestown. The sale is a two story French colonial style dwelling located within the several blocks of the subject. The sale is located on a rear flag lot and has 2.10 acres. This sale has ten rooms, five bedrooms and five and one half baths for a total gross living area of 5,534 square feet. The sale has a full finished basement with a full bath, three-zone heat and a deck and patio in the rear. The sale is in very good condition.

Sale No. 3 is 301 East Oak Avenue in Moorestown. This sale is located in a downtown section of Moorestown Township. This sale is smaller in overall building size with a total of eleven rooms, five bedrooms and five and one half baths for a total of 5,010 square feet of gross living area. The sale has a full finished basement with a powder room. The sale has superior construction to the subject with a slate roof, stone siding and copper gutters and downspouts. The sale is superior with an inground pool and a fence. The sale is in good condition with an effective age of eight to ten years.

Sale No. 3 settled on August 17, 2006 and a 4% downward time adjustment was necessary.

After adjustments the sales indicated a value range of \$1,981,100 to \$2,177,300. All three sales have occurred between August 2006 and August 2007. It is my opinion, the sales indicate a value of \$2,040,000 to the subject.

Signature 
Name Peter R. Madhry
Date Signed January 30, 2008
State Certification # _____ State _____
Or State License # 42RA00015400 State NJ

Signature _____
Name _____
Date Signed _____
State Certification # _____ State _____
Or State License # _____ State _____

Pg 13 of 27
Subject Photo Page

Borrower	Reed 3rd, Frank & Christina		
Property Address	817 Matlack Drive		
City	Moorestown	County	Burlington
State	NJ	Zip Code	08057
Lender	Commerce Bank		



Subject Front

817 Matlack Drive
Sales Price
GLA 6.555
Total Rooms 14
Total Bedrms 7
Total Bathrms 7.5.5
Location Good
View Good
Site .61 acres
Quality Good
Age 1



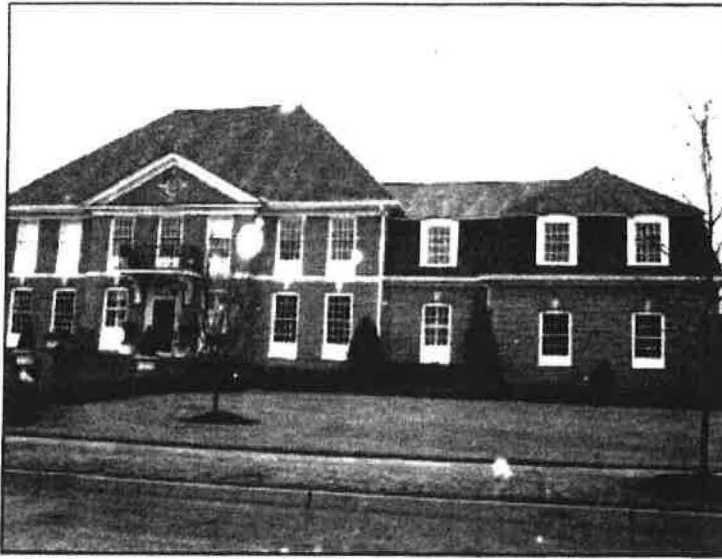
Subject Rear



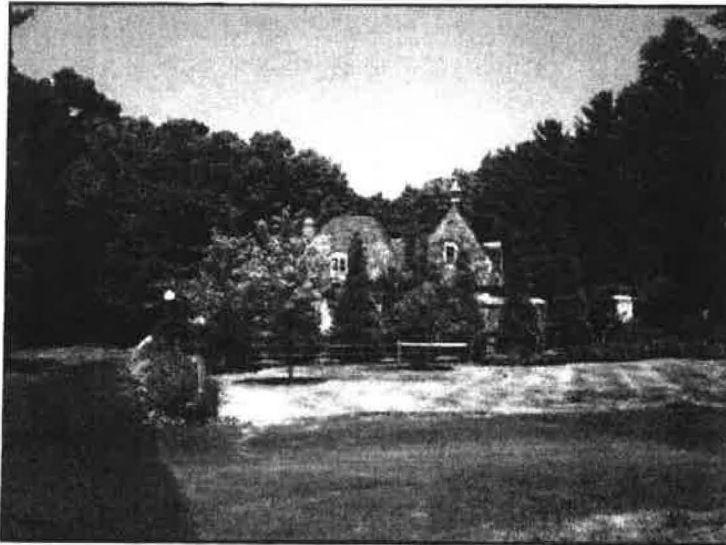
Subject Street

Pg 14 of 27
Comparable Photo Page

Borrower	Reed 3rd, Frank & Christina				
Property Address	817 Matlack Drive				
City	Moorestown	County	Burlington	State	NJ
Zip Code	08057				
Lender	Commerce Bank				

**Comparable 1**

804 Matlack Drive
 Proximity same street
 Sale Price 1,850,000
 GLA 5,643
 Total Rooms 11
 Total Bedrms 5
 Total Bathrms 4.5
 Location Good
 View Good
 Site .69 acres
 Quality Good
 Age 1

**Comparable 2**

807 Riverton Road
 Proximity 1/4 mile
 Sale Price 1,900,000
 GLA 5,534
 Total Rooms 10
 Total Bedrms 5
 Total Bathrms 5.5
 Location Good
 View Good
 Site 2.10 acres
 Quality Good
 Age 10 eff. 2

**Comparable 3**

301 E. Oak Avenue
 Proximity 1 mile
 Sale Price 2,150,000
 GLA 5,010
 Total Rooms 11
 Total Bedrms 5
 Total Bathrms 5.5
 Location Good
 View Good
 Site .96 acres
 Quality Superior
 Age 86 eff. 10

File No. 08011502

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A MULTI-COLORED
BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

**State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs**

THIS STATEMENT THAT THE
Real Estate Appraisers Board

HAS LICENSED

PETER R. MCCAFFREY
117 OAKMONT RD
MOUNT LAUREL NJ 08054-2310

FOR PRACTICE IN NEW JERSEY AS A(N) Licensed Residential Appraiser

11/17/2005 TO 12/31/2007

VALID

42RA00015400

LICENSEE'S BOARD REGISTRATION #

Peter R. McCaffrey
Signature of Peter R. McCaffrey

Kimberly S. Roberts
Signature of Kimberly S. Roberts

Borrower	Reed 3rd, Frank & Christina		
Property Address	817 Mattack Drive		
City	Moorestown	County	Burlington
Lender	Commerce Bank	State	NJ
		Zip Code	08057

NATIONAL FLOOD INSURANCE PROGRAM

FIRM

FLOOD INSURANCE RATE MAP

TOWNSHIP OF
MOORESTOWN,
NEW JERSEY
BURLINGTON COUNTY

PANEL 5 OF 10

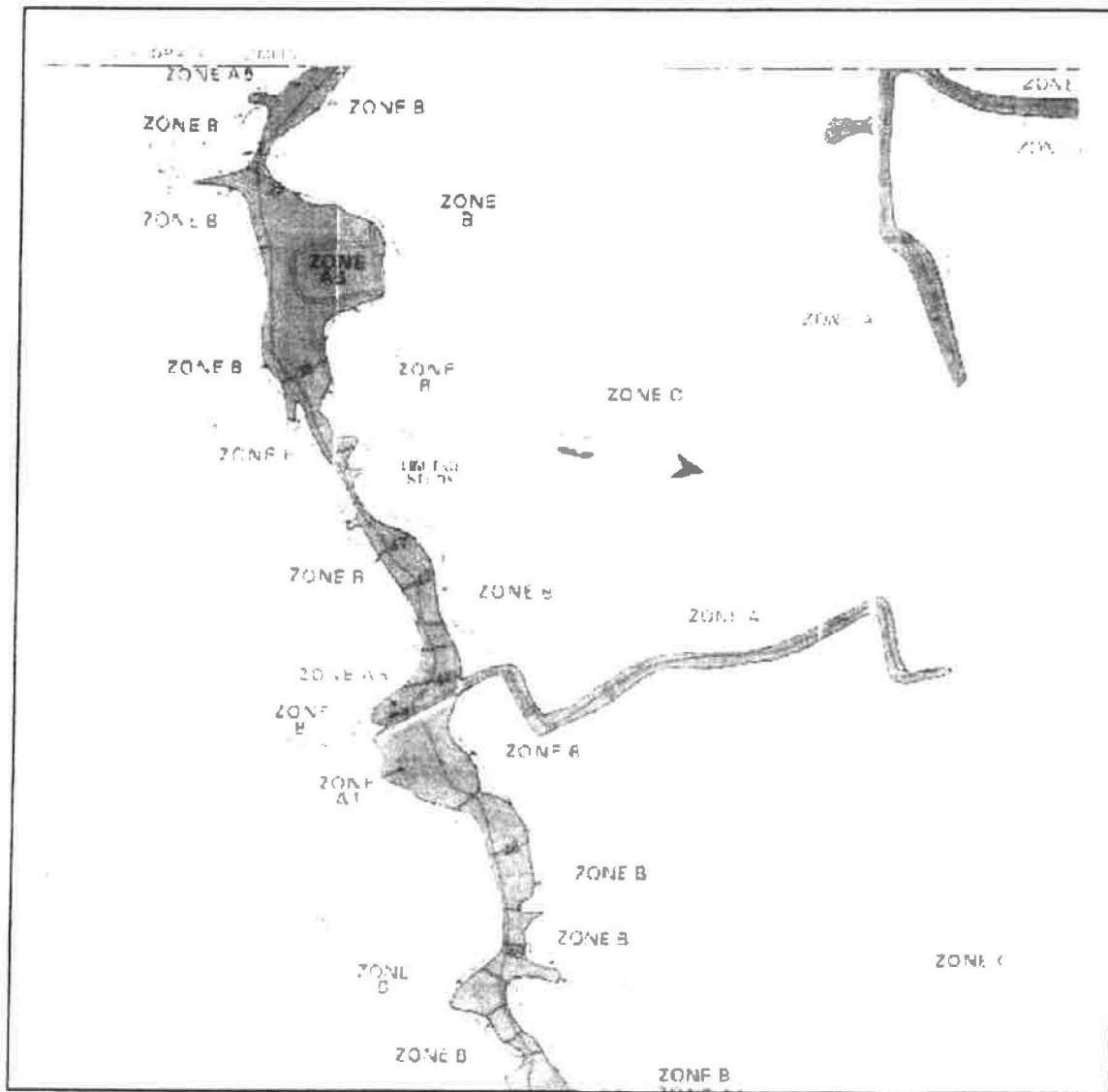
COMMUNITY-PANEL NUMBER
340105 0005 B

MAP REVISED
SEPTEMBER 4 1997

Federal Emergency Management Agency

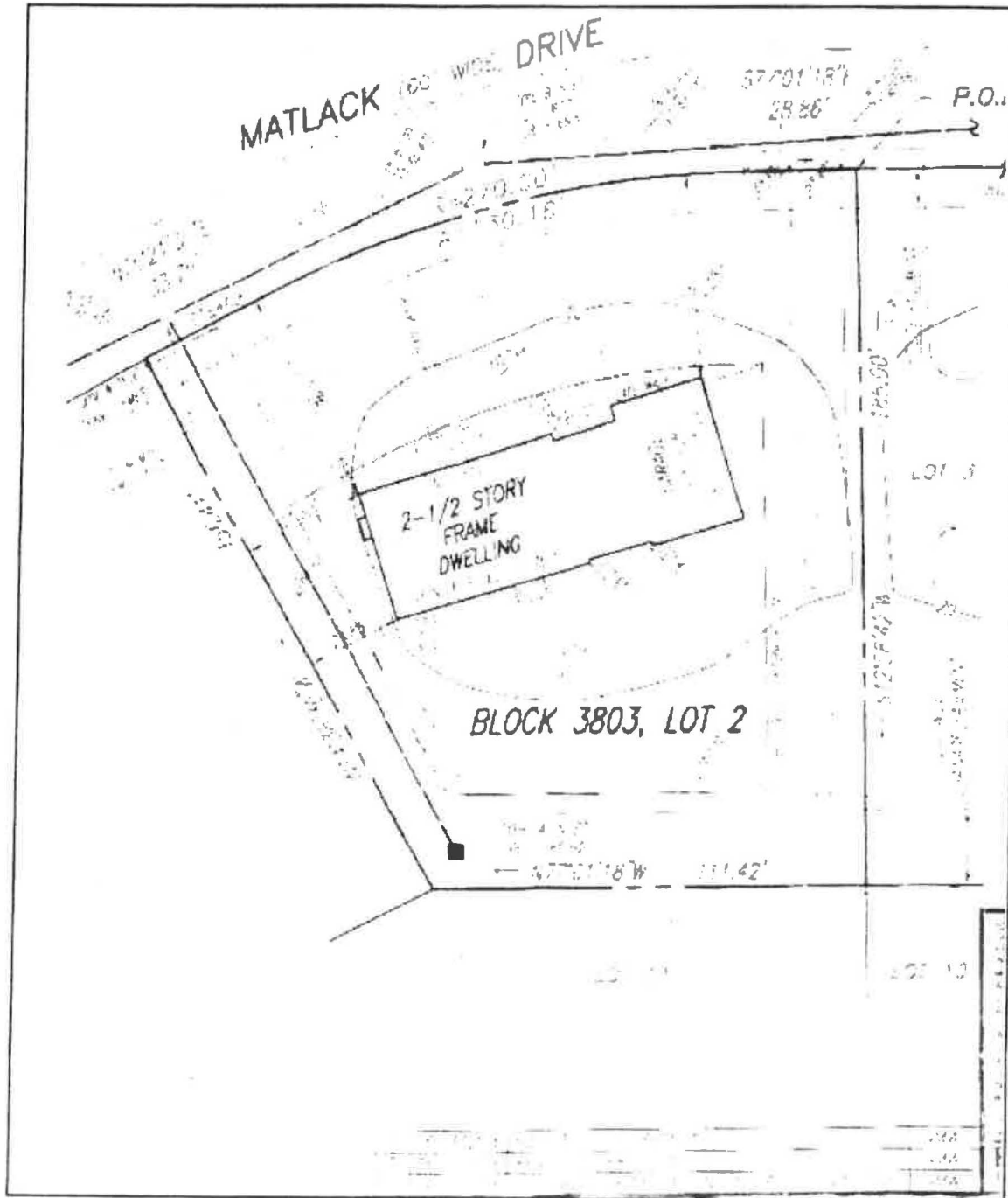
Flood Map

Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
City	Moorestown	County	Burlington	State NJ Zip Code 08057
Lender	Commerce Bank			

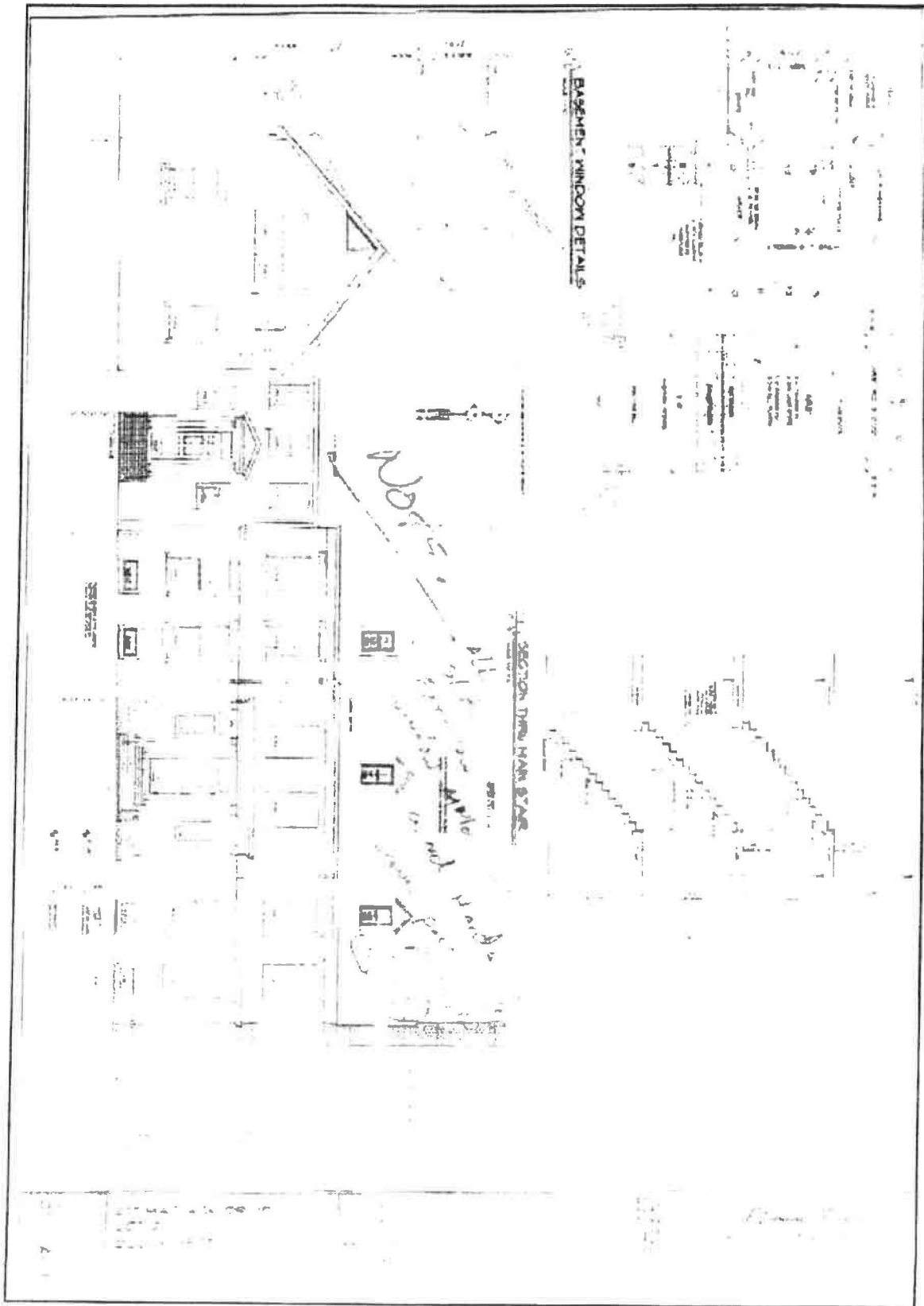


Survey

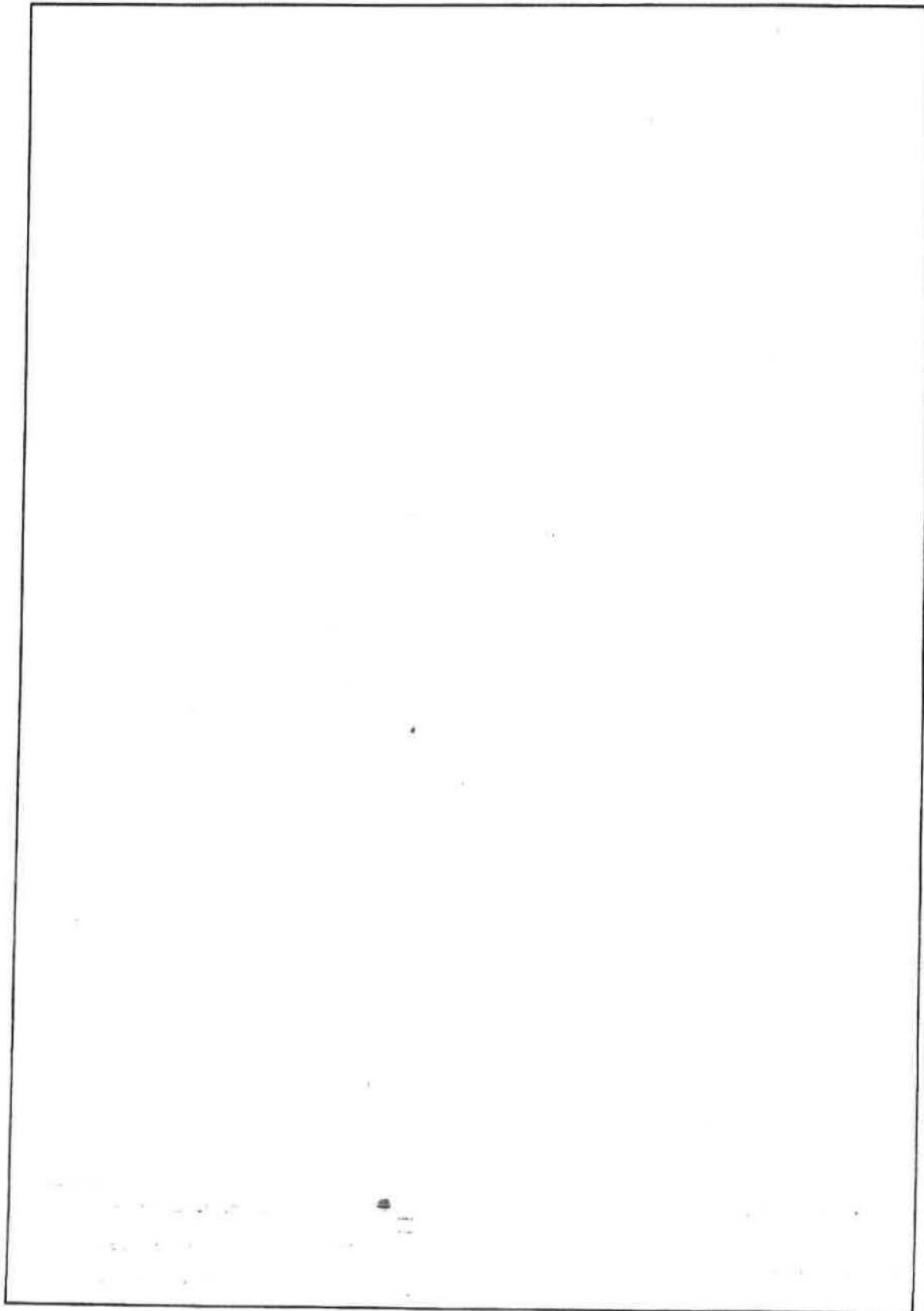
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Property Address	817 Matlack Drive		
City	Moorestown	County	Burlington
State	NJ	Zip Code	08057
Lender	Commerce Bank		



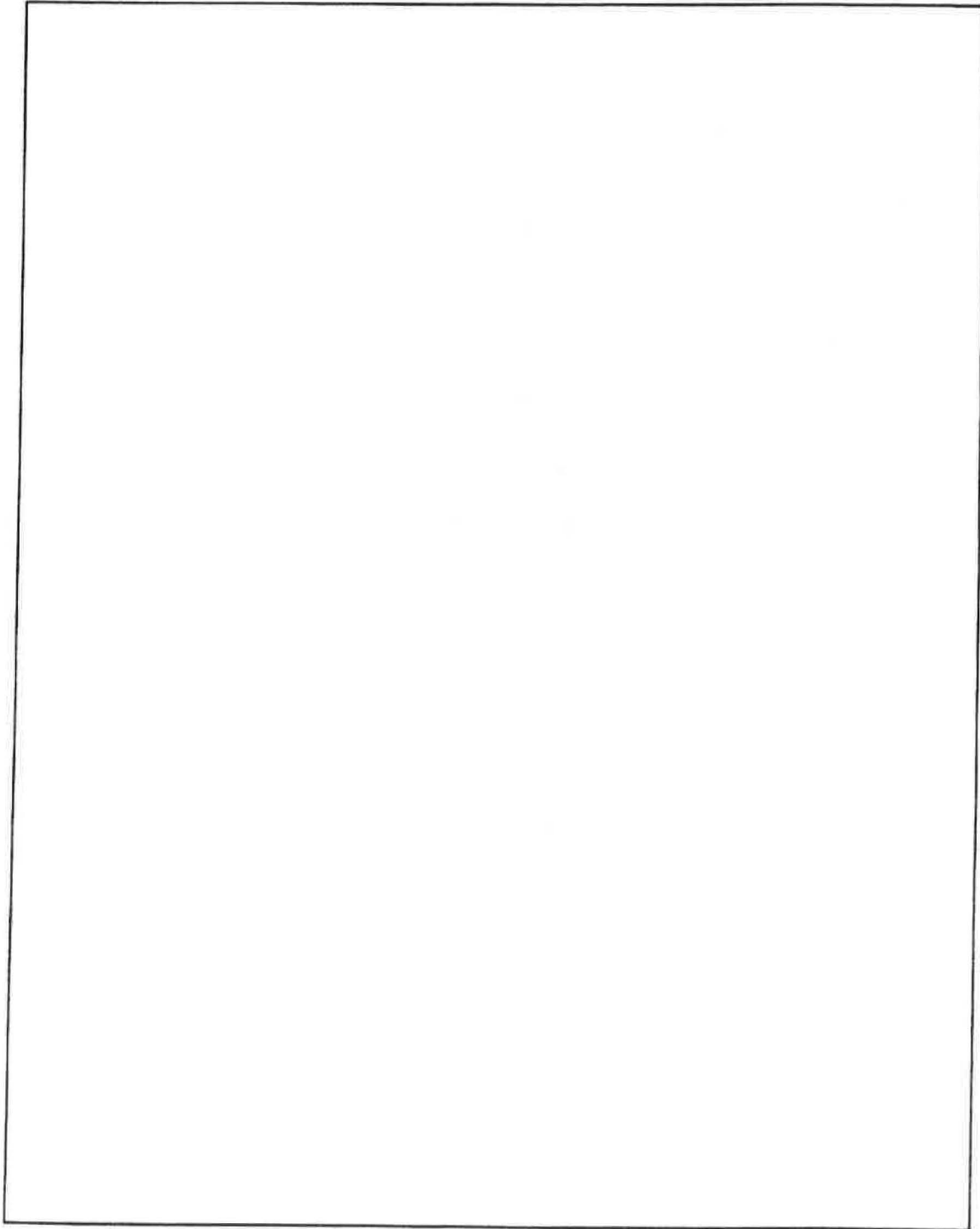
Borrower	Reed 3rd, Frank & Christina		
Property Address	817 Matlack Drive		
City	Moorestown	County	Burlington
State	NJ		Zip Code
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Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
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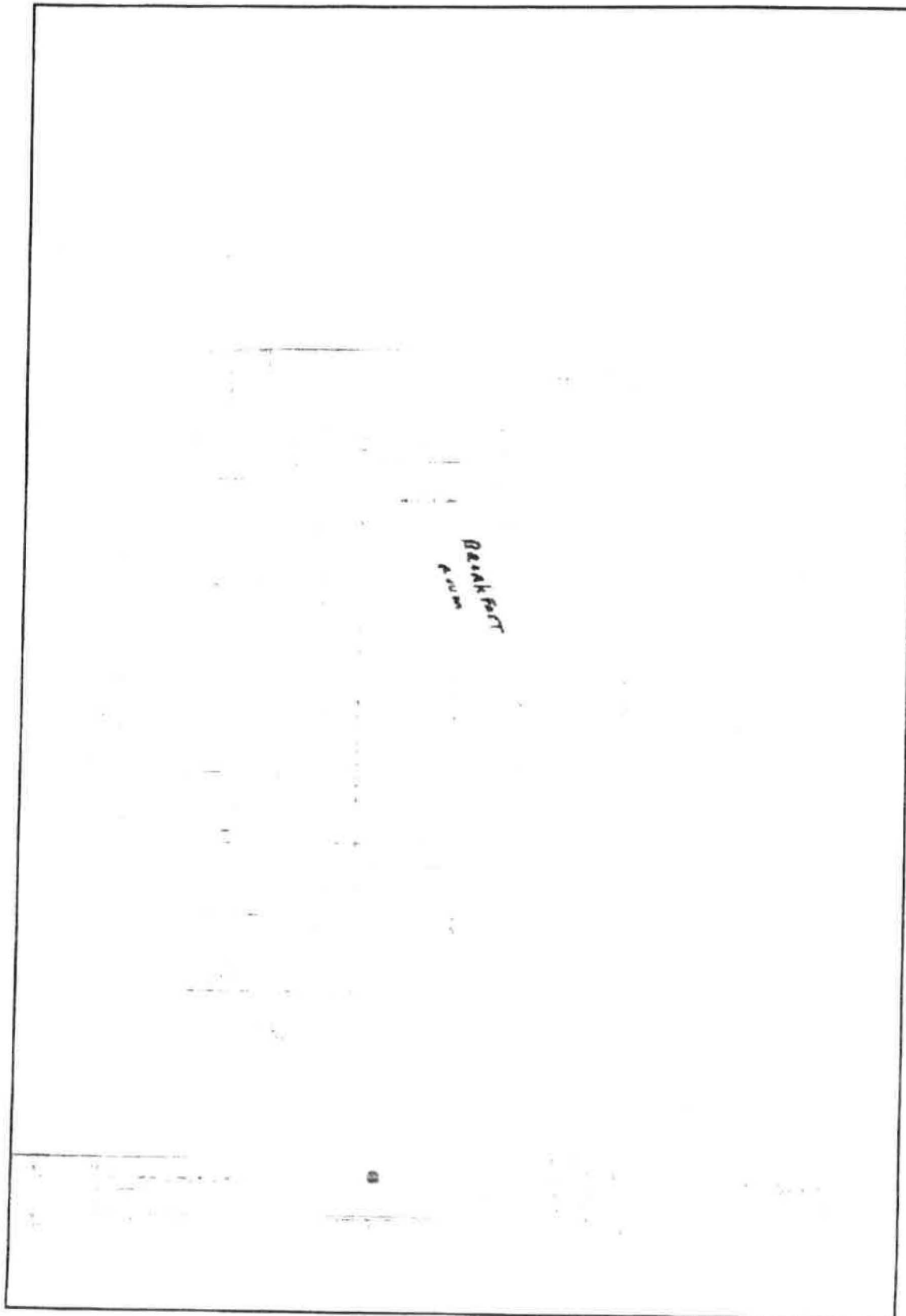


Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
City	Moorestown	County	Burlington	State NJ Zip Code 08057
Lender	Commerce Bank			

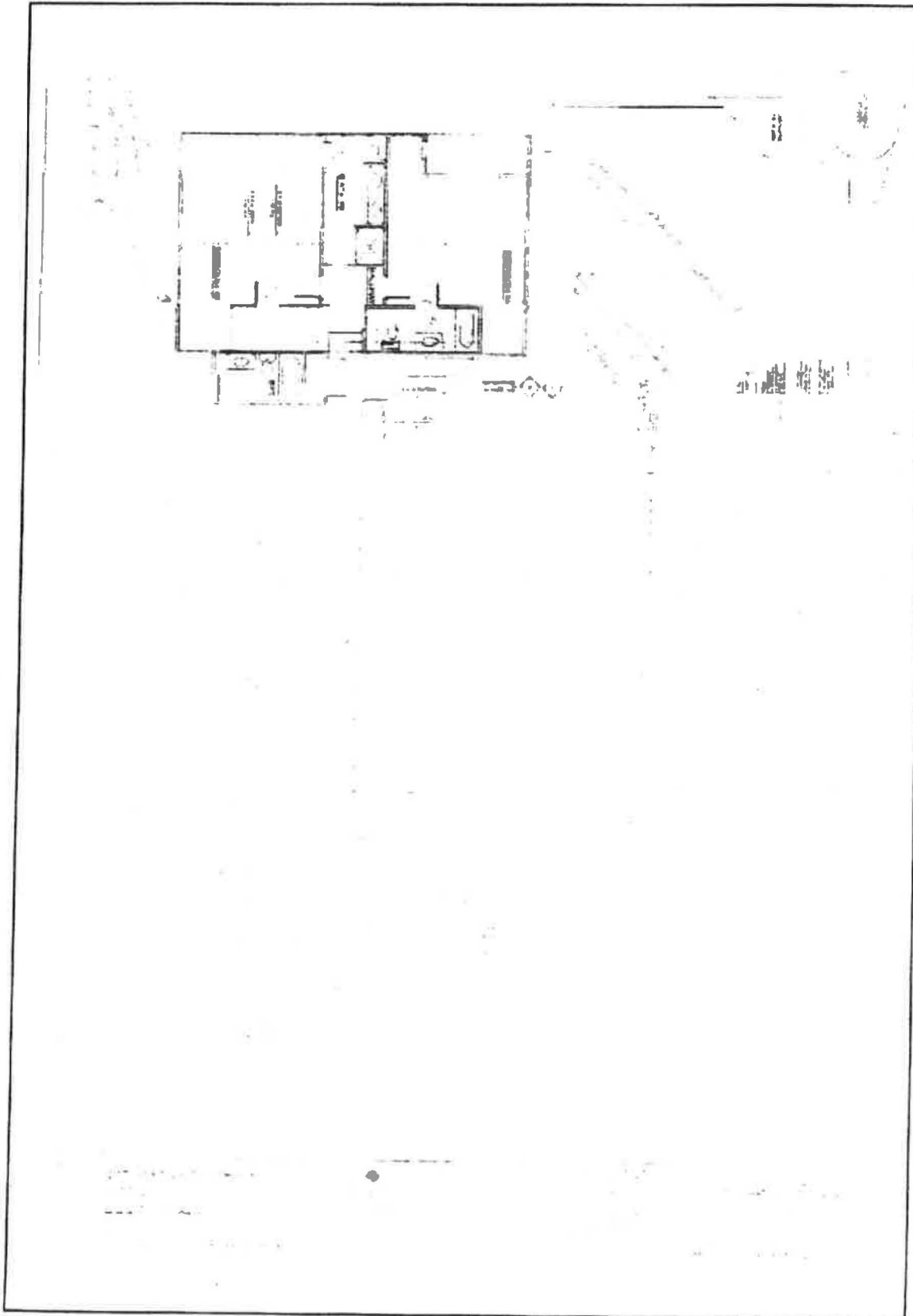


Pg 22 of 27
Floor Plan

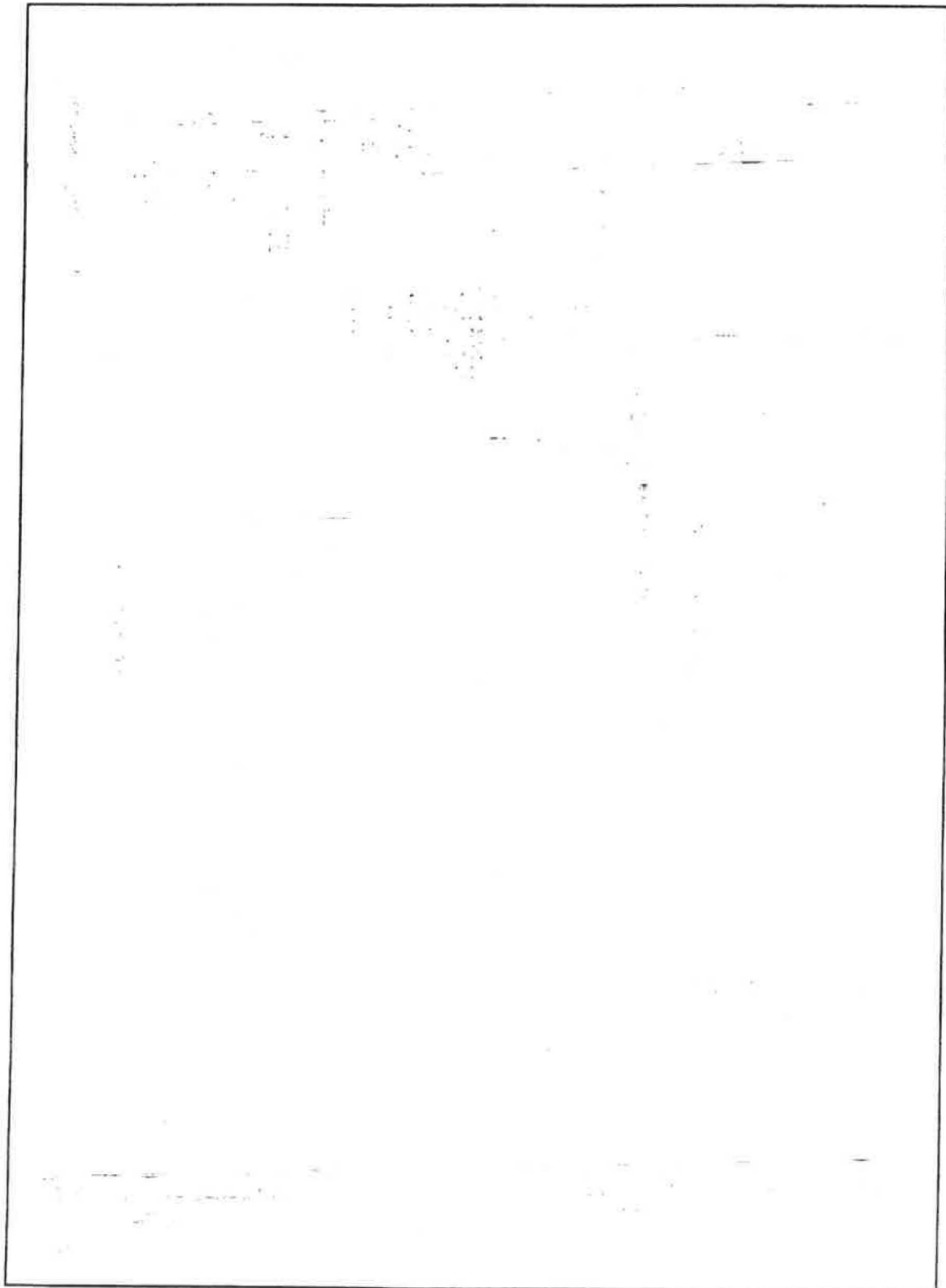
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Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
City	Moorestown	County	Burlington	State NJ Zip Code 08057
Lender	Commerce Bank			

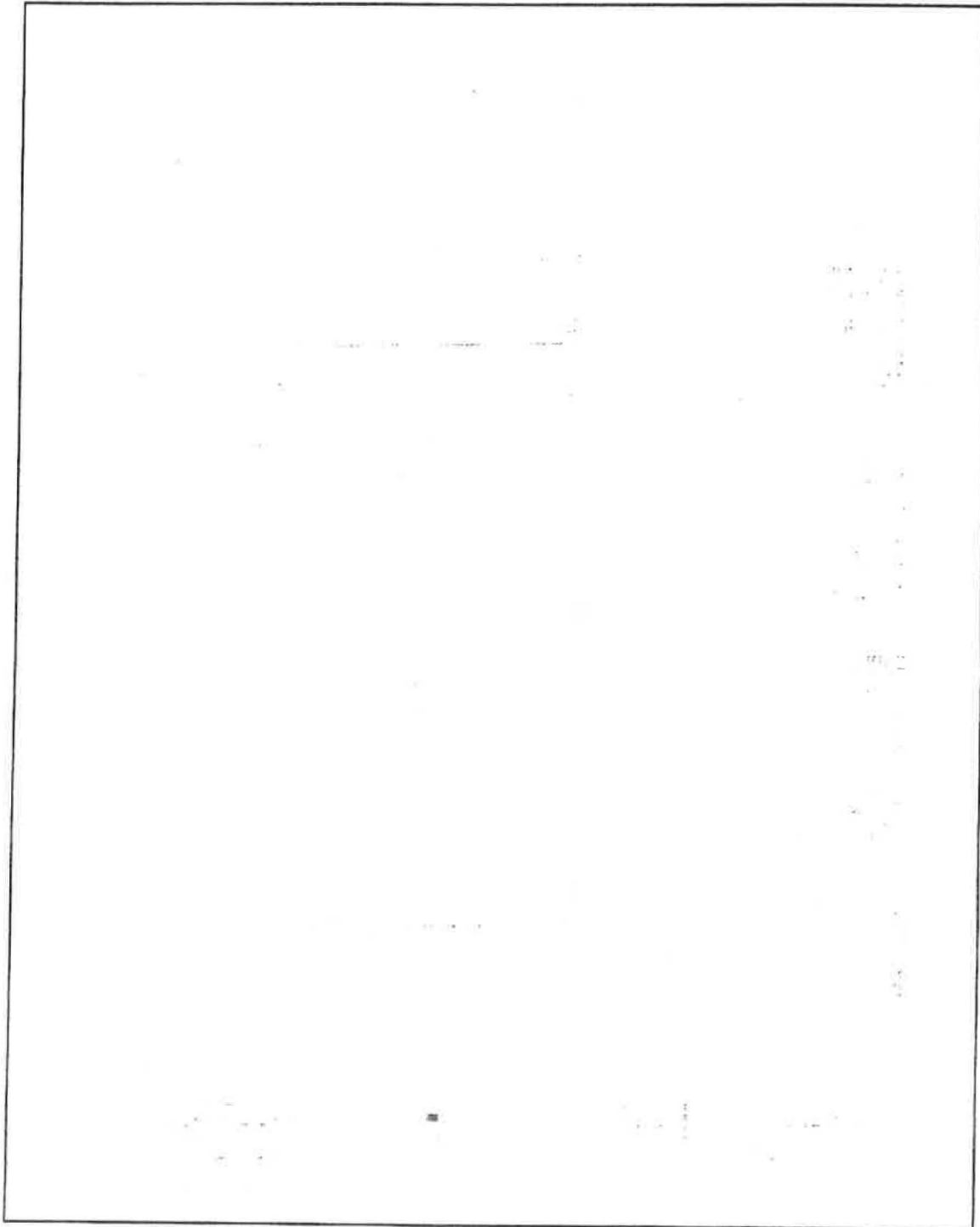


Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
City	Moorestown	County	Burlington	State NJ Zip Code 08057
Lender	Commerce Bank			



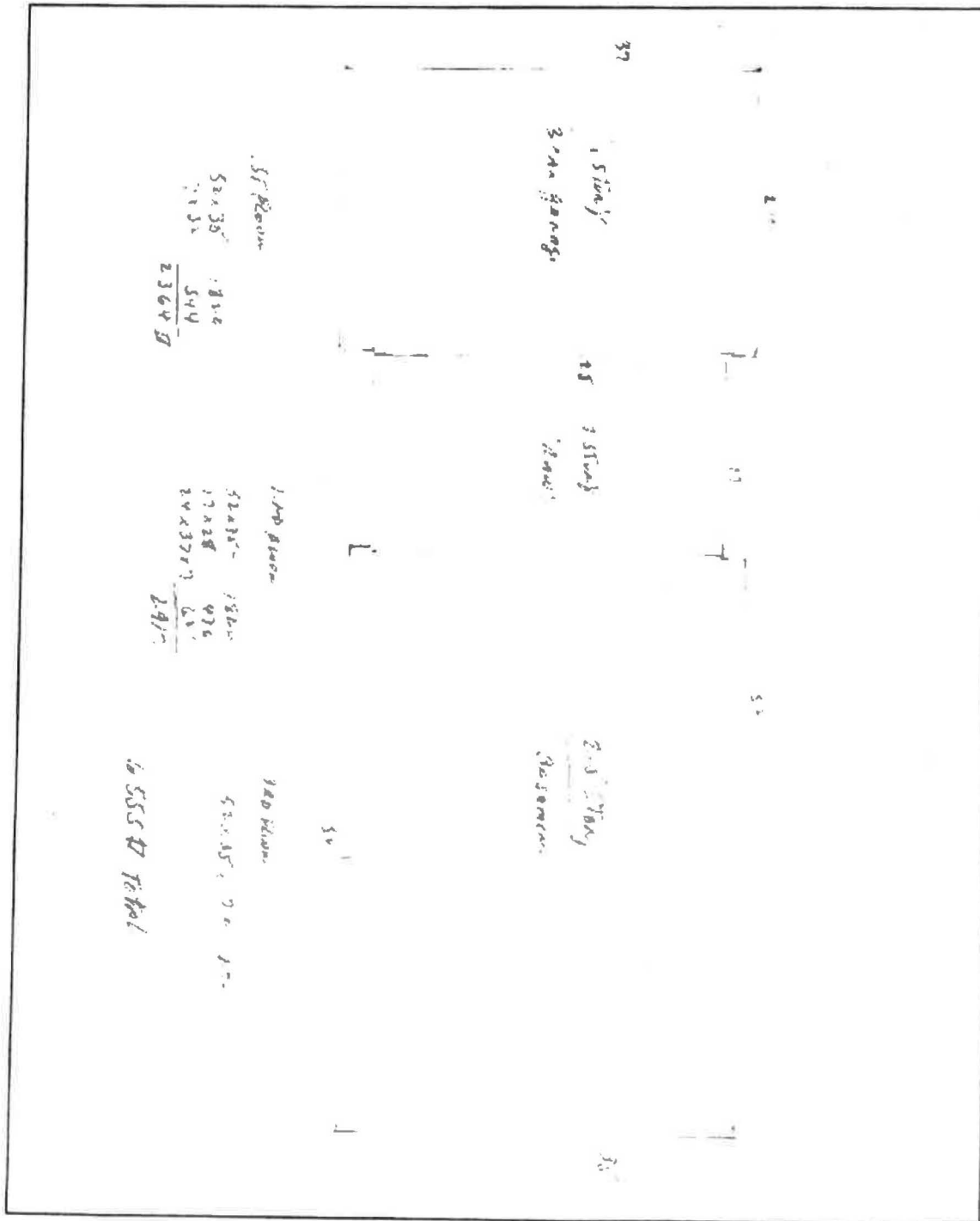
Pg 25 of 27
Floor Plan

Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
City	Moorestown	County	Burlington	State NJ Zip Code 08057
Lender	Commerce Bank			



Pg 26 of 27
Building Sketch

Borrower	Reed 3rd, Frank & Christina		
Property Address	817 Matlack Drive		
City	Moorestown	County	Burlington
State	NJ	Zip Code	08057
Lender	Commerce Bank		



Pg 27 of 27
Comparable Sales Map

Borrower	Reed 3rd, Frank & Christina			
Property Address	817 Matlack Drive			
City	Moorestown	County	Burlington	State NJ Zip Code 08057
Lender	Commerce Bank			

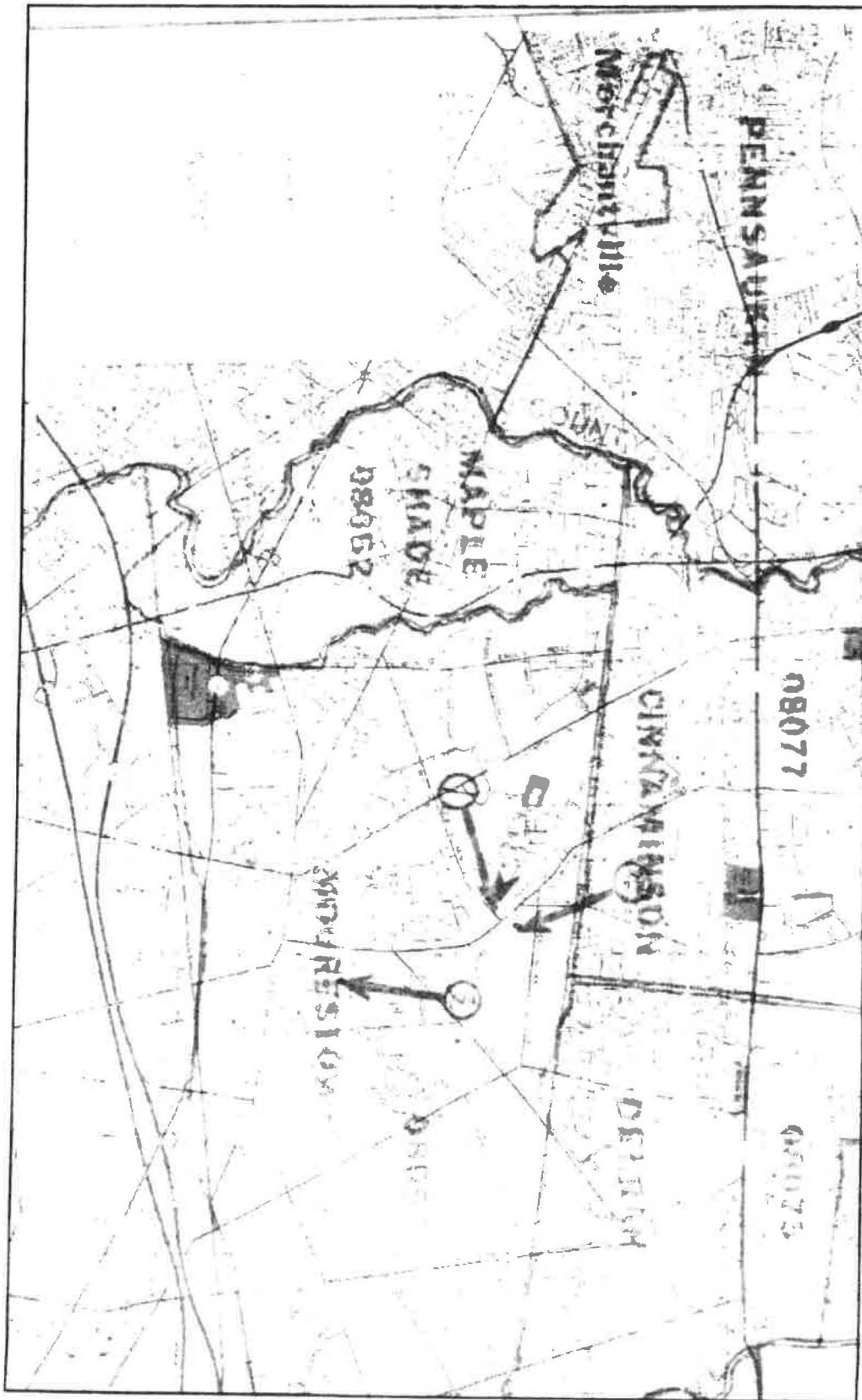


Exhibit 3



"Real SERVICE in Real Estate"

June 25, 2012

Re: Below Market Offer - Reed Home - 817 Matlack Drive Moorestown, NJ 08057

To Whom It May Concern:

I am Naoji Moriuchi. I am a Realtor for BT Edgar & Son in Moorestown, NJ.

On March 20, 2010 I submitted an offer to Frank Reed's listing agent, Louise Carter. This offer was an offer to purchase Mr. Reed's house at 817 Matlack Drive Moorestown, NJ 08057.


My client became interested in purchasing Mr. Reed's house after seeing his house listed for sale. However, upon investigating the house in preparation for making an offer, my client and I became aware via the County Court House and public records that GMAC had executed a lispendens on Mr. Reed's property at 817 Matlack Drive Moorestown, NJ indicating that it was in foreclosure litigation. This placed Mr. Reed's house in the category of a "distressed" property.

Therefore, based on the comparable properties and the fact that this was a "distressed" property and in consideration of the associated risks with a "distressed" property, my client submitted an offer below fair market value.

A copy of my profile, the offer and the lispendens is attached to assist in the matter.

If there are any questions please contact me.

Sincerely,


Naoji Moriuchi
Realtor Associate
BT Edgar & Son Realtors

Enclosed: Attachments



EXHIBIT

3

Naoki Moriuchi | B.T. Edgar and Son Realtors

http://www.edgarrealestate.com/naoki-moriuchi

Apple Yahoo! Google Maps YouTube Wikipedia News (214) Popular

AOL Mail (988) Naoki Moriuchi | B.T. Edgar and Son Realtors

B.T. EDGAR AND SON REALTORS

ABOUT PROPERTIES HOME SEARCH AGENTS COMMUNITIES CONTACT

Naoki Moriuchi



Naoki Moriuchi
B.T. Edgar and Son Realtors
Office: 208-201-6111
Fax: 208-222-8180

Naoki grew up in Kootenai, graduated from Kootenai Friends School and stayed on Kootenai's soccer and basketball teams.

As a Realtor associated with B.T. Edgar & Son Realtors, Naoki combines a deep understanding of real estate with technology and sophisticated marketing strategies to sell residential real estate, commercial properties and land in Kootenai and the surrounding areas.

Naoki's personal history:

- 1. Features in *WINE* magazine, *Open* and *MDTV* as a local real estate expert.
- 2. Top 5 sales agent in Blaine and Camden County since 2008.
- 3. 2008 and 2009 *Wine* Director of Excellence Award for sales volume & units sold.

In addition to these accolades, Naoki volunteers his time through local community organizations as a member of Kootenai's Greater Rotary, a member of various committees for Kootenai Friends School and as a volunteer firefighter. In the past, Naoki enjoyed his time as a coach for Kootenai's Lacrosse Club.

To learn more about Naoki and his views on Kootenai real estate trends and what his clients say about him, visit [his blog](#) or [his page](#).

If you're in the Kootenai, Blaine or Camden County area, please call at 208-201-6111 extension 211 for a FREE no obligation consultation regarding the value of your home.

About | Properties | Home Search | Agents | Communities | Contact

Design by Agent Image / Real Estate Website Design / Strategy

8:59 PM 6/18/2012



PROPOSAL TO PURCHASE

THIS IS A PRELIMINARY DOCUMENT. COMPLETE TERMS AND CONDITIONS OF THE TRANSACTION SHALL BE CONTINUED IN A MUTUALLY AGREEABLE CONTRACT FOR SALE BETWEEN THE PARTIES.

Frank & Gina Roccisano referred to as Buyer, authorize
Naoki Morinchi to present the following proposal to purchase property situated at:
817 Matlack Drive, Moorestown, NJ 08057
for the sum of \$ 1,300.00 ☐ Check
DEPOSIT MADE WITH THIS PROPOSAL \$ ☐ Money Order
which shall be applied on account of purchase price ☐ Cash
BUYER AGREES TO MAKE AN ADDITIONAL PAYMENT OF \$ 13,000
at time of signing of Contract for Sale.
BUYER AGREES TO PAY \$
Balance Due in cash, certified check, and/or mortgage's check at time of final settlement.
THE CONTRACT FOR SALE will be subject to Buyer obtaining a ☐ FHA ☐ VA ☒ Conventional ☐ Other Mortgage
in the amount of \$ 14,040.00
OR
☐ Assumption of existing mortgage at a rate of _____ % maturing in approximately _____ years with an approximate balance of \$ _____
THE PROJECTED SETTLEMENT DATE is to be on or before 30 days before 4:00 P.M. at the office of
Foundation Infinity Title or at the office of any reputable Title Company.

THIS PROPOSAL is made on the following Terms and Conditions:

- (1) **PERSONAL PROPERTY & FIXTURES.** The Property being transferred includes all fixtures permanently attached to the building(s), all shrubbery, plantings, and fencing. Also include: All appliances & light fixtures
Specifically excluded: _____
- (2) **POSSESSION & OCCUPANCY.** Possession and Occupancy will be given to the Buyer at (check one) ☒ time of settlement or ☐ other: _____
- (3) **INSPECTIONS.** The following inspections shall be ordered by the Buyer:
☒ Wood-Boring Insects Report ☐ Bacteriological and chemical analysis of the private well drinking water
☐ Examination of the on-site waste disposal system ☒ Other: Home Inspection
- (4) **SUFFICIENT ASSETS.** The Buyer represents that as of the signing of this Proposal, he/she has or will have as of the date of settlement, all necessary cash assets to complete settlement. However, Buyer further represents:
☒ the purchase of this property is NOT contingent upon the sale of any other real estate or personal property
☐ he/she will require the proceeds from the sale of property located at _____ in order to complete settlement.
- (5) **OTHER:** _____

BY SIGNING BELOW, the Buyer acknowledges they received the Consumer Information Statement on New Jersey Real Estate Relationships from the brokerage firm involved in this transaction prior to the first showing of the property.

B.T. Edgar & Son Realtors (name of firm) AND
Naoki Morinchi (name of licensee(s)),

AS ITS AUTHORIZED REPRESENTATIVE(S), ARE WORKING IN THIS TRANSACTION AS (choose one):

- ☐ SELLER'S AGENT(S) ☐ BUYER'S AGENT(S)
☒ DISCLOSED DUAL AGENT(S) ☐ TRANSACTION BROKER(S)

INFORMATION SUPPLIED BY _____ (name of listing firm) HAS INDICATED THAT IT IS OPERATING IN THIS TRANSACTION AS A (choose one):

- ☐ SELLER'S AGENT(S) ☐ BUYER'S AGENT(S)
☐ DISCLOSED DUAL AGENT(S) ☐ TRANSACTION BROKER(S)

THIS PROPOSAL shall be presented to the seller's agent and subject to approval by the seller. If this offer is not accepted by the Seller within 30 days, the offer shall be considered cancelled and deposit will be returned to the Buyer upon clearance of Buyer's funds with the Broker's banking institution.

Presenting Agency: B.T. Edgar & Son
Address: 27 E. Main Street
Moorestown, NJ 08057
Office Tel: 856-235-0101
Office FAX: 856-722-9190
Agent's Name: Naoki Morinchi
Agent's MLS Public ID: 60012567

BUYER Signed: [Signature] 3-20-10
SS#: _____
Date: _____
Signed: _____
SS#: _____
Date: _____

FORM001(8/95)

R: 5/28/08

XCZ 102962
ZUCKER, GOLDBERG & ACKERMAN
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

BURLINGTON COUNTY
CLERK

JUN 27 P 2:41

RECEIVED

GMAC MORTGAGE, LLC
Plaintiff
vs.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
DOCKET NO. F-19177-08

Frank J. Reed, III; Christina A. Reed; Mortgage Electronic
Registration Systems, Inc., as nominee for Homecomings
Financial, LLC;
Defendant(s)

Civil Action

NOTICE OF LIS PENDENS

TO WHOM IT MAY CONCERN:

Notice is hereby given of the commencement and pendency of the above entitled Civil
Action, the general objects of which are:

1. To foreclose the mortgage made by Frank J. Reed, III and Christina A. Reed,
husband and wife to Mortgage Electronic Registration Systems, Inc., as nominee
for Metrocities Mortgage, LLC dated 05/31/2006 recorded in the office of the
Burlington County Clerk, in Book 11124 of Mortgages for said County, Page 410.

SAID MORTGAGE WAS SUBSEQUENTLY ASSIGNED TO PLAINTIFF
HEREIN.

2. To recover possession of the lands described in Schedule "A" annexed hereto.
3. The Complaint in the above referenced case was filed on 05/19/2008.

ZUCKER, GOLDBERG & ACKERMAN
Attorneys for Plaintiff

By: Leonard B. Zucker
LEONARD B. ZUCKER
A MEMBER OF THE FIRM

DATED: 5/23/2008

SCHEDULE "A"

ALL the following described property located in the Township of Moorestown, County of BURLINGTON,
State of New Jersey:

COMMONLY known as 817 MATLACK DRIVE, MOORESTOWN, NJ 08057

BEING also known as Lot 2, Block 3803 on the tax map of the Township of Moorestown.

Exhibit 4

For release at 2:30 p.m. EST
December 13, 2011

Statement of

Scott G. Alvarez

General Counsel

Board of Governors of the Federal Reserve System

Submitted to the Senate Committee on Banking, Housing, and Urban Affairs Subcommittee

On

Housing, Transportation, and Community Development

U.S. Senate

Washington, D.C.

December 13, 2011



Introduction

Chairman Menendez, Ranking Member DeMint, and members of the Subcommittee, thank you for inviting me to submit a statement for the record for the hearing entitled "Helping Homeowners Harmed by Foreclosures: Ensuring Accountability and Transparency in Foreclosure Reviews." I welcome the opportunity to update the Subcommittee on the Federal Reserve's progress in implementing the foreclosure review process as well as its progress in implementing the requirements of the enforcement actions that the Board issued in April 2011 against 10 banking organizations. Those actions were taken in response to patterns of misconduct and negligence related to deficient practices in residential mortgage loan servicing and foreclosure processing.¹ Those deficiencies were identified by examiners during reviews conducted from November 2010 to January 2011 and represented significant and pervasive failures as well as unsafe and unsound practices at those 10 institutions. Corrective actions and other measures were required by the formal enforcement actions.

This statement focuses on the most significant requirements of these orders and on the implementation and execution of those requirements. More specifically, this statement addresses the implementation of the requirements in the Federal Reserve's enforcement actions that each banking organization with servicing operations supervised by the Federal Reserve (a) retain one or more independent consultants acceptable to the Federal Reserve to conduct an independent review of residential mortgage foreclosure actions (the "Foreclosure Review") to determine whether borrowers suffered financial injury as a result of errors, misrepresentations, or other deficiencies in the foreclosure process; (b) submit an engagement letter acceptable to the Federal Reserve that describes how each independent consultant retained by the institution and approved

¹ The 10 banking organizations included four organizations with residential mortgage servicing operations supervised by the Federal Reserve, as well as the parent holding companies of banks with servicing operations supervised by the Office of the Comptroller of the Currency.

- 2 -

by the Federal Reserve will conduct the Foreclosure Review; (c) establish, in connection with the Foreclosure Review, a process for the receipt and review of borrower claims and complaints (the "Borrower Outreach Program"); and (d) submit specific plans acceptable to the Federal Reserve designed to correct practices that resulted in servicer errors and to prevent future abuses in the loan modification and foreclosure processes. This statement also addresses the requirements in the Federal Reserve's enforcement actions that parent holding companies submit plans acceptable to the Federal Reserve to improve holding company oversight of residential mortgage loan servicing and foreclosure processing conducted by bank and nonbank subsidiaries.

The Foreclosure Review and Independent Consultants

The Federal Reserve's enforcement actions require the servicers to retain one or more independent consultants acceptable to the Federal Reserve to conduct the Foreclosure Review to determine whether borrowers suffered financial injury as a result of errors, misrepresentations, or other deficiencies in the foreclosure process. Where financial injury is found, the servicers must compensate the injured borrowers pursuant to a remediation plan that is acceptable to the Federal Reserve.

In determining the acceptability of consultants, the Federal Reserve closely scrutinized their independence. Importantly, the Federal Reserve reviewed whether the consultant currently provides or has previously provided advice to the banking organization regarding its foreclosure practices, opinions, or actions that may have contributed to the deficiencies identified by examiners during their reviews conducted from November 2010 to January 2011. This determination was made to ensure that the consultant would not review any action or opinion previously recommended by the consultant to the banking organization. We will continue to

- 3 -

oversee the Foreclosure Review process to make sure that the consultants who were accepted act independently.

The Federal Reserve orders require the servicers to review the files of borrowers whose primary residence was in the foreclosure process of the servicer in 2009 or 2010, whether or not the foreclosure was completed.

At this time, we are requiring the independent consultants to include in the review all files for particular categories of borrowers who we have determined present a significant risk of being financially injured in the foreclosure process. Any borrower who falls into any one of those categories must receive an independent foreclosure review. The categories for mandatory review include all mortgages in the mortgage foreclosure process in 2009 or 2010 involving members of the military who were covered by the Servicemembers Civil Relief Act. It also includes all borrowers who had previously filed complaints with the servicers about foreclosure actions that were pending during 2009 or 2010. High risk files involving borrowers in bankruptcy will also be reviewed. Other files outside of these categories must be reviewed on a sampling basis to detect if errors, misrepresentations, or deficiencies occurred. Going forward, we may determine that additional file reviews are appropriate.

The Borrower Outreach Program

The Federal Reserve's enforcement actions require that each banking organization with servicing operations supervised by the Federal Reserve implement, in connection with the Foreclosure Review, a process for the receipt and review of borrower claims and complaints. We view this Borrower Outreach Program and the submission by borrowers of requests for review as critical to ensuring that borrowers who suffered financial injury are identified and

- 4 -

appropriately compensated for financial injury they suffered as a result of errors, misrepresentations, or other deficiencies in the foreclosure process.

The Borrower Outreach Program was first announced on November 1, 2011, and is intended to make eligible borrowers aware of the opportunity they have to have their foreclosures independently reviewed as part of the Foreclosure Review. Borrowers are eligible to request that their files be reviewed if their primary residence was in the foreclosure process in 2009 or 2010, whether or not the foreclosure was completed. Borrowers are eligible to request a review even if they previously filed a complaint with their servicer about their foreclosure.

Information about the review process, including how to request a review as part of the Foreclosure Review, is being provided in mailings to borrowers who may be eligible for a review. The servicers initiated mailings on November 1 and have represented that they should be completed by the end of the year. In connection with those mailings, the servicers are required to take measures, such as skip tracing (collecting information about an individual from various sources to determine the individual's location), to identify borrowers who may have moved. The servicers also have established a toll-free number that borrowers can call and a website that borrowers can access to get more information about the review.² Additionally, servicers are required to conduct an advertising campaign to make borrowers aware of the opportunity to request reviews of their foreclosures as part of the Foreclosure Review. The Federal Reserve is overseeing the servicers it supervises to make sure they are effectively doing everything they can to find borrowers who are potentially eligible for the Foreclosure Review.

The Federal Reserve is working closely with the Office of the Comptroller of the Currency in overseeing the development and operation of the Borrower Outreach Program, and

² To apply for a review, borrowers may call 888-952-9105, Monday through Friday from 8 a.m. to 10 p.m. (ET) and Saturday from 8 a.m. to 2 p.m. The servicers' website is www.IndependentForeclosureReview.com.

- 5 -

with the independent consultants, servicers, and community groups to increase awareness of this program and promote participation by borrowers. We emphasize that any borrower whose primary residence was in the foreclosure process in 2009 or 2010, can have his or her file included in the Foreclosure Review simply by submitting a claim or complaint pursuant to that program.

The Engagement Letters

The Federal Reserve's enforcement actions require the servicers to each submit an engagement letter to the Federal Reserve for approval that describes how the independent consultants retained by the servicer and approved by the Federal Reserve will conduct the Foreclosure Review. The Federal Reserve is nearing completion of its review and finalization of those engagement letters. Because our review of the letters contemplates more extensive criteria for conducting the Foreclosure Review than those that apply to the national bank servicers, finalization of the engagement letters has required more time to complete.

We believe that the actions taken by the Federal Reserve and the banking organizations it supervises to implement the enforcement actions should be accessible by the public to the maximum extent possible. To that end, we expect to disclose significant portions of the final engagement letters, consistent with the need to protect proprietary financial information and personal privacy.

The Action Plans

The Federal Reserve's enforcement actions require that each banking organization with servicing operations supervised by the Federal Reserve submit specific plans acceptable to the Federal Reserve designed to correct practices that resulted in servicer errors and prevent future

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abuses in the loan modification and foreclosure process. Each servicer regulated by the Federal Reserve must, among other things, submit specific plans acceptable to the Federal Reserve that

- ensure there is adequate staff to carry out residential mortgage loan servicing, loss mitigation, and foreclosure activities, and conduct periodic reviews of the adequacy of staffing levels to ensure that levels remain adequate;
- improve training of staff involved in residential mortgage loan servicing, including by requiring that training be conducted at least annually;
- strengthen coordination of communications with borrowers throughout the loss mitigation and foreclosure processes by providing such borrowers the name of the person at the servicer who is their primary point of contact;
- require that the primary point of contact has access to current information and personnel sufficient to timely, accurately, and adequately inform the borrower about loss mitigation and foreclosure activities;
- address dual tracking by ensuring that foreclosures are not pursued once a mortgage has been approved for modification, unless repayments under the modified loan are not made;
- consider loan modification or other loss mitigation activities with respect to second-lien loans owned by the servicer, where the servicer services the associated first-lien mortgage and becomes aware that the first-lien mortgage is delinquent or has been modified;
- establish robust controls and oversight over the activities of third-party vendors that provide to the servicers various residential mortgage loan servicing, loss

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mitigation, or foreclosure-related support, including local counsel in foreclosure or bankruptcy proceedings; and

- strengthen programs to ensure compliance with state and federal laws regarding servicing, generally, and foreclosures, in particular.

In addition, the enforcement actions issued in April require the parent holding companies to submit plans acceptable to the Federal Reserve to improve holding company oversight of residential mortgage loan servicing and foreclosure processing conducted by bank and nonbank subsidiaries.

We continue to review and approve plans required by the Board's enforcement actions to ensure they meet the Federal Reserve's supervisory expectations, and we will be working to ensure that words are followed through with the required actions. Consistent with our approach with regard to the engagement letters, we expect to disclose significant portions of the documentation related to the final action plans, consistent with the need to protect proprietary financial information and personal privacy.

The Federal Reserve will continue to monitor, on an ongoing basis, the corrective measures that are being taken by the servicers and bank holding companies it supervises, as required by the orders. Additionally, each institution is required to submit quarterly reports to the Federal Reserve detailing the measures it has taken to comply with the enforcement action and the results and progress toward meeting those measures. The Federal Reserve will closely review the servicers and bank holding companies' progress reports and will also conduct examinations to ensure that the plans are implemented as approved and that the changes are effective. The Federal Reserve will take appropriate supervisory action including a cease and

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desist order or monetary penalties to address any inadequacies or violations of the enforcement actions.

As we have previously stated, the Federal Reserve believes monetary sanctions in these cases are appropriate and plans to announce monetary penalties. These monetary penalties will be in addition to the compensation provided to borrowers in the independent review process. The Federal Reserve continues to work with other federal and state agencies to resolve these matters.

Conclusion

The Federal Reserve takes seriously its responsibility to oversee the implementation and execution of the requirements of its April 2011 enforcement actions, including the Foreclosure Review and other requirements described above. We understand that implementing and executing those requirements effectively is critical to ensuring that the deficiencies identified by examiners during reviews conducted from November 2010 to January 2011 are corrected; that future abuses in the loan modification and foreclosure process are prevented; and that borrowers are compensated for financial injury they suffered as a result of errors, misrepresentations, or other deficiencies in the foreclosure process.

Thank you for the opportunity to submit this statement on the status of the Foreclosure Review process and other progress made in implementing the enforcement actions that the Federal Reserve issued in April 2011.

Exhibit 5

Interagency Review of Foreclosure Policies and Practices

Federal Reserve System
Office of the Comptroller of the Currency
Office of Thrift Supervision



WASHINGTON, D.C. • APRIL 2011



Interagency Review of Foreclosure Policies and Practices

Federal Reserve System
Office of the Comptroller of the Currency
Office of Thrift Supervision



WASHINGTON, D.C. • APRIL 2011

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Executive Summary

The Federal Reserve System, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS), referred to as the agencies, conducted on-site reviews of foreclosure processing at 14 federally regulated mortgage servicers during the fourth quarter of 2010.¹

This report provides a summary of the review findings and an overview of the potential impacts associated with instances of foreclosure-processing weaknesses that occurred industrywide. In addition, this report discusses the supervisory response made public simultaneous with the issuance of this report, as well as expectations going forward to address the cited deficiencies. The supervisory measures employed by the agencies are intended to ensure safe and sound mortgage-servicing and foreclosure-processing business practices are implemented. The report also provides an overview of how national standards for mortgage servicing can help address specific industrywide weaknesses identified during these reviews.

Review Scope and Objectives

The primary objective of each review was to evaluate the adequacy of controls and governance over ser-

vicers' foreclosure processes and assess servicers' authority to foreclose. The reviews focused on issues related to foreclosure-processing functions. While the reviews uncovered significant problems in foreclosure processing at the servicers included in the report, examiners reviewed a relatively small number of files from among the volumes of foreclosures processed by the servicers. Therefore, the reviews could not provide a reliable estimate of the number of foreclosures that should not have proceeded. The agencies, therefore, are requiring each servicer to retain an independent firm to conduct a thorough review of foreclosure actions that were pending at any time from January 1, 2009, through December 31, 2010, to, among other things, 1) identify borrowers that have been financially harmed by deficiencies identified in the independent review and 2) provide remediation to those borrowers where appropriate. These independent reviews will be subject to supervisory oversight to ensure that the reviews are comprehensive and the results are reliable.

For the reviews discussed in this report, examiners evaluated each servicer's self-assessments of their foreclosure policies and processes; assessed each servicer's foreclosure operating procedures and controls; interviewed servicer staff involved in the preparation of foreclosure documents; and reviewed, collectively for all servicers, approximately 2,800 borrower foreclosure files that were in various stages of the foreclosure process between January 1, 2009, and December 31, 2010.²

Examiners focused on foreclosure policies and procedures; quality control and audits; organizational structure and staffing; and vendor management,

¹ Agencies conducted foreclosure-processing reviews at Ally Bank/GMAC, Aurora Bank, Bank of America, Citibank, EverBank, HSBC, JPMorgan Chase, MetLife, OneWest, PNC, Sovereign Bank, SunTrust, U.S. Bank, and Wells Fargo. The reviews included mortgage-servicing activities conducted by insured banks and thrifts, as well as by several nonbank affiliates of these organizations. The 14 servicers were selected based on the concentration of their mortgage-servicing and foreclosure-processing activities. The agencies typically do not disclose examinations or examination findings regarding particular institutions. In light of the formal enforcement actions entered into by these 14 servicers, which are being made public, the agencies have determined that it is appropriate to identify the servicers (whether a bank or a bank affiliate) that were reviewed. The bank and thrift holding company parents of Ally Bank/GMAC, Bank of America, Citibank, Everbank, HSBC, JPMorgan Chase, MetLife, OneWest, PNC, SunTrust, U.S. Bank, and Wells Fargo also entered into formal enforcement actions.

² Foreclosure files at each servicer were selected from the population of in-process and completed foreclosures during 2010. The foreclosure file sample at each servicer included foreclosures from both judicial states and nonjudicial states. Review teams independently selected foreclosure file samples based on pre-established criteria (such as files for which consumer complaints had been raised, or those in geographic areas with high volumes of foreclosures) with the balance of the files selected based on examiner judgment.

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including use of third-party vendors such as foreclosure attorneys, Lender Processing Services (LPS) and other default-service providers, and MERSCORP and its wholly owned subsidiary, Mortgage Electronic Registration Systems, Inc. (MERS). Based on their reviews of the limited number of foreclosure-file samples, examiners also assessed the accuracy of foreclosure-related documentation, including note endorsements and the assignments of mortgages and deeds of trust, and loan document control.³ With respect to those files, examiners also assessed whether fees charged in connection with the foreclosures exceeded the amounts reflected in the servicers' internal records. In addition, the Federal Reserve and the OCC solicited views from consumer groups to help detect problems at specific servicers, and the Federal Reserve expanded the file sample to include borrowers who were delinquent, but not yet in foreclosure.

The file reviews did not include a complete analysis of the payment history of each loan prior to foreclosure or potential mortgage-servicing issues outside of the foreclosure process. Accordingly, examiners may not have uncovered cases of misapplied payments or unreasonable fees, particularly when these actions occurred prior to the default that led to the foreclosure action. The foreclosure-file reviews also may not have uncovered certain facts related to the processing of a foreclosure that would lead an examiner to conclude that a foreclosure otherwise should not have proceeded, such as undocumented communications between a servicer employee and the borrower in which the employee told the borrower he or she had to be delinquent on the loan to qualify for a modification. In addition, the reviews did not focus on loan-modification processes, but when reviewing individual foreclosure files, examiners checked for evidence that servicers were in contact with borrowers and had considered alternative loss-mitigation efforts, including loan modifications.

To ensure consistency in the reviews, the agencies used standardized work programs to guide the assessment and to document findings pertaining to each servicer's corporate governance process and the individual foreclosure-file reviews. The work programs were organized into the following categories:

- **Policies and procedures.** Examiners reviewed the servicers' policies and procedures to see if they

³ For purposes of this report, default management services generally include administrative support and services provided to the servicers by third-party vendors to manage and perform the tasks associated with foreclosures.

provided adequate controls over the foreclosure process and whether those policies and procedures were sufficient for compliance with applicable laws and regulations.

- **Organizational structure and staffing.** Examiners reviewed the functional unit(s) responsible for foreclosure processes, including their staffing levels, their staff's qualifications, and their training programs.
- **Management of third-party service providers.** Examiners reviewed the servicers' oversight of key third parties used throughout the foreclosure process, with a focus on foreclosure attorneys, MERS, and default-service providers such as LPS.
- **Quality control and internal audits.** Examiners assessed quality-control processes in foreclosures. Examiners also reviewed internal and external audit reports, including government-sponsored enterprise (GSE) and investor audits and reviews of foreclosure activities as well as servicers' self-assessments.
- **Compliance with applicable laws.** Examiners checked the adequacy of the governance, audits, and controls that servicers had in place to ensure compliance with applicable laws.
- **Loss mitigation.** Examiners determined if servicers were in direct communication with borrowers and whether loss-mitigation actions, including loan modifications, were considered as alternatives to foreclosure.
- **Critical documents.** Examiners evaluated servicers' control over critical documents in the foreclosure process, including the safeguarding of original loan documentation. Examiners also determined whether critical foreclosure documents were in the foreclosure files that they reviewed, and whether notes were endorsed and mortgages assigned.
- **Risk management.** Examiners assessed whether servicers appropriately identified financial, reputational, and legal risks and whether these risks were communicated to the board of directors and senior management of the servicer.

Summary of Review Findings

The reviews found critical weaknesses in servicers' foreclosure governance processes, foreclosure document preparation processes, and oversight and monitoring of third-party vendors, including foreclosure attorneys. While it is important to note that findings

varied across institutions, the weaknesses at each servicer, individually or collectively, resulted in unsafe and unsound practices and violations of applicable federal and state law and requirements.⁴ The results elevated the agencies' concern that widespread risks may be presented—to consumers, communities, various market participants, and the overall mortgage market. The servicers included in this review represent more than two-thirds of the servicing market. Thus, the agencies consider problems cited within this report to have widespread consequences for the national housing market and borrowers.

Based on the deficiencies identified in these reviews and the risks of additional issues as a result of weak controls and processes, the agencies at this time are taking formal enforcement actions against each of the 14 servicers subject to this review to address those weaknesses and risks. The enforcement actions require each servicer, among other things, to conduct a more complete review of certain aspects of foreclosure actions that occurred between January 1, 2009, and December 31, 2010. The specific supervisory responses are summarized in Part 3 of this report.

The loan-file reviews showed that borrowers subject to foreclosure in the reviewed files were seriously delinquent on their loans. As previously stated, the reviews conducted by the agencies should not be viewed as an analysis of the entire lifecycle of the borrowers' loans or potential mortgage-servicing issues outside of the foreclosure process. The reviews also showed that servicers possessed original notes and mortgages and, therefore, had sufficient documentation available to demonstrate authority to foreclose. Further, examiners found evidence that servicers generally attempted to contact distressed borrowers prior to initiating the foreclosure process to pursue loss-mitigation alternatives, including loan modifications. However, examiners did note cases in which foreclosures should not have proceeded due to an intervening event or condition, such as the borrower (a) was covered by the Servicemembers Civil Relief Act, (b) filed for bankruptcy shortly before the foreclosure action, or (c) qualified for or was paying in accordance with a trial modification.⁵

The interagency reviews identified significant weaknesses in several areas.

- **Foreclosure process governance.** Foreclosure governance processes of the servicers were underdeveloped and insufficient to manage and control operational, compliance, legal, and reputational risk associated with an increasing volume of foreclosures. Weaknesses included:
 - inadequate policies, procedures, and independent control infrastructure covering all aspects of the foreclosure process;
 - inadequate monitoring and controls to oversee foreclosure activities conducted on behalf of servicers by external law firms or other third-party vendors;
 - lack of sufficient audit trails to show how information set out in the affidavits (amount of indebtedness, fees, penalties, etc.) was linked to the servicers' internal records at the time the affidavits were executed;
 - inadequate quality control and audit reviews to ensure compliance with legal requirements, policies and procedures, as well as the maintenance of sound operating environments; and
 - inadequate identification of financial, reputational, and legal risks, and absence of internal communication about those risks among boards of directors and senior management.
- **Organizational structure and availability of staffing.** Examiners found inadequate organization and staffing of foreclosure units to address the increased volumes of foreclosures.
- **Affidavit and notarization practices.** Individuals who signed foreclosure affidavits often did not personally check the documents for accuracy or possess the level of knowledge of the information that they attested to in those affidavits. In addition, some foreclosure documents indicated they were executed under oath, when no oath was administered. Examiners also found that the majority of the servicers had improper notary practices which failed to conform to state legal requirements. These determinations were based primarily on servicers' self-assessments of their foreclosure processes and examiners' interviews of servicer staff involved in the preparation of foreclosure documents.
- **Documentation practices.** Examiners found some—but not widespread—errors between actual fees charged and what the servicers' internal records indicated, with servicers undercharging fees as frequently as overcharging them. The dollar amount

⁴ This report captures only the significant issues found across the servicers reviewed, not necessarily findings at each servicer.

⁵ Servicemembers Civil Relief Act, 50 USC App. sections. 501–596, Public Law 108-189.

of overcharged fees as compared with the servicers' internal records was generally small.

- **Third-party vendor management.** Examiners generally found adequate evidence of physical control and possession of original notes and mortgages. Examiners also found, with limited exceptions, that notes appeared to be properly endorsed and mortgages and deeds of trust appeared properly assigned.⁶ The review did find that, in some cases, the third-party law firms hired by the servicers were nonetheless filing mortgage foreclosure complaints or lost-note affidavits even though proper documentation existed.
- **Quality control (QC) and audit.** Examiners found weaknesses in quality control and internal auditing procedures at all servicers included in the review.

Summary of Supervisory Response

The agencies recognize that a number of supervisory actions and industry reforms are required to address these weaknesses in a way that will hold servicers accountable for establishing necessary governance and controls. Measures that the servicers are being required to implement are designed to ensure compliance with applicable laws, promote foreclosure processing in a safe and sound manner, and establish responsible business practices that provide accountability and appropriate treatment to borrowers.

⁶ The agencies expect federally regulated servicers to have the necessary policies and procedures in place to ensure that notes are properly endorsed and mortgages are properly assigned, so that ownership can be determined at the time of foreclosure. Where federally regulated servicers serve as document custodians for themselves or other investors, the agencies require controls and tracking systems to properly safeguard the physical security and maintenance of critical loan documents.

At this time, the agencies are taking formal enforcement action against each of the 14 servicers and parent bank holding companies because the deficiencies and weaknesses identified during the reviews represent unsafe or unsound practices and violations of applicable law. The foreclosure-file reviews showed that borrowers in the sampled pool were seriously delinquent. The reviews also showed that the appropriate party brought the foreclosure action. However, a limited number of mortgages should not have proceeded to foreclosure because of an intervening event or condition. Nevertheless, the weaknesses in servicers' foreclosure processes, as confirmed by the reviews, present significant risk to the safety and soundness of mortgage activities. The failures and deficiencies identified as part of the reviews must be remedied swiftly and comprehensively.

The agencies will continue to assess and monitor corrective actions and will address servicers' failures to correct identified deficiencies where necessary.

Going forward, servicers must develop and demonstrate effective risk management of servicing operations to prevent a recurrence of deficiencies cited in this report. The agencies are currently engaged in an effort to establish national mortgage-servicing standards to promote the safe and sound operation of mortgage-servicing and foreclosure processing, including standards for accountability and responsiveness to borrower concerns. Such an effort will include engaging the Government Sponsored Enterprises, private investors, consumer groups, the servicing industry, and other regulators. Part 4 of this report provides a general overview of the core principles that should be included in future national mortgage-servicing standards.

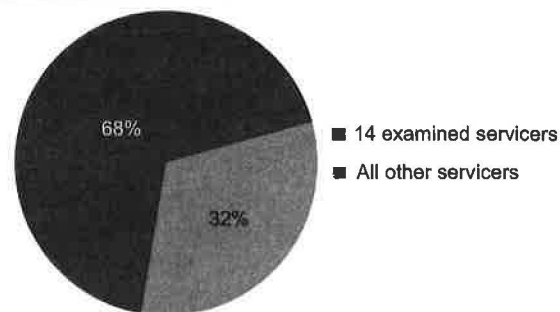
Part 1: Background and Risks Associated with Weak Foreclosure Process and Controls

Mortgage servicing plays a central role in the management of mortgage loans from origination to final disposition. The mortgage servicer is the intermediary between borrowers and their lenders. When the borrower is paying as agreed, the servicer's duties are ministerial: collecting payments, distributing payments to investors, managing cash and administering funds in escrow, and reporting to investors. When a loan is in default, the demands on the servicer necessarily expand, requiring additional resources and much more sophisticated risk management. A necessary consequence of the growth in foreclosures since 2007 is increased demands on servicers' foreclosure processes.

The residential mortgage-servicing market is highly concentrated among a few servicers. The five largest mortgage servicers by activity volume—including among the 14 servicers subject to the reviews addressed in this report—account for 60 percent of the industry's total servicing volume.⁷ The 14 servicers included in the interagency review collectively represent more than two-thirds of the servicing industry (see **figure 1**), or nearly 36.7 million mortgages.⁸

At the end of the fourth quarter of 2010, nearly 54 million first-lien mortgage loans were outstanding, 2.4 million of which were at some point in the foreclosure process. Additionally, two million mortgages were 90 or more days past due and at an elevated risk of foreclosure. New foreclosures are on pace to approach 2.5 million by the end of 2011. In light of the number of foreclosures and continued weakness in overall mortgage performance, the agencies are concerned that the deficiencies in foreclosure

Figure 1. Concentration of the mortgage-servicing Industry



Source: Federal Reserve staff estimates of the concentration of servicing volume, based on data from Inside Mortgage Finance.

processing observed among these major servicers may have widespread consequences for the housing market and borrowers.

Impact on Borrowers

Weaknesses in foreclosure processes and controls present the risk of foreclosing with inaccurate documentation, or foreclosing when another intervening circumstance should intercede. Even if a foreclosure action can be completed properly, deficiencies can result (and have resulted) in violations of state foreclosure laws designed to protect consumers. Such weaknesses may also result in inaccurate fees and charges assessed against the borrower or property, which may make it more difficult for borrowers to bring their loans current. In addition, borrowers can find their loss-mitigation options curtailed because of dual-track processes that result in foreclosures even when a borrower has been approved for a loan modification. The risks presented by weaknesses in foreclosure processes are more acute when those processes are aimed at speed and quantity instead of quality and accuracy.

⁷ The five largest mortgage servicers in order are Bank of America, Wells Fargo, JPMorgan Chase, Citibank, and Ally Bank/GMAC.

⁸ Federal Reserve staff estimates 54 million first-lien mortgages outstanding as of December 31, 2010.

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Impact on the Industry and Investors

Weaknesses in foreclosure processes pose a variety of risks to the financial services industry and investors. These risks extend beyond the financial cost of remedying procedural errors and re-filing affidavits and other foreclosure documents. Servicers may also bear legal costs related to disputes over note ownership or authority to foreclose, and to allegations of procedural violations through the use of inaccurate affidavits and improper notarizations. Servicers may be subject to claims by investors as a result of delays or other damages caused by the weaknesses. Furthermore, concerns about the prevalence of irregularities in the documentation of ownership may cause uncertainty for investors of securitized mortgages. Servicers and their affiliates also face significant reputational risk with their borrowers, with the court system, and with regulators.

Impact on the Judicial Process

Weaknesses in foreclosure processes have resulted in increased demands on judicial resources to resolve a variety of foreclosure-related matters, including note ownership. In addition, courts rely extensively on affidavits (usually affidavits of indebtedness) submitted by servicers to decide foreclosure actions on a summary basis without requiring in-person testimony.⁹ If such affidavits were not properly prepared or executed, courts may lose confidence in the reliability of the affidavits as persuasive evidence filed on behalf of servicers.¹⁰

⁹ The basic affidavit of indebtedness typically sets forth the name of the party that owns the loan, the default status, and the amounts due for principal, interest, penalties (such as late charges), and fees. This affidavit is frequently the principal basis upon which a court is permitted to order a foreclosure without requiring in-person testimony. Similar documentation may be required in bankruptcy proceedings.

¹⁰ Mortgage foreclosures occur under either a judicial or a nonjudicial process. Judicial foreclosures are court-supervised and require the lender to bring a court action to foreclose. Nonjudicial foreclosures (also known as "power of sale") involve little or

Impact on the Mortgage Market and Communities

Weaknesses in foreclosure processes led several servicers to slow, halt, or suspend foreclosure proceedings in late 2010, and, in many cases, re-file foreclosure documents. Delays in foreclosure processing, which averaged 450 days in the fourth quarter of 2010, slow the clearing of excess inventory of foreclosed properties and lead to extended periods of depressed home prices.¹¹ Such delays also impede the efficient disposition of foreclosed homes and the clearing of seriously delinquent mortgages, particularly in geographic regions with greater concentrations of vacant and abandoned properties. This outcome acts as an impediment for communities working to stabilize local neighborhoods and housing markets.¹²

Moreover, local property values may be adversely affected if foreclosed homes remain vacant for extended periods, particularly if such homes are not properly maintained.¹³ Widely publicized weaknesses in foreclosure processes also adversely affect home buyer and investor confidence. Assuring robust and credible remedial programs for mortgage servicers so that foreclosure processes can operate and markets can clear without impediments or interventions contributes to attaining a stable national housing market.

no court oversight and generally are governed by state statutes. Even foreclosures that are instituted outside the judicial process can be challenged in court, however, and then become subject to court actions.

¹¹ See *Lender Processing Services Applied Analytics* (December 2010, www.lpsvcs.com/RiskMgmt). Current time frames to move a property to foreclosure sale have increased from an average of 250 days in first quarter 2008 to 450 days by fourth quarter 2010.

¹² Industry data show approximately four million properties currently listed that have been foreclosed in the past few years. See Mortgage Bankers Association, *National Delinquency Survey*, (November 18, 2010, www.mbaa.org/NewsandMedia/PressCenter/74733.htm).

¹³ Campbell, John Y., Stefano Giglio and Parag Pathak (July 2010) *Forced Sales and House Prices Manuscript*, Harvard University Department of Economics (kuznets.fas.harvard.edu/~campbell/papers/forcedsales072410.pdf).

Part 2: Review Findings

The reviews found critical weaknesses in foreclosure governance processes, foreclosure document preparation processes, and oversight and monitoring of third-party law firms and other vendors. These weaknesses involve unsafe and unsound practices and violations of applicable federal and state laws and requirements, and they have had an adverse effect on the functioning of the mortgage markets. By emphasizing speed and cost efficiency over quality and accuracy, examined servicers fostered an operational environment contrary to safe and sound banking practices.

In connection with the reviews of sampled files and assessments of servicers' custodial activities, examiners found that borrowers whose files were reviewed were seriously delinquent on their mortgage payments at the time of foreclosure and that servicers generally had sufficient documentation available to demonstrate authority to foreclose on those borrowers' mortgages.¹⁴ Nevertheless, examiners noted instances where documentation in the foreclosure file alone may not have been sufficient to prove ownership of the note at the time the foreclosure action commenced without reference to additional information. When additional information was requested and provided to examiners, it generally was sufficient to determine ownership.

In addition, review of the foreclosure files showed that servicers were in contact with the delinquent borrowers and had considered loss-mitigation alternatives, including loan modifications. Examiners also noted a small number of foreclosure sales, however, that should not have proceeded because of an inter-

vening event or condition, such as the borrower: (a) was covered by the Servicemembers Civil Relief Act, (b) filed bankruptcy shortly before the foreclosure action, or (c) was approved for a trial modification.

A summary of the major findings identified during the reviews is set forth below.

Foreclosure Process Governance

Examiners found governance at each examined servicer in need of substantial improvement, and often cited the absence of sound controls and ineffective management of foreclosure processes. Foreclosure policies and procedures at many of the servicers were either weak or needed substantial expansion to provide effective guidance, control, and ongoing monitoring. As noted above, examiners concluded that the majority of servicers reviewed had inadequate affidavit and notary-signing processes that did not ensure proper attestation (or verification) of the underlying documents.

Examiners found that most servicers had inadequate staffing levels and training programs throughout the foreclosure-processing function and that a large percentage of the staff lacked sufficient training in their positions. The reviews also revealed that all of the servicers relied heavily on outsourcing arrangements with outside counsel and other third-party vendors to carry out foreclosure processes without adequate oversight of those arrangements. Some servicers failed to enter into contracts with the foreclosure law firms performing critical steps in the foreclosure process, including affidavit- and notary-preparation and signing processes. Audit and quality-assurance controls and self-assessment reviews at all of the examined servicers lacked comprehensiveness and failed to identify specific weaknesses and process gaps. Details on these areas of weakness are included below.

¹⁴ As previously noted, examiners were limited to the documents in the foreclosure files. Those documents may not have disclosed certain facts that might have led examiners to conclude that a foreclosure should not have proceeded, such as misapplication of payments that could have precipitated a foreclosure action or oral communications between the borrower and servicer staff that were not documented in the foreclosure file.

Organizational Structure and Availability of Staffing

At the time of the review, a majority of the servicers had inadequate staffing levels or had recently added staff with limited servicing experience. In most instances, servicers maintained insufficient staff to appropriately review documents for accuracy, and provided inadequate training for affidavit signers, notaries, and quality-control staff. Examiners also noted weak controls, undue emphasis on quantitative production and timelines, and inadequate workload monitoring.

Affidavit and Notarization Practices

Deficiencies in servicers' processes, procedures, controls, and staffing resulted in numerous inaccurate affidavits and other foreclosure-related documents. Examiners found that most servicers had affidavit signing protocols that expedited the processes for signing foreclosure affidavits without ensuring that the individuals who signed the affidavits personally conducted the review or possessed the level of knowledge of the information that they attested to in those affidavits. Examiners confirmed these deficiencies through interviews with individuals who signed documents, as well as through a review of servicers' self-assessments. Examiners also found the majority of the servicers had improper notary practices that failed to conform to state legal requirements. Examiners noted some servicers failed to maintain an accurate list of approved and acceptable notaries that individuals signing documents did not do so in the presence of a notary when required, and that documents often were executed in a manner contrary to the notary's acknowledgement and verification of those documents. In addition, some foreclosure documents indicated they were executed under oath when no oath was administered. Again, examiners confirmed these deficiencies by interviewing notaries and reviewing servicers' self-assessments.

At the examined servicers, anywhere from 100 to more than 25,000 foreclosure actions occurred per month between January 1, 2009, and December 31, 2010, with the quantity depending upon the size of the servicer's operations. It was common to find an insufficient number of staff assigned to review, sign, and notarize affidavits. At some of the servicers, examiners found that insufficient staff—or the lack of specified guidance to staff or external law firms on

affidavit completion—contributed to the preparation and filing of inaccurate affidavits. In the sample of foreclosure files reviewed, examiners compared the accuracy of the amounts listed on affidavits of indebtedness to the documentation in the paper foreclosure file or computerized loan servicing systems. Although borrowers whose foreclosure files were reviewed were seriously in default at the time of the foreclosure action, some servicers failed to accurately complete or validate itemized amounts owed by those borrowers. At those servicers, this failure resulted in differences between the figures in the affidavit and the information in the servicing system or paper file. In nearly half of those instances, the differences—which were typically less than \$500—were adverse to the borrower. While the error rates varied among the servicers, the percentage of errors at some servicers raises significant concerns regarding those servicers' internal controls governing foreclosure-related documentation.

Documentation Practices

During the foreclosure-file reviews, examiners compared the accuracy of amounts listed on the servicers' affidavits of indebtedness with documentation on file or maintained within the electronic servicing system of record. For most of the servicers, examiners cited the lack of a clear auditable trail in reconciling foreclosure filings to source systems of record. In some cases, examiners directed servicers to further audit foreclosure filings to verify the accuracy of information and compliance with legal requirements. Likewise, in connection with the file review, examiners also determined whether critical foreclosure documents were in the foreclosure files, and whether notes appeared properly endorsed and mortgages appeared properly assigned. Examiners noted instances where documentation in the foreclosure file alone may not have been sufficient to prove authority to foreclose without reference to additional information.¹⁵ When more information was requested and provided, it generally was sufficient to determine authority. With some exceptions, examiners found that notes appeared properly endorsed, and mortgages appeared properly assigned.¹⁶ Examiners also trav-

¹⁵ Servicers frequently maintained custody of original mortgage documents, although in some cases third-party trustees or custodians held original documents. Custodians are entrusted to manage the original documents that establish note ownership, and, when necessary, produce the original documents for a foreclosure action.

¹⁶ Only in rare instances were custodians unable to produce origi-

eled to servicers' document repository locations to assess custodial activities. Examiners found that servicers generally had possession and control over critical loan documents such as the promissory notes and mortgages. The review did find that, in some cases prior to 2010, the third-party law firms hired by the servicers were nonetheless filing lost-note affidavits or mortgage foreclosure complaints in which they claimed that the mortgage note had either been lost or destroyed, even though proper documentation existed.

Third-party Vendor Management

The agencies found that the servicers reviewed generally did not properly structure, carefully conduct, or prudently manage their third-party vendor relationships with outside law firms and other third-party foreclosure services providers. Failure to effectively manage third-party vendors resulted in increased reputational, legal, and financial risks to the servicers.

Arrangements with Outside Law Firms

Servicers typically used third-party law firms to prepare affidavits and other legal documents, to file complaints and other pleadings with courts, and to litigate on their behalf in connection with foreclosure and foreclosure-related bankruptcy proceedings. The servicers reviewed generally showed insufficient guidance, policies, or procedures governing the initial selection, management, or termination of the law firms that handled their foreclosures. Many servicers, rather than conducting their own due diligence, relied on the fact that certain firms had been designated as approved or accepted by investors. Servicers often did not govern their relationships with these law firms by formal contracts. Instead, servicers frequently relied on informal engagements with law firms, at times relying on investors' business relationships with the law firms or the law firms' contractual relationships with default management service providers.

Inadequate Oversight

Servicers also did not provide adequate oversight of third-party vendor law firms, including monitoring for compliance with the servicers' standards. Several

nal loan documentation, and in those instances the servicers generally were able to provide adequate explanations, including that copies in the possession of the custodian were acceptable under applicable law.

servicers exempted third-party law firms from the servicers' vendor management programs or did not identify them as third-party vendors subject to those programs. In some cases, servicers assumed that investors performed such oversight, in which case oversight was limited to ensuring that the law firms were on the investors' lists of approved or accepted providers. Where monitoring of law firms was conducted, it was often limited to things such as responsiveness and timeliness, checking for liability insurance, or determining if any power of attorney given to the firm remained valid rather than assessing the accuracy and adequacy of legal documents or compliance with state law or designated fee schedules.

Document Retention Weaknesses

Examiners also found that the servicers did not always retain originals or copies of the documents maintained by the third-party law firms that conducted their foreclosures. Instead, the servicers relied on the firms to maintain those documents. The absence of central and well-organized foreclosure files by the servicers and the consequent need for the examiners to collect foreclosure documentation derived from numerous sources made it difficult at times for examiners to conduct full foreclosure-file reviews while on-site.

Inadequate guidance, policies, procedures, and contracts

In addition, examiners generally found an absence of formal guidance, policies, or procedures governing the selection, ongoing management, and termination of law firms used to handle foreclosures. This deficiency resulted in a lack of clarity regarding roles, responsibilities, and performance parameters. Examiners also observed an absence of written contracts between certain servicers and law firms, which left those servicers with no contractual recourse for liability against the firms for performance issues. These deficiencies, coupled with the overall lack of adequate oversight, contributed to instances in which servicers and law firms failed to identify problems with the firms' foreclosure practices, thereby exposing the servicers to a variety of significant risks.

Those problems include instances in which law firms signed documents on behalf of servicers without having the authority to do so, or they changed the format and content of affidavits without the knowledge of the servicers. These defects could, depending upon the circumstances, raise concerns regarding the legality and propriety of the foreclosure even if the ser-

10 April 2011

vicar had sufficient documentation available to demonstrate authority to foreclose.

Arrangements with Default Management Service Providers (DMSPs)

In connection with the on-site reviews of servicers, the agencies also conducted an on-site review of Lender Processing Services, Inc. (LPS), which provides significant services to support mortgage-servicing and foreclosure processing across the industry. The review of LPS involved a number of issues that are similar to those raised in the reviews of the servicers, and the LPS review covered issues that are unique to the operations, structure and corporate governance of LPS. During the review of LPS, the agencies found deficient practices related primarily to the document execution services that LPS, through its DocX, LLC, and LPS Default Solutions, Inc. subsidiaries had provided to servicers in connection with foreclosures. To address these issues, the agencies are taking formal enforcement action against LPS under section 7(d) of the Bank Service Company Act, 12 USC § 1867(d), and section 8(b) of the Federal Deposit Insurance Act, 12 USC § 1818(b).

Inadequate Contracts

During the review of servicers, examiners assessed servicers' relationships with third-party vendor DMSPs, focusing primarily on DMSPs that supported the execution of foreclosure-related documents, such as affidavits of indebtedness, lost-note affidavits, and assignments of mortgages.¹⁷ Examiners found that contracts between the servicers and DMSPs generally were inadequate, often omitting significant matters such as service-level agreements. Contracts did not provide for an appropriate level of oversight of third-party vendor law firms in situations where the servicers relied on the DMSPs to conduct such oversight.

Inadequate Oversight

Examiners also observed that servicers generally demonstrated an overall lack of adequate oversight of DMSPs. At times, the servicers failed to identify DMSPs as vendors subject to the servicers' vendor management programs and demonstrated an inability to provide the examiners with sufficient evidence of due diligence. Examiners found no evidence that servicers conducted audits of the document execution operations of their DMSPs.

The lack of sufficient oversight of DMSPs, coupled with the contractual deficiencies, led to instances in which employees of those DMSPs signed foreclosure affidavits without personally conducting the review or possessing the level of knowledge of information that they attested to in those affidavits. Employees of DMSPs, like the employees of the servicers themselves, executed documents in a manner contrary to the notary's acknowledgement and verification of those documents. In addition, in limited instances, employees of DMSPs signed foreclosure-related documents on behalf of servicers without proper authority. Because some of the servicers relied on DMSPs to oversee their third-party vendor law firms, the contractual deficiencies and lack of oversight of DMSPs contributed to the weaknesses identified above regarding the oversight of third-party vendor law firms.

Arrangements with Mortgage Electronic Registration Systems, Inc.

In connection with the on-site reviews of servicers, the agencies, together with the Federal Housing Finance Agency (FHFA), also conducted an on-site review of MERSCORP and its wholly owned subsidiary, Mortgage Electronic Registration Systems, Inc. (collectively, MERS), which, as detailed below, provides significant services to support mortgage-servicing and foreclosure processing across the industry. The review of MERS involved a number of issues that are similar to those raised in the reviews of the servicers, and the MERS review covered issues that are unique to the operations, structure and corporate governance of MERS. During the review of MERS, the agencies and FHFA found significant weaknesses in, among other things, oversight, management supervision and corporate governance. To address these issues, the agencies, together with FHFA, are taking formal enforcement action against MERS under section 7(d) of the Bank Service Company Act, 12 USC § 1867(d), and section 8(b) of the Federal Deposit Insurance Act, 12 USC § 1818(b).

MERS streamlines the mortgage recording and assignment process in two ways. First, it operates a centralized computer database or registry of mortgages that tracks the servicing rights and the beneficial ownership of the mortgage note. Each mortgage registered in the database is assigned a Mortgage Identification Number (MIN). Second, MERS can be designated by a member (and its subsequent assignees) to serve in a nominee capacity as the mortgagee of record in public land records. Designating

¹⁷ Not all of the servicers engaged the services of third-party vendor DMSPs to perform document execution services.

MERS as the mortgagee is intended to eliminate the need to prepare and record successive assignments of mortgages each time ownership of a mortgage is transferred. Rather, changes in beneficial ownership of the mortgage note (and servicing rights) are tracked in the MERS registry using the MIN.¹⁸ All of the examined servicers had relationships with MERS.

Inadequate Oversight

Servicers exercised varying levels of oversight of the MERS relationship, but none to a sufficient degree. Several of the servicers did not include MERS in their vendor management programs. In these instances, the servicers failed to conduct appropriate due diligence assessments and failed to monitor, evaluate, and appropriately manage the MERS contractual relationship. Deficiencies included failure to assess the internal control processes at MERS, failure to ensure the accuracy of servicing transfers, and failure to ensure that servicers' records matched MERS' records.

Inadequate Quality Control

Examiners also determined that servicers' quality-control processes pertaining to MERS were insufficient. In some cases, servicers lacked any quality-assurance processes and relied instead on the infrequent and limited audits that MERS periodically conducted. Other deficiencies included the failure to conduct audit reviews to independently verify the adequacy of and adherence to quality-assurance processes by MERS, and the need for more frequent and complete reconciliation between the servicers' systems and the MERS registry. Several servicers did not include MERS activities in the scope of their audit coverage.

Ineffective Quality Control (QC) and Audit

Examiners found weaknesses in quality-control procedures at all servicers, which resulted in servicers not

performing one or more of the following functions at a satisfactory level:

- ensuring accurate foreclosure documentation, including documentation pertaining to the fees assessed;
- incorporating mortgage-servicing activities into the servicers' loan-level monitoring, testing, and validation programs;
- evaluating and testing compliance with applicable laws and regulations, court orders, pooling and servicing agreements, and similar contractual arrangements; and
- ensuring proper controls to prevent foreclosures when intervening events or conditions occur that warrant stopping the foreclosure process (e.g., bankruptcy proceedings, applicability of the Servicemembers Civil Relief Act, or adherence to a trial or permanent loan modification program).

Examiners also found weaknesses in internal auditing procedures at all the servicers included in the review. When performed, the few internal audits conducted by servicers failed to identify fundamental control issues that led to the foreclosure process breakdowns. Failures to perform internal audits effectively resulted in servicers' inability to identify, address, and internally communicate foreclosure-processing risks. The failures to identify and communicate these risks resulted in servicers not strengthening the quality of risk-management processes to a level consistent with the nature, increasing size, and complexity of the servicer's foreclosure activities. Moreover, failure to conduct comprehensive audits to identify weaknesses in foreclosure processes resulted in servicers not taking sufficient corrective action to strengthen policy and procedural gaps, increase staffing levels, and improve training in response to sharply rising foreclosure volumes prior to the agencies' foreclosure reviews. The failure to identify the risks associated with foreclosure processing also resulted in servicers not taking action to improve foreclosure documentation-related processes ranging from custody and control of documents to proper notarization processes, or to enhance oversight of third parties managing foreclosure activities on their behalf.

¹⁸ While MERS maintains a registry of the beneficial ownership of the mortgage note, this registry is not a system of legal record. The ownership of the note is determined by the Uniform Commercial Code, and, if a change in ownership of a note is not recorded in MERS or is recorded incorrectly, the transfer is still valid.

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Part 3: Supervisory Response

At this time, the agencies are taking formal enforcement actions against each of the 14 servicers under the authority of section 8(b) of the Federal Deposit Insurance Act, 12 USC § 1818(b). The deficiencies and weaknesses identified by examiners during their reviews involved unsafe or unsound practices and violations of law, which have had an adverse impact on the functioning of the mortgage markets. Furthermore, the mortgage servicers' deficient foreclosure processes confirmed during the reviews have compromised the public trust and confidence in mortgage servicing and have consequences for the housing market and borrowers. The formal enforcement actions will require servicers, among other things, to:

- **Compliance program:** Establish a compliance program to ensure mortgage-servicing and foreclosure operations, including loss mitigation and loan modification, comply with all applicable legal requirements and supervisory guidance, and assure appropriate policies and procedures, staffing, training, oversight, and quality control of those processes.
- **Foreclosure review:** Retain an independent firm to conduct a review of residential foreclosure actions that were pending at any time from January 1, 2009, through December 31, 2010, to determine any financial injury to borrowers caused by errors, misrepresentations, or other deficiencies identified in the review, and to remediate, as appropriate, those deficiencies.
- **Dedicated resources for communicating with borrowers/single point of contact:** Ensure the following: effective coordination of communication with borrowers related to foreclosure, loss mitigation, and loan modification activities; assurance that communications are timely and appropriate and designed to avoid borrower confusion; continuity in the handling of borrower cases during the loan modification and foreclosure processes; reasonable and good faith efforts, consistent with applicable law and contracts, to engage in loss mitigation and foreclosure prevention for delin-

quent loans where appropriate; and assurances that decisions concerning loss mitigation or loan modifications will be made and communicated in a timely manner.

- **Third-party management:** Establish policies and procedures for outsourcing foreclosure or related functions to ensure appropriate oversight and that activities comply with all applicable legal requirements, supervisory guidance, and the servicer's policies and procedures, including the appropriate selection and oversight of all third-party service providers, including external legal counsel, DMSPs, and MERS.
- **Management information systems:** Improve management information systems for foreclosure, loss mitigation, and loan modification activities that ensure timely delivery of complete and accurate information to facilitate effective decision making.
- **Risk assessment:** Retain an independent firm to conduct a written, comprehensive assessment of risks in servicing operations, particularly in the areas of foreclosure, loss mitigation, and the administration and disposition of other real estate owned, including but not limited to operational, compliance, transaction, legal, and reputational risks.

In addition to the actions against the servicers, the Federal Reserve and the OTS have issued formal enforcement actions against the parent holding companies to require that they enhance on a consolidated basis their oversight of mortgage-servicing activities, including compliance, risk management, and audit.

The agencies will monitor and assess, on an ongoing basis, the corrective actions taken by the servicers and holding companies that are required by the enforcement actions and take further action, when necessary, to address failures. Enforcement actions and more frequent monitoring will remain in place at each servicer until that servicer has demonstrated that its weaknesses and deficiencies have been cor-

14 April 2011

rected, including that adequate policies, procedures, and controls are in place. The agencies will continue to explore ways to improve their supervisory frame-

works to identify more promptly and effectively the potential risks in mortgage-servicing and other banking operations.

Part 4: Industry Reforms

Financial regulatory agencies are developing standards within their authority to improve the transparency, oversight, and regulation of mortgage-servicing and foreclosure processing and to set additional thresholds for responsible management and operation of mortgage-servicing activities. Moreover, a uniform set of national mortgage-servicing and foreclosure-processing standards would help promote accountability and appropriateness in dealing with consumers and strengthen the housing finance market.

Industry reforms that could improve the oversight and regulation of mortgage-servicing and foreclosure processing should generally include standards that require servicers to address major areas of weaknesses highlighted in the review, including in the following general areas:

Governance and Oversight

- implement and routinely audit sound enterprise-wide policies and procedures to govern and control mortgage-servicing and foreclosure processes
- develop quality controls for effective management of third-party vendors who support mortgage-servicing and foreclosure processing
- strengthen the governance standards intended to ensure compliance with applicable federal and state laws and company policies and procedures
- develop company standards that emphasize accuracy and quality in the processing and validation

of foreclosure and other servicing-related documents throughout the entire foreclosure process

Organizational Structure, Staffing, and Technology

- increase staffing to adequate levels and provide them with requisite training to effectively manage the volume of default loans and foreclosures
- upgrade information systems and practices to better store, track, and retrieve mortgage-related documents

Accountability and Responsiveness Dealing with Consumers

- ensure borrowers are offered appropriate loss-mitigation options
- ensure proper custody and control of borrower documents related to the servicing of the mortgage
- increase coordination between loss mitigation and foreclosure-processing units to prevent inappropriate foreclosures
- improve communication with borrowers and establish measurable goals and incentives for delivering accurate information and responsive assistance
- develop complaint-resolution processes that are routinely monitored and measured for quality assurance

Exhibit 6

R: 5/28/08

XCZ 102962
ZUCKER, GOLDBERG & ACKERMAN
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

BURLINGTON COUNTY
CLERK

2008 MAY 27 P 2:41

RECEIVED

GMAC MORTGAGE, LLC
Plaintiff
vs.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
DOCKET NO. F-19177-08

Frank J. Reed, III; Christian A. Reed; Mortgage Electronic
Registration Systems, Inc., as nominee for Homecomings
Financial, LLC;
Defendant(s)

Civil Action

NOTICE OF LIS PENDENS

TO WHOM IT MAY CONCERN:

Notice is hereby given of the commencement and pendency of the above entitled Civil
Action, the general objects of which are:

1. To foreclose the mortgage made by Frank J. Reed, III and Christina A. Reed,
husband and wife to Mortgage Electronic Registration Systems, Inc., as nominee
for Metrocities Mortgage, LLC dated 05/31/2006 recorded in the office of the
Burlington County Clerk, in Book 11124 of Mortgages for said County, Page 410.

SAID MORTGAGE WAS SUBSEQUENTLY ASSIGNED TO PLAINTIFF
HEREIN.

2. To recover possession of the lands described in Schedule "A" annexed hereto.
3. The Complaint in the above referenced case was filed on 05/19/2008.

ZUCKER, GOLDBERG & ACKERMAN
Attorneys for Plaintiff

By: Leonard B. Zucker
LEONARD B. ZUCKER
A MEMBER OF THE FIRM

DATED: 5/23/2008

BOOK 368 PAGES 33-35

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EXHIBIT

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SCHEDULE "A"

ALL the following described property located in the Township of Moorestown, County of BURLINGTON,
State of New Jersey:

COMMONLY known as 817 MATLACK DRIVE, MOORESTOWN, NJ 08057

BEING also known as Lot 2, Block 3803 on the tax map of the Township of Moorestown.

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Exhibit 7

21st Mortgage Corporation
P.O. Box 477
Knoxville, TN 37901



(865)292-2120
Toll Free (800)955-0021
Fax (877)830-3100
NMLS # 2280

7/11/2014

+ 0501618 000000546 092112 00085618
FRANK J REED III
817 MATLACK DR
MOORESTOWN NJ 08057-1443

Account #: 0403925-0



Notice of Delinquency

Your payment is past due. Your loan became delinquent on 02/02/2008. Failure to bring your loan current may result in fees and foreclosure – the loss of your home. Total amount due below may include late fees.

Recent Account History

- Payment Due 02/01/2014 - Unpaid Amount \$11,156.50
- Payment Due 03/01/2014 - Unpaid Amount \$11,156.50
- Payment Due 04/01/2014 - Unpaid Amount \$11,156.50
- Payment Due 05/01/2014 - Unpaid Amount \$11,156.50
- Payment Due 06/01/2014 - Unpaid Amount \$11,156.50
- Payment Due 07/01/2014 - Unpaid Amount \$7,851.87
- **Current Payment Due 08/01/2014 - \$7,851.87**
- **Total due in order to bring account current: \$896,344.03**

**Take Note: if a Notice of Acceleration has been issued on your account pursuant to the terms of your agreement and/or as required by state law, your loan has been accelerated; therefore, the remaining balance on your account has become due and payable. In such case, the total amount owing on your account is \$1,580,967.65 as of the date of this notice, including all late charges and allowing for all credits, payments offsets and rebates of unearned finance charges and unexpired insurance premiums. Interest accrues at the Contract rate until paid. The amount quoted above does not include any legal fees that may have been accrued on this account. Please contact your representative for more information.*

Please note at this time, 21st sent the first notice required to repossess the home or start the foreclosure process on 03/05/2014. Further action may have been taken on your account at this time. For information pertaining to actions taken on your account, contact 21st Mortgage at the number below. The total amount due above does not include any legal fees you may have incurred on your account.

It is important to communicate with your lender when your payments are delinquent. Please contact 21st Mortgage today at our toll free number, 1-800-955-0021 ext 1022 to make arrangements to get your account up to date.

SEE OTHER SIDE FOR IMPORTANT INFORMATION

PSX0158XX

2165

04039250

EXHIBIT

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The Department of Housing and Urban Development (HUD) has approved certain experienced counseling organizations to provide home ownership counseling to qualified borrowers. Home ownership counseling is available free of charge. You may obtain a list of HUD Approved Counseling Agencies by calling toll free 1-800-569-4287 or visit <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm> . You should contact one of the HUD Counseling Agencies or your local HUD office for more information about these counseling services.

**** PLEASE TAKE NOTICE ****

This is an attempt to collect a debt and any information obtained will be used for that purpose.

Please be advised further that this letter constitutes neither demand for payment of the captioned debt nor a notice of personal liability to any recipient hereof who might have received a discharge of such debt in accordance with applicable bankruptcy laws or who might be subject to automatic stay of Section 362 of the United States Bankruptcy Code.

For Colorado residents, please note 21st Mortgage's Colorado office phone number is (970) 475-0008, and its office address is 455 W. Service Road, Evans, CO 80620. PLEASE SEND PAYMENTS TO: PO Box 148; Memphis, TN 38101.

For Tennessee residents, 21st Mortgage is licensed by the Collection Service Board of the Department of Commerce and Insurance.

Customer Inquiries – For customers whose loan is secured by real property, inquiries under RESPA regarding possible errors in the servicing of your loan or requests for information must be sent to: 21st Mortgage Corporation

Customer Inquiries
620 Market Street, Suite 100
Knoxville, TN 37902

Exhibit 8

XCZ 102962/wb
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

THIS RELIEF SET FORTH BELOW
IS ORDERED AND FILED
FEB 09 2009
MICHAEL J. HOGAN, P.J.Ch.

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III, et al.,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
GENERAL EQUITY PART
DOCKET NO. F-19177-08

Civil Action

ORDER GRANTING SUMMARY
JUDGMENT TO STRIKE
DEFENDANT'S ANSWER, TO ENTER
DEFAULT AND TRANSFER CASE TO
THE FORECLOSURE UNIT

THIS MATTER having been opened to the Court By ZUCKER, GOLDBERG &
ACKERMAN, LLC, Esqs., Richard P. Haber, Esq., attorneys for plaintiff, GMAC MORTGAGE, LLC
on notice to Frank J. Reed, III, Pro Se Defendant, for an Order to strike the contesting answer, and the
Court having considered the submissions of the parties, and for good cause shown;

IT IS ON THIS 9th day of February, 2008;

ORDERED:

1. That the Answer and defenses filed on behalf of defendant be and are hereby stricken and that
the Clerk of this Court is hereby instructed to enter default against defendant as though no answering
pleading has been filed; and

2. That this matter shall be transferred to the Foreclosure Unit of the Superior Court in Trenton,

EXHIBIT

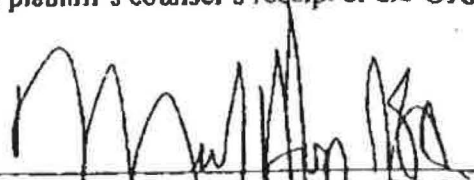
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~~New Jersey to proceed as an uncontested matter; and~~

3. That plaintiff serve a copy of this Order on Frank J. Reed, III, ~~Pro Se~~ Defendant and to
counsel for all parties of interest within 7 days of plaintiff's counsel's receipt of the Order.

* Defendant's cross-motion for summary
judgment is GRANTED, per the
attached written decision


Honorable Ronald E. Bookbinder, P.J. Ch.

Michael J. Hogan

This matter was:

Opposed ✓

Unopposed.

NOT FOR PUBLICATION WITHOUT THE
APPROVAL OF THE COMMITTEE ON OPINIONS

PREPARED BY THE COURT

_____	:	SUPERIOR COURT OF NEW JERSEY
GMAC MORTGAGE, LLC,	:	BURLINGTON COUNTY
	:	CHANCERY DIVISION
Plaintiff,	:	
	:	DOCKET NO.: BUR-F-19177-08
v.	:	
	:	
FRANK J. REED, III, et al.,	:	DECISION
	:	
Defendants.	:	
_____	:	Dated: February 6, 2009

Christopher G. Ford, Esq., Attorney for Plaintiff, GMAC Mortgage, LLC (Zucker, Goldberg and Ackerman)

Linda L. Campbell, Esq., Attorney for Defendant, Frank J. Reed, III (Kearney & Assocs.)

HOGAN, P.J. Ch.

Plaintiff GMAC Mortgage, LLC brings this present Motion for Summary Judgment to Strike Defendant's Answer, Enter Default, and transfer the matter to the Foreclosure Unit to proceed as an uncontested matter. Defendant Frank J. Reed, III has filed a Cross-motion for Summary Judgment before the Court to dismiss the Complaint for failure to provide a proper notice of intent ("NOI") as required under the New Jersey Fair Foreclosure Act ("FFA"). The court has considered those papers submitted. Proof of service has been furnished. The Court now holds, for the following reasons, Plaintiff's motion is hereby **DENIED** and Defendant's cross-motion is hereby **GRANTED**. Plaintiff's Foreclosure Complaint is dismissed without prejudice.

FACTS

On May 31, 2006, Defendant Frank J. Reed, III executed a Note in favor of MERS, as nominee for Metrocities Mortgage, LLC for the amount of \$1,000,000.00. To secure that obligation, Defendant executed a Mortgage in the same amount for real property located at 817 Matlack Drive, Moorestown, New Jersey. The Mortgage was recorded in the Burlington County Clerk's Office on Sept. 25, 2006. The Mortgage was subsequently assigned to Plaintiff GMAC Mortgage, LLC, who is alleged to be the current holder of both the Note and Mortgage. Defendant subsequently defaulted under the terms of the Note by failing and neglecting to make payments that were due on Feb. 1, 2008 and all payments due thereafter. As such, Plaintiff filed a Foreclosure Complaint on May 19, 2008.

Defendant asserts that Plaintiff failed to send a written Notice of Intent to Foreclose

pursuant to the FAA at least thirty (30) days prior to the filing of the Foreclosure Complaint.

Plaintiff asserts that it has not been able to locate a copy of the NOI that was sent to Defendant or the certified mailing receipt for the same. Plaintiff further asserts that the Answer filed by Defendant is merely a delay tactic and presents no material issue of fact that contests Plaintiff's right to foreclose.

Accordingly, Plaintiff seeks for this Court to enter an Order striking the Answer, entering default and transferring the case back to the Foreclosure Unit to proceed as an uncontested matter. Defendant seeks to dismiss the Foreclosure Complaint.

LEGAL DISCUSSION

Summary Judgment Standard

Summary judgment must be granted if "the pleadings, depositions, answers to interrogatories and admissions on file, together with affidavits, if any, show that there is no genuine issue as to any material fact challenged and that the moving party is entitled to a judgment or order as a matter of law." R. 4:46-2(c). "A party may defeat a motion for summary judgment by demonstrating that the evidential materials relied upon by the moving party, considered in light of the applicable burden of proof, raise sufficient credibility issues to permit a rational factfinder to resolve the alleged disputed issues in favor of the non-moving party." D'Amato v. D'Amato, 305 N.J. Super. 109, 114, 701 A.2d 970 (App. Div. 1997) (quoting Brill v. Guardian Life Ins. Co. of Am., 142 N.J. 520, 523, 666 A.2d 146 (1995)).

The trial court's "function is not . . . to weigh the evidence and determine the truth . . . but to determine whether there is a genuine issue for trial." Brill, supra, 142 N.J. at 540, 666 A.2d 146 (quoting Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 249, 106 S. Ct. 2505, 2511, 91 L. Ed. 2d. 202, 212 (1986)). The trial judge must consider "whether the competent evidential materials presented, when viewed in the light most favorable to the non-moving party, are sufficient to permit a rational factfinder to resolve the alleged disputed issue in favor of the non-moving party." Id. When the facts present "a single, unavoidable resolution" and the evidence "is so one-sided that one party must prevail as a matter of law," then a trial court should grant summary judgment. Id.

Here, the parties' submissions do not contest the relevant material facts. Therefore, no genuine questions of material fact are presented in this case, such that summary judgment is appropriate in this matter.

Notice of Intent to Foreclose

The FFA requires a residential mortgage lender to serve a written notice of intention to file foreclosure proceedings, by registered or certified mail, return receipt requested, at least thirty (30) days prior to commencing suit. N.J.S.A. 2A:50-56(a)-(b).

This duty of the lender "to serve notice of intention to foreclose is independent of any other duty to give notice under the common law, principles of equity, state or federal statute, or rule of court and of any other right or remedy the debtor may have as a result of the failure to give such notice." N.J.S.A. 2A:50-56(e). Compliance with this rule must be set forth in the pleadings of a Foreclosure Complaint. N.J.S.A. 2A:50-56(f).

Plaintiff states that, even if this Court determines that Defendant was not properly served

with a NOI in accordance with the FFA, dismissal or denial of summary judgment is not the appropriate remedy. Citing GE Capital Mortgage Servs., Inc. v. Weisman, 339 N.J. Super. 590 (Ch.Div. 2000), Plaintiff alleges that the appropriate remedy for failure to provide a proper NOI is for the foreclosure to be stayed for thirty (30) days, while the lender or its counsel sends out a letter that conforms with N.J.S.A. 2A:50-56, and that this solution provides a defendant with all the protections he or she would have had if the notice was properly sent out in the first instance. In Weisman, the foreclosing mortgagee was unable to locate its records demonstrating service of the NOI on the debtor. 339 N.J. Super. at 592. The Chancery Division found that, because total non-compliance with the FFA or bad faith were not involved, dismissal of the foreclosure action was not the appropriate remedy. Rather, that court held that the appropriate remedy in light of mortgagee's inability to demonstrate its compliance with FFA was order directing mortgagee to forward a new NOI within ten (10) days, with mortgagors entitled to thirty (30) days from the mailing of a NOI during which they could reinstate the mortgage without liability for costs and attorney fees. Id. at 595.

However, this Court notes that Plaintiff fails to cite current law, which has overturned Weisman. In EMC Mortgage Corp. v. Chaudhri, 400 N.J. Super. 126 (App.Div. 2008), the Appellate Division disapproved of the remedy employed in Weisman and held that a violation of the FFA's pre-suit notice requirement cannot be cured by proper mailing during pendency of suit, as an alternative to dismissal of action without prejudice. Id. at 587.

The Court also notes that a dismissal of a foreclosure action without prejudice has no effect on the underlying contractual obligations of the parties and does not bar reinstitution of the same claims in a later action. R. 4:37-2(a).

The Court, having considered the Plaintiff's Motion for Summary Judgment, the Defendant's Cross-Motion for Summary Judgment, and the Plaintiff's Opposition to Cross-Motion, now finds that Plaintiff failed to comply with the notice requirements of N.J.S.A. 2A:50-56 and has neglected to state such compliance in its Complaint as required under N.J.S.A. 2A:50-56(f). Accordingly, Plaintiff's Motion for Summary Judgment is hereby **DENIED** and Defendant's Cross-motion for Summary Judgment is **GRANTED**. Plaintiff's Foreclosure Complaint is dismissed without prejudice.

Exhibit 9

Exhibit 3

Delehey Declaration

ny-1108216



**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
)	

**DECLARATION OF LAUREN GRAHAM DELEHEY IN SUPPORT OF RESCAP
 BORROWER CLAIMS TRUST’S OBJECTION TO PROOFS OF CLAIM FILED BY
 FRANK REED AND CHRISTINA REED PURSUANT TO SECTION 502(b) OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 3007**

I, Lauren Graham Delehey, hereby declare as follows:

1. I serve as Chief Litigation Counsel for the ResCap Liquidating Trust (the “Liquidating Trust”) established pursuant to the terms of the *Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC, et al. and the Official Committee of Unsecured Creditors* [Docket No. 6030] in the above-captioned Chapter 11 Cases.¹ During the Chapter 11 Cases, I served as Chief Litigation Counsel in the legal department at Residential Capital, LLC (“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 joined ResCap on August 1, 2011 as in-house litigation counsel.

2. In my role as Chief Litigation Counsel at ResCap, I was responsible for the management of litigation, including, among others, residential mortgage-related litigation. In connection with ResCap’s chapter 11 filing, I also assisted the Debtors and their professional advisors in connection with the administration of the Chapter 11 Cases, including the borrower

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Objection (as defined below).

litigation matters pending before this Court. In my current position as Chief Litigation Counsel to the Liquidating Trust, among my other duties, I continue to assist the Liquidating Trust and the Borrower Claims Trust (the “Borrower Trust”) in connection with the claims reconciliation process.² I am authorized to submit this declaration (the “Declaration”) in support of the *ResCap Borrower Claims Trust’s Objection to Proofs of Claim Filed by Frank Reed and Christina Reed Pursuant to Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007* (the “Objection”).

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors’ operations, 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, the Liquidating Trust’s and the Borrower Trust’s professionals and consultants. If I were called upon to testify, I could and would testify competently to the facts set forth in the Objection on that basis.

4. In my current and former capacities as Chief Litigation Counsel to the Liquidating Trust and ResCap, I am intimately familiar with the Debtors’ claims reconciliation process. Except as otherwise indicated, all statements in this Declaration are based upon my familiarity with the Debtors’ Books and Records (the “Books and Records”), as well as the Debtors’ schedules of assets and liabilities and statements of financial affairs filed in these Chapter 11 Cases (collectively, the “Schedules”), my review and reconciliation of claims, and/or my review of relevant documents. I or other Liquidating Trust personnel have reviewed and analyzed the proof of claim forms and supporting documentation filed by the Reeds (defined

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.

below). Since the Plan went effective and the Borrower Trust was established, I, along with other members of the Liquidating Trust have consulted with the Borrower Trust to continue the claims reconciliation process, analyze claims, and determine the appropriate treatment of the same. In connection with such review and analysis, where applicable, I or other Liquidating Trust personnel, together with their professional advisors have reviewed (i) information supplied or verified by former personnel in departments within the Debtors' various business units, (ii) the Books and Records, (iii) the Schedules, (iv) other filed proofs of claim, and/or (vi) the official claims register maintained in the Debtors' Chapter 11 Cases.

5. In connection with the Proofs of Claim (as defined below) filed by Frank Reed and Christina Reed (together, the "Reeds"), the Liquidating Trust, on behalf of the Borrower Trust, reviewed the Reeds' payment history, the Debtors' internal servicing notes (the "Servicing Notes"), as well as the various pleadings filed in the litigation between the Debtors and the Reeds.

6. The Reeds filed proofs of claim 3708 and 4759 against ResCap, and proofs of claim 3759 and 4736 against GMAC Mortgage, LLC ("GMACM") (collectively, the "Proofs of Claim"), copies of which are attached to the Objection as Exhibits 1-A, 1-B, 1-C, and 1-D, respectively.

A. The FRB Consent Order

7. Without admitting fault, the Consent Order Debtors, AFI, and Ally Bank agreed, pursuant to the FRB Consent Order, to develop and implement certain risk management and corporate governance procedures under the guidance of the FRB in order to ensure prospective compliance with applicable foreclosure-related regulations and laws. Pursuant to the FRB Consent Order, the parties were required to undertake a risk assessment of their mortgage

servicing operations and were responsible for making improvements to various aspects of their residential mortgage loan servicing business, including, among other things, compliance programs, internal audit, communications with Borrowers, vendor management, management information systems, employee training, and oversight by the boards of directors of ResCap and GMACM. Additionally, pursuant to the FRB Consent Order, GMACM agreed to pay for an extensive, independent file review regarding certain residential foreclosure actions and foreclosure sales prosecuted by the Debtors (the “FRB Foreclosure Review”), and to prepare and submit a detailed report regarding the results of that review. The FRB Consent Order further required that the Debtors remediate any financial harm to borrowers resulting from errors or misrepresentation of the Debtors that the FRB Foreclosure Review uncovers.

8. Pursuant to the FRB Foreclosure Review requirement, GMACM must “retain one or more independent consultant(s) acceptable to the [Federal] Reserve Bank [of Chicago] to conduct an independent review” of residential mortgage foreclosure actions prosecuted during the period from January 1, 2009 to December 31, 2010 (the “Consent Order Review Period”), as well as foreclosure sales pending or completed during the Consent Order Review Period. The independent consultant is required to review, among other things, whether: (i) the Debtors had properly documented ownership of the promissory note and mortgage (or deed of trust) at the time they initiated a foreclosure; (ii) the foreclosure complied with state and federal law, including the Servicemembers Civil Relief Act; (iii) the procedures followed with respect to non-judicial foreclosures were in accordance with the terms of the mortgage loan and state law; (iv) the foreclosure occurred when the Borrower had a loan modification request under consideration or while the loan was performing under a trial or permanent loan modification; (v) impermissible charges were applied to the Borrower’s account; and (vi) any errors or omissions

were identified by the independent consultant that resulted in financial injury to the Borrower or owner of a loan.

9. In early 2013, the Consent Order Regulators began entering into settlements with various Consent Order parties and, in June 2013, a term sheet was executed among the FRB, ResCap and GMAC Mortgage suspending the FRB Foreclosure Review and the Debtors escrowed \$230 million as their anticipated settlement amount. Following execution of the term sheet, the Debtors' independent consultant, PwC, conducted a review as to the population of borrowers who may have been eligible to receive payments from the settlement fund as designed, and then provided an initial "IFR Waterfall" to the FRB. The settlement was designed to halt all individual foreclosure file reviews and, instead, provide a payment of some amount, with no determination having been made of actual harm, to each borrower in the final population, *i.e.*, all borrowers being serviced by the Debtors who had been subject to residential mortgage foreclosure actions or proceedings, including residential foreclosure sales, that were pending or occurred at any time during the Consent Order Review Period (the "Eligible Population").

10. A formal amendment to the Consent Order was executed on July 26, 2013 and the previously escrowed funds were moved into a Settlement Fund outside the Debtors' control. Subsequent to that date, the Debtors provided data from its loan servicing system to an independent consultant and the FRB to finalize the IFR Waterfall, with the independent consultant and the FRB verifying the eligibility and placement of all the borrowers into the IFR Waterfall. Once that was completed, the Debtors provided to Rust Consulting, Inc., as paying agent for the settlement, the specific borrower placement information on November 21, 2013 and the placement of Borrowers into the IFR Waterfall was deemed final. The paying agent is now

in process of distributing the funds in the Settlement Fund to borrowers in accordance with a distribution plan implemented by the FRB.

11. The payment that the Reeds received in respect of the FRB settlement does not indicate or represent any determination or acknowledgement by the Debtors that claims made by the Reeds have any merit or that they suffered any harm at the hands of the Debtors. The Reeds were included in the FRB settlement population because they were subject to a foreclosure proceeding during the Consent Order Review Period.

12. The Debtors' role in the FRB Foreclosure Review settlement was limited to providing servicing system data to the independent consultant with respect to the Borrowers who, given the time period in which their foreclosure actions were pending, may have been eligible to be included in one of the various "potential harm" categories in the IFR Waterfall. After the Debtors provided that data, the independent consultant and the FRB finalized the Eligible Population and the placement of each eligible Borrower in the IFR Waterfall potential harm categories. The FRB then determined payment amounts for each such category. The Reeds were determined to be eligible to receive \$500 as a settlement payment, the lowest payout provided for in the IFR Waterfall. Rust Consulting, Inc. distributed the remediation settlement payment to the Reeds on January 27, 2014.³

13. The Reeds submitted a "Request for Review" of the Reed Loan in the Debtors' foreclosure review process. The Reed Loan was classified as a "Foreclosure in Process" and based on their placement in the IFR Waterfall, the Reeds were compensated \$500 on account of their loan. The Debtors have complied with their obligations pursuant to the settlement entered into with the FRB, including any obligations owed to the Reeds.

³ The settlement payments were first issued on January 27, 2014. The lowest amount of such payments is \$500, and the Reeds' placement in that IFR Waterfall category means that there was no indication of even potential harm suffered by the Reeds that would have placed them into a higher payout category.

B. Litigation Underlying the Reeds' Proofs of Claim

14. The Reeds are Borrowers under a loan (the "Reed Loan") evidenced by a note in the principal amount of \$1,000,000.00 executed on May 31, 2006, in favor of Metrocities Mortgage, LLC, which is secured by a mortgage on real property located at 817 Matlack Drive, Moorestown, New Jersey. GMACM began servicing the mortgage loan on June 27, 2006, but at no time owned the loan at issue. GMACM continued servicing the loan until the servicing transfer to Ocwen Loan Servicing, LLC ("Ocwen") on February 15, 2013. Ocwen subsequently transferred servicing to 21st Mortgage Corp. on October 1, 2013. Residential Funding Company, LLC ("RFC") acquired the loan on December 30, 2009, and transferred ownership of the loan to 21st Mortgage Corp. on February 6, 2013.

15. In February 2008, the Reeds defaulted under the Reed Loan based upon their failure to timely make payments for a period of several months. GMACM, prior to mailing the NOI, sent the Reeds at least one letter notifying them that their mortgage payments were delinquent and remained due and owing. See, e.g., Notice of Default Letter, annexed hereto as Exhibit A. On May 19, 2008, GMACM filed a foreclosure complaint (the "Foreclosure Complaint") against the Reeds (the "Foreclosure Action") in the Superior Court of New Jersey, Chancery Division (the "Chancery Division Court"). See Foreclosure Complaint, a copy of which is annexed hereto as Exhibit B. Prior to filing the Foreclosure Action, it was the position of the Debtors that prior to filing the Foreclosure Complaint, GMACM mailed an NOI to the Reeds pursuant to FFA requirements; however, GMACM, as explained in the Foreclosure Action, was unable to locate the NOI or the certified mail receipt. Nevertheless the Debtors had a good faith basis for filing the Foreclosure Action. The Reeds filed an answer (the "Answer")

to the Foreclosure Complaint on June 24, 2008. See Answer, a copy of which is annexed hereto as Exhibit C.

16. In July 2008, GMACM filed a motion for summary judgment (the “Summary Judgment Motion”) in the Foreclosure Action seeking (i) to strike the Answer, (ii) entry of a default and (iii) transfer of the Foreclosure Action to the foreclosure unit. See Summary Judgment Cross-Motion annexed hereto as Exhibit D. In response, the Reeds filed a cross-motion for summary judgment (the “Summary Judgment Cross-Motion”) seeking the dismissal of the Foreclosure Complaint for failure to provide a proper notice of intent (“NOI”) as required under the New Jersey Fair Foreclosure Act (“FFA”). See Summary Judgment Cross-Motion, a copy of which is annexed hereto as Exhibit E. GMACM sought to correct any noncompliance with the FFA by serving an NOI during the Foreclosure Action.

17. On February 9, 2009, the Chancery Division Court denied the Summary Judgment Motion and granted the Summary Judgment Cross-Motion (the “Order Granting Cross-Motion”). A copy of the Order Granting Cross-Motion is attached to the Proofs of Claim as “Exhibit A”. Specifically, the Chancery Division Court determined that the Foreclosure Complaint should be dismissed without prejudice because GMACM could not prove that it delivered a NOI in accordance with N.J.S.A. 2A:50-56. See Order Granting Cross-Motion. GMACM sought to correct any noncompliance with the FFA by serving an NOI during the Foreclosure Action, but the Chancery Division Court did not approve this remedy. This matter was not dismissed until August 9, 2013. See Docket for the Foreclosure Action, a copy of which is annexed hereto as Exhibit F.

18. On May 10, 2010, the Reeds filed a separate complaint (the “Reed Complaint”) against GMACM, Residential Funding Corp.,⁴ and unnamed defendants who allegedly were employees or agents of the other two defendants (the “Reed Action”) in the Superior Court of New Jersey, Law Division (the “Law Division Court”). See Reed Complaint, a copy of which is attached to the Proofs of Claim as “Exhibit D.” The claims asserted against GMACM in the Reed Action are predicated on the Foreclosure Action and GMACM’s alleged failure to comply with NOI requirements of the FFA; however, the Reeds’ claims did not address the merits of the Foreclosure Action. See id. Specifically, the Reeds asserted claims against GMACM for negligence, breach of contract, and estoppel. See id. GMACM filed a motion to dismiss (the “Motion to Dismiss”) the Reed Complaint, which the Law Division Court denied in July 2010 (the “Order Denying the Motion to Dismiss”). See Order Denying Motion to Dismiss, a copy of which is annexed hereto as Exhibit G.

19. The Reeds were permitted to amend the Reed Complaint, and on January 6, 2012, they filed an amended complaint (the “Amended Reed Complaint,” a copy of which is attached to the Proofs of Claim as “Exhibit E”). In addition to the claims set forth in the Reed Complaint, the Amended Reed Complaint added purported claims for economic and non-economic losses stemming from the Foreclosure Action, punitive damages and consumer fraud. See generally, Amended Reed Complaint.

20. In early 2012, the Reeds sought entry of an order staying the Reed Action to allow time for participation in the Independent Foreclosure Review or, in the alternative, entry of an order granting leave to voluntarily dismiss the Reed Action without prejudice (the “Motion to Stay or Dismiss”). See Dismissal Order (defined below), a copy of which is annexed to the Delehey Declaration as Exhibit H. On February 9, 2012, the Law Division Court entered an

⁴ Residential Funding Corp. is now known as Residential Funding Company, LLC, a Debtor entity.

order (the “Dismissal Order”) granting the Reeds leave to voluntarily dismiss the Reed Action without prejudice.

C. Debtors’ Servicing Notes Relating to the Reed Loan

21. According to the Debtors’ servicing notes,⁵ GMACM never recommended that the Reeds pay the entire principal balance and interest on their mortgage. The servicing notes are the only business records that would show whether GMACM ever made such a recommendation. Furthermore, the servicing notes show that Mr. Reed even met with a Hope Now representative in person on or about July 26, 2008, subsequent to which Mr. Reed indicated that he was not interested in a loan workout arrangement to keep his property, but only enough time to sell such property. In addition, the servicing notes demonstrate that the Debtors sent the Reeds a loss mitigation package, and approved them for a loan modification on a number of occasions; however, the Reeds never executed the loan modification papers.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 29, 2014

/s/ Lauren Graham Delehey
Lauren Graham Delehey
Chief Litigation Counsel for ResCap
Liquidating Trust

⁵ In order to protect potentially private information, Exhibit I is only being produced to the Court, the U.S. Trustee, and the Reeds, and will not be publicly filed on the docket with the other Exhibits included in the Objection.

Exhibit A

Notice of Default Letter

03/13/08

FRANK J REED

817 MATLACK DRIVE

MOORESTOWN NJ 08057

RE: Account Number 0601613576

Property Address 817 MATLACK DRIVE

MOORESTOWN NJ 08057

Dear FRANK J REED

Disclosure: If you are already working with the Loss Mitigation
department on a special forbearance or other foreclosure
prevention alternatives, this letter does not apply to you.

However, you may want to take advantage of the Homeownership
Counseling information contained within this letter.

Your account is in default under the terms of the mortgage.

The mortgage payments of \$ 10615.60 for the months of 02/01/08 through 03/01/08, are past due. If you have already mailed these payments, please accept our thanks.

Due to the unresolved delinquency on your account, you may be experiencing temporary or permanent financial problems that led to the default. Your account could soon be referred to foreclosure if the default is not resolved. We would like to discuss possible loss mitigation options, which may be available to you to resolve the delinquency and avoid foreclosure. A brief description of these options follows.

If you have experienced a temporary loss of income or increase in expenses and now have sufficient income to make increased payments, we may be able to work out a REPAYMENT PLAN.

LOAN MODIFICATION: A loan modification capitalizes delinquent payments into the unpaid principal balance. This may be completed if you are unable to make temporary increased monthly payments, yet can still afford your mortgage payments.

03/13/08

Account Number 0601613576

Page Two

SHORT SALE: The investor may accept less than a full payoff when the value of your property has declined. You must list the property at fair market value and forward any offers, along with estimated closing costs, to our company. The acceptance of the offer is subject to investor approval. You may be required to contribute to reduce the total loss.

DEED IN LIEU OF FORECLOSURE: A deed in lieu voluntarily gives back the Deed to the lender to satisfy the debt and avoid foreclosure. You must have tried to sell the property for 90 days at fair market value.

The collection activity will not stop and the monthly mortgage payments are still due while we evaluate your financial situation. Not all options may be available to you and we cannot guarantee you will qualify for any of the loss mitigation options.

In order to be considered for any of these loss mitigation

options, you may be required to provide us with financial information. Please contact us at 800-850-4622 to discuss any of these loss mitigation options. For your information, you may contact a HUD Counseling Agent at 1-800-569-4287. Toll free TDD number for the HUD Counseling Agency is 1-800-877-8339.

NOTICE - This is an attempt to collect a debt and any information obtained will be used for that purpose. If your debt has been discharged in bankruptcy, our rights are being exercised against the collateral for the above-referenced loan, not as a personal liability.

PLEASE DO NOT SEND US MEDICAL INFORMATION.

As required by law, we are prohibited from obtaining or using medical information (e.g., diagnosis, treatment or prognosis) in connection with your eligibility, or continued eligibility, for credit. We will not use it when evaluating your request, and it will not be retained.

Collection Department

Loan Servicing

5014

Exhibit B

Foreclosure Complaint

XCZ 102962/tj
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

FILED:

REC'D & FILED
SUPERIOR COURT
OF NEW JERSEY

MAY 19 2014

Christina P. Higgins
ACTING CLERK

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III and Christina A. Reed, his wife,
and each of their heirs, devisees, and personal
representatives, and his, her, their or any of their
successors in right, title and interest; Mortgage
Electronic Registration Systems, Inc., as nominee
for Homecomings Financial, LLC; State of New
Jersey;

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
DOCKET NO. F- 19177-08

Civil Action

COMPLAINT
FOR
FORECLOSURE

GMAC MORTGAGE, LLC, (hereinafter "plaintiff"), through its servicing agent
located at 1100 VIRGINIA DRIVE, P.O. BOX 8300, FORT WASHINGTON, PA 19034, hereby
says:

FIRST COUNT

1. On 05/31/2006, Frank J. Reed, III executed to Metrocities Mortgage, LLC a Note (hereinafter "Note") securing the sum of \$1,000,000.00, payable on 06/01/2036 with the initial interest rate of 6.3750% per annum.
2. To secure the payment of the Note, Frank J. Reed, III and Christina A. Reed, husband and wife, executed to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC, a Mortgage (hereinafter "Mortgage") dated 05/31/2006, and thereby mortgaged to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC in fee the land hereinafter described (hereinafter "Mortgaged Premises"). Said Mortgage was duly recorded on 09/25/2006, in the OFFICE OF THE CLERK OF BURLINGTON COUNTY, in Mortgage Book 11124, Page 410. The Mortgage is a Purchase Money Mortgage.
3. The legal description of the Mortgaged Premises is described on the Schedule annexed hereto and made a part hereof.

SCHEDULE A- Legal Description

ALL the following described property located in the Township of Moorestown, County of Burlington, State of New Jersey:

COMMONLY known as 817 MATLACK DRIVE, MOORESTOWN, NJ 08057.

BEING also known as Lot 2, Block 3803 on the tax map of the Township of Moorestown.

DIMENSIONS: APPROXIMATELY 185 x 111 x 156 x 33 x 138 x 26

NEAREST CROSS STREET: Situate in the southerly line of Matlack Drive approximately 580 feet westerly from the westerly line of New Albany Road

The following is a metes and bounds legal description as found in the Mortgage:

BEGINNING at a point in the Southerly right of way line of Matlack Drive (60 feet wide), said point being 580.94 feet Westwesterly from the Westerly end of a curve having a radius of 20.00 feet and connecting said line of Matlack Drive with the Westerly right of way line of New Albany Road (66 feet wide); thence

1. South 12 degrees 58 minutes 42 seconds West, 143.80 feet to a point; thence
2. North 77 degrees 01 minute 18 seconds West, 111.42 feet to a point; thence
3. North 14 degrees 38 minutes 30 seconds West, 156.41 feet to a point in said line of Matlack Drive; thence
4. North 75 degrees 21 minutes 30 seconds East, along said line of Matlack Drive, 33.75 feet to a point of curvature; thence
5. Easterly and curving to the right with a radius of 270.00 feet, still along said line of Matlack Drive, the arc distance of 130.16 feet to a point of tangency; thence
6. South 77 degrees 01 minute 18 seconds East, still along said line of Matlack Drive, 28.86 feet to the point and place of **BEGINNING**.

BEING Block 3803, Lot 2 as shown on the "Final Plan of Lots, Maching Farms, Section 3", Filed May 15, 2003 as Map #3821680.

FOR INFORMATION PURPOSES ONLY: BEING known as Lot 2, Block 3803 on the Official Tax Map of Township of Moorestown.

Above description made in accordance with a survey made by Wallace Associates, dated March 10, 2005.

4. On or before the date the within complaint was drafted, the plaintiff herein became the owner of the note and mortgage being foreclosed herein.

5. The Note contained an agreement that if any installment payment should remain unpaid for 30 days after the same shall fall due, the whole principal sum, with all unpaid interest, fees, costs and advances, should, at the option of plaintiff or its representatives or assigns, become immediately due and payable.

6. The obligor(s) has/have failed to make the installment payment due on 02/01/2008, and all payments becoming due thereafter. Therefore the loan has been in default since on or about 03/01/2008.

7. As a result of said default, plaintiff hereby elects and declares that the whole unpaid principal sum due on the Note and Mortgage, along with all unpaid interest, advances, fees and costs, shall be accelerated and is now due and payable.

8. The Note and Mortgage do not contain a prepayment penalty.

9. The following defendants are joined herein because they are either the holder of an instrument or interest appearing of record which affect or may affect the Mortgaged Premises, or because they are the holder of a legal and equitable interest in the Mortgaged Premises which is subordinate to plaintiff's Mortgage lien.

9a. On 05/31/2006 Frank J. Reed, III and Christina A. Reed, husband and wife mortgaged the premises being foreclosed herein to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC to secure the sum of \$414,400.00, which mortgage was recorded 09/25/2006 in Book 11124 of Mortgages for Burlington County, Page 431, which Mortgage was assigned to Mortgage Electronic Registration Systems, Inc., as nominee for Homecomings Financial, LLC which assignment is unrecorded at this time. Mortgage Electronic Registration Systems, Inc., as nominee for Homecomings Financial, LLC is made a party defendant to this foreclosure action by virtue thereof.

9b. The State of New Jersey is made a party defendant to this foreclosure action by reason of the following 4 liens entered in the office of the Clerk of the Superior Court of New Jersey recovered against plaintiff's mortgagors, Frank J. Reed, III and Christina A. Reed.

9b-1

SUPERIOR COURT OF NEW JERSEY

JUDGMENT NUMBER: J-142752-1992 CASE NUMBER: L-21331-87
DATE ENTERED: 12/30/92 DATE SIGNED: 12/01/92
TYPE OF ACTION: AUTO NEGL
TENURE: ESSRX

DEBT: \$ 15,000.00

CREDITOR(S):
RICHARD EPPS
ATTORNEY: NICHOLAS STEFANCHIK, JR.
SAMUEL F. FORTUNATO, COMMISSIONER OF INSURANCE, ASSIGNEE

DEBTOR(S):
MARCUS X. HANNAH
(No Address)
FRANK REED
(No Address)

04-28-93 ASSIGNED TO SAMUEL FORTUNATO, COMMISSIONER DEPARTMENT OF
INSURANCE., RECORDED 10-06-93.
*** End of Abstract ***

9b-2

SUPERIOR COURT OF NEW JERSEY
JUDGMENT NUMBER: DJ-328724-2006
DATE DOCKETED: 12/12/06
TYPE OF ACTION: CERTIF OF DEBT
VENUE: MERCER

CREDITOR(S): DEBT: \$ 200.00
DIV OF MOTOR VEHICLES
ATTORNEY: PRO SE
DEBTOR(S):
FRANK M REED , DRIVERS LICENSE # = R21632677410772
86 HIGHLAND AV, NEWARK, NJ 07104-1107
ATTORNEY: PRO SE

*** End of Abstract ***

9b-3

SUPERIOR COURT OF NEW JERSEY
JUDGMENT NUMBER: PD-154183-2005
DATE ENTERED: 06/16/05
LIEN FOR LEGAL SERVICES
VENUE: MERCER

CREDITOR: OFFICE OF THE PUBLIC DEFENDER DEBT: \$ 50.00
DEBTOR(S):
FRANK M REED
1ST FL,
2018 GRIER AV, LINDEN, NJ 07036
ATTORNEY: PRO SE

*** End of Abstract ***

9b-4

SUPERIOR COURT OF NEW JERSEY
JUDGMENT NUMBER: PD-213865-2007
DATE ENTERED: 08/07/07
LIEN FOR LEGAL SERVICES
VENUE: MERCER

CREDITOR: OFFICE OF THE PUBLIC DEFENDER
DEBTOR(S):

DEBT: \$ 566.00

MICHAEL VOLPE
715 CENTER ST, GARWOOD, NJ 07207
ATTORNEY: PRO SE
A/K/A
FRANK REED
(No Address)
A/K/A
MIKE VOLPE
(No Address)

*** End of Abstract ***

10. The following defendants are joined herein because they are the holder of an instrument or interest appearing of record which affect or may affect the Mortgaged Premises which has been paid in full but have not been discharged of record.

NONE.

11. In the event plaintiff is unable to determine the present whereabouts of defendants, Frank J. Reed, III and Christina A. Reed, his wife, or ascertain if he/she/they is/are presently alive, and as a precaution, plaintiff has joined the following persons as party defendants to this foreclosure action for any lien, claim or interest they may have in, to, or against the mortgaged premises:

Frank J. Reed, III and Christina A. Reed, his wife, and each of their heirs, devisees, and personal representatives, and his, her, their or any of their successors in right, title and interest.

12. Pursuant to the terms of the Note and Mortgage, plaintiff (or its predecessors, successors or servicing agent), reserved the right to pay taxes, municipal charges, or other liens affecting the Mortgaged Premises, which charges or liens are superior to the lien of the Mortgage. When paid by plaintiff (or its predecessors, successors, or servicing agent), these taxes, municipal charges, or other liens, together with interest thereon, are to be added to the amount due plaintiff, whether such advances were made prior to the filing of this action or during its pendency.

13. Plaintiff has complied with the Fair Foreclosure Act N.J.S.A. 2A:50-53, et seq., by serving the required Notice of Intention to Foreclose at least 30 days in advance of filing of this complaint.

WHEREFORE, the plaintiff demands judgment:

- (a) Fixing the amount due on the Mortgage;
- (b) Barring and foreclosing the defendants and each of them of all equity of redemption in and to the Mortgaged Premises;

- (c) Directing that plaintiff be paid the amount due as provided in the Mortgage, together with interest, fees, costs and advances;
- (d) Adjudging that the Mortgaged Premises be sold according to law to satisfy the amount due to plaintiff on the Mortgage; and
- (e) Appointing a receiver of the rents, issues and profits of the Mortgaged Premises.

SECOND COUNT

1. Plaintiff hereby repeats, re-alleges, and incorporates the allegations set forth in the First Count of the Complaint, as if set forth herein at length.

2. By the terms of the Note and Mortgage, plaintiff is entitled to possession of the Mortgaged Premises and all appurtenances.

3. The Mortgagor(s) and Obligor(s) named herein has or may claim to have certain rights in the Mortgaged Premises, and by reason thereof, has or have deprived plaintiff of possession of the Mortgaged Premises.

WHEREFORE, plaintiff demands judgment against the defendants, except those protected by N.J.S.A. 2A:18-61.1, et. seq.:

- (a) for possession of the Mortgaged Premises in favor of plaintiff or its assignee or designee, which right to possession shall be transferred to the successful purchaser at the foreclosure sale;
- (b) for costs.

CERTIFICATION PURSUANT TO RULE 4:5-1

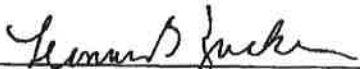
I hereby certify that the matter in controversy is not the subject of any other Court proceeding or arbitration and that, to the best of my knowledge and belief, no other parties need be joined at this time, and that no other proceedings are contemplated.

CERTIFICATION PURSUANT TO RULE 4:64-1(a) AND RULE 1:5-6(c)(1)(E)

I hereby certify that a title search of the public record has been received and reviewed

prior to the filing of this action.

ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff

By: 
LEONARD B. ZUCKER
MEMBER OF THE FIRM

DATED: May 16, 2008

Exhibit C

Answer

FRANK J REED III, Pro Se
817 Matlack Drive
Moorestown, NJ 08057

GMAC Mortgage LLC

Plaintiff(s),

v.

FRANK J. REED, III, et. al.

Defendant(s),

SUPERIOR COURT OF NEW JERSEY
BURLINGTON COUNTY
CHANCERY DIVISION

DOCKET # F- 19177-08

CIVIL ACTION

ANSWER

Frank Reid III, *Pro Se*, hereinafter ("defendant") hereby says:

FIRST COUNT

1. Admitted.
2. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
3. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
4. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
5. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
6. Denied.
7. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
8. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

9. This allegation is not directed towards the answering defendant.

9a. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

9b. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

Answering party is without sufficient information to admit or deny this allegation.

10. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

11. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

12. Denied.

13. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

WHEREFORE, Defendant seeks a judgment dismissing Plaintiffs complaint with prejudice and without costs.

SECOND COUNT

1. Plaintiffs repeat the answers set forth in the previous paragraphs as if set forth herein at length.

2. Denied.

3. Denied.

WHEREFORE, Defendant seeks a judgment dismissing Plaintiffs complaint with prejudice and without costs.

AFFIRMATIVE DEFENSES

1. Plaintiff's damages, if any, were the direct result of the negligence or intentional acts of others, over whom this answering defendant had no control.
2. The incident described in the Complaint was caused wholly or partly by the negligence or intentional acts of the Plaintiff and Plaintiff is barred from recovery or their recovery should be reduced thereby.
3. Defendant is entitled to a credit for any amount paid or payable to the plaintiff from a collateral source (N.J.S.A. 2A:15-97).
4. Plaintiff failed to mitigate his damages.
5. Plaintiff fails to State a claim upon which relief may be granted.
6. Plaintiff's claim is barred by the Statute of Limitations.
7. Plaintiff's claim is barred by the doctrine of Laches.
8. Plaintiff's claim is barred by the Doctrine of Estoppel.
9. Plaintiff's claim is barred by the Doctrine of Unclean hands.
10. Plaintiff's claim is barred by virtue of his failure to act in good faith.
11. Plaintiff's claim is barred by the Doctrine of Waiver.
12. Plaintiff's claim is barred by the doctrine of avoidable consequences.
13. Plaintiff's claim is barred by its failure to comply with the Fair Foreclosure Act 2A:50-53, et seq.
14. Plaintiff's claim is barred by its failure to comply with the anti-eviction act. NJSA 2A:18-61.1 et seq.
15. Plaintiff does not have jurisdiction to bring a claim under NJSA 2A: 18-61.1 et seq. in this court.

16. Plaintiff has not provided the appropriate notices to bring a claim under NJSA 2A:18-61.1 et. seq.

17. The original lender, Metrocities Mortgage, LLC, was not properly licensed to do business in the State of New Jersey at the time of this loan and this loan violates Regulations and Statutes of the State of New Jersey.

CERTIFICATION

The undersigned certifies in accordance with New Jersey Court Rules 4:6-1d that this response pleading was served within the time period allowed by Rule 4:6 or pursuant to a consent order extending the time for which to answer.

By: 

FRANK J. REED, III
Pro Se Defendant

Dated: 6/20/08


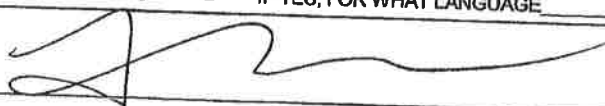
CIVIL CASE INFORMATION STATEMENT		FOR USE BY CLERK'S OFFICE ONLY	
 <p>(CIS) Use for Initial Law Division - Civil Part pleadings (not motions) under Rule 4:5-1. Pleading will be rejected for filing, under Rule 1:5-6(c), if information above the black bar is not completed or if attorney's signature is not affixed.</p>		PAYMENT TYPE: CK CQ CA	
		CHECK NO.	
		Amount:	
		Overpayment	
		Batch Number	
ATTORNEY/PRO SE NAME FRANK J. REED, III	PHONE NUMBER 856-979-3035	COUNTY OF VENUE BURLINGTON	
FIRM NAME (if applicable)		DOCKET NUMBER (IF AVAILABLE) F-19177-08	
ADDRESS 817 Matlack Drive Moorestown, NJ 08057		DOCUMENT TYPE Answer, Separate and Affirmative Defenses	
NAME OF PARTY (e.g., John Doe, Plaintiff) Frank J. Reed, III		JURY DEMAND YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
CASE TYPE NUMBER (See reverse side for listing)		CAPTION GMAC Mortgage, LLC v. Frank J. Reed, III; et al	
RELATED CASES PENDING? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		IS THIS A PROFESSIONAL MALPRACTICE CASE? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> IF YOU HAVE CHECKED "YES", SEE N.J.S.A. 2A:53A-27 AND APPLICABLE CASE LAW REGARDING YOUR OBLIGATION TO FILE AN AFFIDAVIT OF MERIT.	
DO YOU ANTICIPATE ADDING ANY PARTIES (arising out of the same transaction or occurrence)? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		IF YES, LIST DOCKET NUMBER	
		NAME OF DEFENDANT'S PRIMARY INSURANCE COMPANY, IF KNOWN <input type="checkbox"/> NONE <input checked="" type="checkbox"/> UNKNOWN	
THE INFORMATION PROVIDED ON THIS FORM CANNOT BE INTRODUCED INTO EVIDENCE			
CASE CHARACTERISTICS FOR PURPOSES OF DETERMINING IF CASE IS APPROPRIATE FOR MEDIATION			
A. DO PARTIES HAVE A CURRENT PAST OR RECURRENT RELATIONSHIP? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		IF YES, IS THAT <input type="checkbox"/> EMPLOYER-EMPLOYEE <input type="checkbox"/> FRIEND/NEIGHBOR RELATIONSHIP <input type="checkbox"/> FAMILIAL <input checked="" type="checkbox"/> BUSINESS <input type="checkbox"/> OTHER (explain) _____	
B. DOES THE STATUTE GOVERNING THIS CASE PROVIDE FOR PAYMENT OF FEES BY THE LOSING PARTY? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
USE THIS SPACE TO ALERT THE COURT TO ANY SPECIAL CASE CHARACTERISTICS THAT MAY WARRANT INDIVIDUAL MANAGEMENT OR ACCELERATED DISPOSITION:			
DO YOU OR YOUR CLIENT HAVE ANY NEEDS UNDER THE THE AMERICANS WITH DISABILITIES ACT? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> IF YES, PLEASE IDENTIFY THE REQUESTED ACCOMMODATION _____			
WILL AN INTERPRETER BE NEEDED? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> IF YES, FOR WHAT LANGUAGE _____			
PRO SE SIGNATURE 			

Exhibit D

Summary Judgment Motion

LEONARD B. ZUCKER
MICHAEL S. ACKERMAN
JOEL ACKERMAN*

RICHARD P. HABER §
FRANCES GAMBARDIELLA
BRIAN C. NICHOLAS •
STEVEN D. KROL
ERIC SANTOS •
ANTHONY J. RISALVATO ‡
CHRISTOPHER G. FORD

* ALSO MEMBER OF NY, PA AND CA BAR
§ ALSO MEMBER OF PA BAR
• ALSO MEMBER OF NY AND ME BAR
• ALSO MEMBER OF NY AND PA BAR
‡ ALSO MEMBER OF NY BAR
□ MEMBER OF PA BAR ONLY

OF COUNSEL:
SCOTT A. DIETTERICK, ESQ. □
KIMBERLY A. BONNER, ESQ. □

ZUCKER, GOLDBERG & ACKERMAN, LLC
ATTORNEYS AT LAW

200 SHEFFIELD STREET- SUITE 301
P.O. BOX 1024
MOUNTAINSIDE, NJ 07092-0024

TELEPHONE: 908-233-8500
FACSIMILE: 908-233-1390
E-MAIL: office@zuckergoldberg.com
For payoff/ reinstatement figures
please send your request to: zuckergoldberg.com/pr
REPLY TO NEW JERSEY ADDRESS

FOUNDED IN 1923
AS ZUCKER & GOLDBERG

MAURICE J. ZUCKER (1918-1979)
LOUIS D. GOLDBERG (1923-1967)
LEONARD H. GOLDBERG (1929-1979)
BENJAMIN WEISS (1949-1981)

Pennsylvania Office:
P.O. Box 630
Hershey, PA 17033
717-533-3560
Fax: 717-533-3562

XCZ 102962

~~July~~ June 30, 2008

VIA: LAWYERS SERVICE

Burlington County Central Processing Office
Attention: Civil Intake
Courts Facility Bldg. - 1st Floor
49 Rancocas Road
Mount Holly, NJ 08060

Re: **GMAC MORTGAGE, LLC, etc.**
vs. **Frank J. Reed, III, et al.**
Docket No. F-19177-08
Motion Return Date: August 1, 2008

Dear Sir/Madam:

Enclosed is an original and one copy of plaintiff's Notice of Motion for Summary Judgment to Strike Defendant's Answer to Enter Default and Transfer Case to The Foreclosure Unit, Certification in support of motion, Statement of Material Facts, Brief and proposed form of Order.

Kindly file same and return a copy marked "FILED" in the self-addressed Stamped envelope provided. We also enclose our check in the sum of \$30.00 to cover your filing fee.

By copy of this letter, we are providing our interested parties with a copy of the within motion.

Very truly yours,
ZUCKER, GOLDBERG & ACKERMAN, LLC

By: Richard P. Haber
RICHARD P. HABER

RH/wh

Enclosures

cc: Honorable Ronald E. Bookbinder, P.J.Ch. (Via Lawyers' Service)

cc: Frank J. Reed, III, Pro Se Defendant (Via UPS Overnight Mail)

***THIS IS AN ATTEMPT TO COLLECT A DEBT.
ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.***

XCZ 102962/wh
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III, et al.,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
GENERAL EQUITY PART
DOCKET NO. F-19177-08

Civil Action

**NOTICE OF MOTION FOR SUMMARY
JUDGMENT TO STRIKE CONTESTING
ANSWER, TO ENTER DEFAULT AND
TRANSFER CASE TO THE
FORECLOSURE UNIT**

TO:

**Frank J. Reed, III, Pro Se Defendant
817 Matlack Drive
Moorestown, NJ 08057**

SIR/MADAM:

PLEASE TAKE NOTICE that on Friday, August 1, 2008 at 9:00 a.m. or as soon thereafter as counsel may be heard, the undersigned attorneys for plaintiff will apply to the Burlington County Central Processing Office, Courts Facility, 49 Rancocas Road, Mount Holly, New Jersey 08060, for an order pursuant to Rule 4:46 granting summary judgment in favor of plaintiff to strike the contesting answer, to enter default against Frank J. Reed, III and to transfer the matter back to the foreclosure unit to proceed as an uncontested foreclosure.

PLEASE TAKE FURTHER NOTICE that in support of this application, plaintiff will rely upon the annexed Certification, Statement of Material Facts and Memorandum of law. A proposed form of order is filed herewith and oral argument is hereby waived unless opposition to this motion is filed. This motion shall be deemed uncontested unless responsive papers are timely filed and served stating with particularity the basis of the opposition to the relief sought.




RICHARD P. HABER, ESQ.

Dated: ~~May~~ June 30, 2008

CERTIFICATION OF MAILING

I certify that I am an employee of ZUCKER, GOLDBERG & ACKERMAN, LLC, attorneys for plaintiff. I hereby certify that the original and one copy of the within Notice of Motion, supporting Certifications, and Memorandum of Law, and an original and two copies of a proposed form of order were sent for filing with the Burlington County Central Processing Office, Attention: Civil Intake, Courts Facility Bldg. - 1st Floor, 49 Rancocas Road, Mount Holly, New Jersey 08060, and true copies of all moving papers were served upon the party noted in the within Notice of Motion, by overnight mail on this 30 day of June, 2008.


Woodie Handley

Dated: June 30, 2008

XCZ 102962/wh
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III, et al.,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
GENERAL EQUITY PART
DOCKET NO. F-19177-08

Civil Action

**PLAINTIFF'S STATEMENT OF
MATERIAL FACTS**

Plaintiff, for its Statement of Material Facts for Summary Judgment, does hereby state as follows:

1. On May 31, 2006, Frank J. Reed, III executed a Note in favor of plaintiff's Assignor, Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC. To secure repayment of the Note, on May 31, 2006, Frank J. Reed, III and Christina A. Reed, husband and wife executed a mortgage in favor of plaintiff's Assignor, Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC. Certification of Richard P. Haber, Esq., Exhibit A, which contains acknowledged signatures on Note and Mortgage.

2. The Mortgage was duly recorded on September 25, 2006. Haber Certification, Exhibit A.

3. Frank J. Reed, III received \$1,000,000.00, in consideration for execution of the

Note and Mortgage. Haber Certification, Exhibit A.

4. Frank J. Reed, III defaulted under the terms and conditions of the above stated Note by failing, refusing and neglecting to make the payment which became due on February 1, 2008 and all payments which became due thereafter. Haber Certification, paragraph 5.

5. Frank J. Reed, III filed an "Answer" to the instant foreclosure. The said "Answer" does not genuinely contest plaintiff's right to foreclose. Haber Certification, Paragraph 6.

ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff

BY: 
RICHARD P. HABER

Dated: ~~May~~ June 30, 2008

XCZ 102962/wh
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III, et al.,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
GENERAL EQUITY PART
DOCKET NO. F-19177-08

Civil Action

**LEGAL MEMORANDUM IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT**

ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500
XCZ 102962

RICHARD P. HABER, ESQ.
On the Brief

STATEMENT OF FACTS

A complete statements of the facts pertinent to this motion are contained in the Certification and Statement of Material Facts filed herewith. Briefly, this matter arises from the execution of a Note and Mortgage on May 31, 2006. Frank J. Reed, III borrowed \$1,000,000.00 from Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC, and executed a Note memorializing same. In return, and as security for the advancement of these funds, Frank J. Reed, III and Christina A. Reed, husband and wife executed a mortgage in that amount on a parcel of real property located at 817 MATLACK DRIVE, MOORESTOWN, NJ 08057 (the "Property"). That Mortgage was subsequently assigned, and plaintiff became the holder in due course of the Note and Mortgage. See, Certification of Richard P. Haber, paragraph 2, (hereinafter, "Haber Cert.").

The Note provided that Frank J. Reed, III is to repay the outstanding obligation by making monthly payments. According to the plaintiff's business records, payments are due and owing from the payment which became due on February 1, 2008. Despite demands that the arrears be cured that has not happened. Plaintiff commenced this action to foreclose the Mortgage on May 19, 2008.

Defendant subsequently filed an answer contesting the foreclosure but failed to properly form a basis for a delay in this foreclosure. Defendant has failed to assert any facts in support of these denials or challenge the plaintiff's right to foreclose. The Haber Cert. will clearly demonstrate that indeed all of the allegations set forth in the plaintiff's complaint are true and supported by recorded public documents, as well as documents which were given to the mortgagors at the time the loan originated. The answer simply denies certain aspects of the complaint without furnishing any facts to support those denials. The purpose of this answer is obviously to delay this foreclosure action at the expense of plaintiff. Defendant Frank J. Reed, III has no basis to challenge this action and, as such, the answer should be stricken, default entered

and the matter transferred back to the Foreclosure Unit to proceed as uncontested.

LEGAL ARGUMENT

I. SUMMARY JUDGMENT SHOULD BE GRANTED IN FAVOR OF PLAINTIFF

The purposes of summary judgment are, of course, to "avoid trials which would serve no useful purpose and to afford deserving litigants immediate relief." Kopp, Inc. v. United Technologies, 223 N.J. Super. 548, 555 (App. Div. 1988). Summary judgment has developed to provide a prompt and effective method for disposing of any cause "which a discriminating search of the merits in the pleadings, depositions and admissions on file, together with the affidavits submitted on the motion clearly shows not to present any genuine issue of material fact requiring disposition at trial". Ledley v. William Penn Life Ins. Co., 138 N.J. 627, 641-42 (1995) (citing Judson v. Peoples Bank & Trust of Westfield, 17 N.J. 67, 74 [1954]).

Such a motion should be granted "forthwith" if no material facts are in dispute, and the moving party is entitled to judgment as a matter of law. Tyson v. Grove, 172 N.J. Super. 314, 319 (App. Div. 1963); First New Jersey Bank v. F.L.M. Business Machines, 130 N.J. Super. 151 (Law Div. 1974). Once the movant has demonstrated that there is no genuine issue of fact, the burden of going forward with the evidence shifts to the opponent of the motion. He must show controverting facts, not merely ipso dixit representations or allegations in pleadings without affidavit or evidentiary support. He must "establish clearly the existence of a genuine issue of material fact". Failure to discharge this duty will entitle the movant to the relief sought. Heljon Management Corp. v. Dileo, 55 N.J. Super. 306, 313 (App. Div. 1959).

The motion at bar to strike defendants' contested answer pursuant to Rule 4:6-5 is substantively controlled by the summary judgment standard proffered by the New Jersey Supreme Court in Brill v. Guardian Life Ins. Co. of America, 142 N.J. 520 (1995) pursuant to Rule 4:46-2. In that case,

the Supreme Court enunciated a new standard by which a court must review summary judgment motions.

While the Court noted that 'genuine' issues of material fact may prevent a Trial Court from granting summary judgment, the Supreme Court held that issues of fact which are not substantial in nature do not rise to the level of precluding the entry of judgment prior to trial. Id. at 540. The Court instructed:

Under this new standard, a determination whether there exists a "genuine issue" of material fact that precludes summary judgment requires the motion judge to consider whether the competent evidential materials presented, when viewed in the light most favorable to the non-moving party, are sufficient to permit a rational fact finder to resolve the alleged disputed issue in favor of the non-moving party. ...

If there exists a single, unavoidable resolution of the alleged disputed issue of fact, that issue should be considered insufficient to constitute a "genuine" issue of material fact for purposes of Rule 4:46-2. of Brill v. Guardian Life Insurance Co., supra, at 540.

The summary judgment standard most recently enunciated by the New Jersey Supreme Court in Brill, derived from the rules announced by the United States Supreme Court in Anderson v. Liberty Lobby, Inc., 477 U.S. 242 (1986), and Celotex Corp. v. Catrett, 477 U.S. 317 (1986), requires the motion judge to weigh the evidence to determine whether there is a genuine issue for trial. Brill, 142 N.J. at 540. "The import of our holding is that when the evidence is so one-sided that one party must prevail as a matter of law, the trial court should not hesitate to grant summary judgment." Id. As will be shown below, and on the strength of the undisputed facts submitted to the Court in plaintiff's Statement of Material Facts for Summary Judgment, this case is absolutely ripe for adjudication. The Court can determine the case as a matter of law. There is no viable claim remaining which needs be tried.

Therefore, plaintiff respectfully requests that the Court grant its motion and enter summary judgment in its favor.

II. THE CONTESTING ANSWER SHOULD BE STRICKEN

R. 4:6-4 and R. 4:6-5 permit a party to move before the Court for an order striking any part, or dismissing in whole, any pleading which is insufficient as a matter of law, or scandalous impertinent or abusive of the Court or another person. With respect to contesting answers filed in foreclosure actions, in Somerset Trust Co. v. Sternberg, 238 N.J. Super 279 (Ch.Div. 1989), Judge Diana wrote:

[I]t is necessary to comment on this Court's observations concerning a large number of foreclosure actions. All too often the pattern is the same. The mortgagee files a complaint, and the matter is opened in the Office of Foreclosure in Trenton. The mortgagor responds with a contesting answer. The case is then forwarded to the Chancery Court to proceed as a contested case. Later, a motion is filed on behalf of the mortgagee seeking summary judgment. The mortgagor fails to respond to the motion; summary judgment is granted in favor of the mortgagee; the answer and defenses are stricken; the matter is transferred back to the Office of Foreclosure to proceed on an uncontested basis; and eventually final judgment of foreclosure is entered.

Initial examination of many pleadings filed with this Court demonstrates that many of the answers and defenses proffered are legally insufficient as they fail to challenge the essential elements of the mortgagee's right to foreclosure and fail to interpose a validly recognized defense in foreclosure suits. Id. at 283 (citations omitted, emphasis added).

The rule pertaining to a prima facie right to foreclose a mortgage is one of long standing in this State. In Thorpe v. Flore Moore Corp., 20 N.J. Super. 34 (App. Div. 1952) the Court set forth the elements for a prima facie right to foreclose as follows:

Since the execution, recording, and non-payment of the mortgage were conceded, a prima facie right to foreclosure was made out. Defendants argue that since the mortgage was in their counsels possession and produced by him at the request of plaintiff, delivery thereof after execution was not established and consequently no such case appeared. However, proof of recording creates a presumption of delivery. Id. at 37.

With these principles in mind, we turn to the evidence in the case sub judice. Based on the certification filed in this matter, the evidence is so overwhelming to compel summary judgment. There exists

no genuine issue as to material fact.

It is well recognized that, where the answer and any proffered defenses fail to challenge the essential elements of the mortgagee's right to foreclosure, and fail to interpose a validly recognized defense, the mortgagee is entitled to a final judgment of foreclosure. Metlife v. Washington Avenue Associates, 159 N.J. 484 (1999). It is common for defendants to a foreclosure action to file an answer that does not deny the fact that the mortgage is in default, but instead contests the amount due to the plaintiff. Such an answer is considered non-contesting. In Metlife the Supreme Court held that a challenge by the mortgagor to the asserted amount due does not constitute a contesting answer for purposes of R.4:64-1. Old Republic Ins. Co. v. Currie, 284 N.J. Super. 571, 574 (Ch. Div. 1995); Somerset Trust Co. v. Steinberg, 238 N.J. Super. 279, 283 (Ch. Div. 1989).

The Chancery Division in Old Republic provided a concise, definitive overview on uncontesting answers:

Pursuant to R. 4:64-1(a)(2), an answer which does not contest the validity or priority of a mortgage is considered an uncontesting answer. Subsection (a)(3) further defines an uncontesting answer as one that pleads that "a party is without knowledge or information sufficient to form a belief as to the truth of the allegation" of more that leaves the plaintiff to his proofs. Moreover, R. 4:5-4 requires that all affirmative defenses be supported with the specific facts. Consequently, a plaintiff may move to strike such an answer pursuant to R. 4:6-5 on the ground that it presents "no question of fact or law which should be heard by a plenary trial." 30 New Jersey Practice §312, at 233 (Cunningham and Tischler 1975).

Old Republic Ins. Co., 284 N.J. Super. At 574-575.

Plaintiff has established the right to foreclose by demonstrating the execution of the mortgage, the creation of the indebtedness, the recording of the mortgage and default. See Thorpe v. Floremoore Corp., 20 N.J. Super. 34 (App. Div. 1952). The answer fails to challenge the essential elements of plaintiff's right to foreclose and presents "no question of fact or law which should be heard by

a plenary trial.”

The documents annexed to the Haber Cert., are duly recorded and memorialize the transaction of May 31, 2006. Defendant received \$1,000,000.00 from Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC and secured that amount with a mortgage on the Property. As stated in Thorpe v. Floremoore Corp., *supra*, the recording of those documents constituted delivery thereof to defendant. Moreover, it has not been denied that obligor received the monies and signed the Note. It has further not been denied that mortgagors executed the Mortgage to secure repayment. Indeed, the defendant cannot deny receipt of the funds because partial repayment thereof is proof of receipt.¹

The defendant has denied certain allegations set forth in the complaint. Even a cursory examination thereof shows that these denials have no basis in fact or law and are meant only to delay these proceedings.

It is clear upon review of the contesting answer that the denials contained therein have no basis. Metlife v. Washington Avenue Associates, *supra*. This type of answer is insufficient to challenge plaintiff's right to foreclose when, as indicated above, this plaintiff is able to, and here proves execution, delivery and nonpayment. This meritless answer is firm indication of the bad faith and frivolity used to delay this lawsuit.

¹ Payments were made in compliance with the Note's terms prior to default. Such partial payment concedes the validity of the Note, as well as the balance of the obligation. *See, e.g., Renault v. L.N. Renault & Sons, Inc.*, 188 F.2d 317 (3rd Cir. 1951); Burlington Country Club v. Midlantic Bank, 223 N.J. Super. 227 (Ch. Div. 1987).

The filed answer is "legally insufficient as [it] fail[s] to challenge the essential elements of the mortgagee's right to foreclose and fail[s] to interpose a validly recognized defense in foreclosure suits." See, Somerset Trust Co. v. Sternberg, supra, at 283. This Court should strike the Answer, dismiss the Affirmative Defenses, enter summary judgment against defendant and direct that this matter proceed as an uncontested foreclosure.

CONCLUSION

For all the foregoing reasons, plaintiff respectfully requests that the Court strike the
contesting answer, enter default against said defendant and transfer the matter to the Foreclosure Unit to
proceed as an uncontested matter.

Respectfully submitted,
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff

By: 

RICHARD P. HABER

DATED: ~~May~~ June 30, 2008

XCZ 102962/wh
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III, et al.,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
GENERAL EQUITY PART
DOCKET NO. F-19177-08

Civil Action

**CERTIFICATION OF
RICHARD P. HABER, ESQ.**

RICHARD P. HABER, does hereby certify:

1. I am an attorney at law of the State of New Jersey and an associate with the law firm of ZUCKER, GOLDBERG & ACKERMAN, LLC, attorneys for plaintiff GMAC MORTGAGE, LLC. I submit this certification based upon my custody and review of the computerized records of plaintiff which were made in the ordinary course of business as part of plaintiff's regular practice to create and maintain said records and which were recorded contemporaneously with the transactions reflected therein.

2. On May 31, 2006, defendant Frank J. Reed, III executed a Note in the sum of \$1,000,000.00 to Metrocities Mortgage, LLC. The aforesaid Note obligates defendant to make monthly installment payments due on the first day of each month commencing on July 1, 2006.

3. To secure payment of the Note, defendants Frank J. Reed, III and Christina A. Reed, husband and wife executed to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities

Mortgage, LLC a Mortgage dated May 31, 2006 in the sum of \$1,000,000.00. The Mortgage was recorded on September 25, 2006 in Book 11124 of Mortgages for Burlington County, Page 410. A copy of the Note and recorded Mortgage is attached as Exhibit A.

4. Plaintiff is the present holder of the Note and Mortgage. A copy of the Assignment of Mortgage is attached as Exhibit B.

5. Defendant Frank J. Reed, III defaulted under the terms and conditions of the above stated Note by failing, refusing and neglecting to make the payment which became due on February 1, 2008 and all payments which became due thereafter.

6. Defendant Frank J. Reed, III filed an Answer to the instant foreclosure. The said Answer does not genuinely contest plaintiff's right to foreclose. See, Complaint, Amended Complaint, and Answer, annexed hereto as Exhibit C.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.



RICHARD P. HABER, ESQ.

Dated: ~~May~~ June 30, 2008

EXHIBIT A



102962

MIN: 100034200057200556

Loan Number: 21063843

FIXED/ADJUSTABLE RATE NOTE(LIBOR One - Year Index (As Published in *The Wall Street Journal*) - Rate Caps)

THIS NOTE PROVIDES FOR A CHANGE IN MY FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

MAY 31, 2006
(Date)SHERMAN OAKS
(City)CALIFORNIA
(State)817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057
(Property Address)**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$1,000,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY. I will make all payments under this Note in the form of cash, check or money order.

I understand that Lender may transfer this Note. 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 6.375%. 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 1st day of each month beginning on JULY 1, 2006. 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 JUNE 1, 2036, 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 15301 VENTURA BLVD., STE#D300, SHERMAN OAKS, CALIFORNIA 91403

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

(B) Amount of My Initial Monthly Payments ** See attached Interest Only Note Addendum.

Each of my initial monthly payments will be in the amount of U.S. \$6,238.70. 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.

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ORIGINAL

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

The initial fixed interest rate I will pay will change to an adjustable interest rate on the 1st day of JUNE, 2011, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year 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 date 45 days before each Change Date 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 TWO AND 250/1000 percentage points (2.250%) 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 11.375 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than TWO AND 000/1000 percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 11.375 %.

(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 initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any 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 this 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 this 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

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ORIGINAL

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 that 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 that 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 when 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 immediately 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.

Unless the Note Holder requires a different method, any notice that must be given to the Note Holder under this Note will be given 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 that 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 read as follows:

(A) Until my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument shall 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 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.

(B) When my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument described in Section 11(A) above shall then cease to be in effect, and Uniform Covenant 18 of the Security Instrument shall instead 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 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 also may 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.


FRANK J. REED III (Seal) _____ (Seal)
-Borrower -Borrower

(Seal) (Seal)
-Borrower -Borrower

(Seal) (Seal)
-Borrower -Borrower

(Sign Original Only)



INTEREST-ONLY ADDENDUM TO ADJUSTABLE RATE PROMISSORY NOTE

Loan Number: 21063843

Property Address: 817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057

THIS ADDENDUM is made this 31st day of MAY 2006, and is incorporated into and intended to form a part of the Adjustable Rate Note (the "Note") dated the same date as this Addendum executed by the undersigned and payable to METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY (the Lender).

THIS ADDENDUM supersedes Sections 3(A), 3(B), 4(C) and 7(A) of the Note. None of the other provisions of the Note are changed by this Addendum.

3. PAYMENTS

(A) Time and Place of Payments

I will pay interest by making payments every month for the first 60 payments (the "Interest-Only Period") in the amount sufficient to pay interest as it accrues. I will pay principal and interest by making payments every month thereafter for the next 300 payments in an amount sufficient to fully amortize the outstanding principal balance of the Note at the end of the Interest-Only Period over the remaining term of the Note in equal monthly payments.

I will make my monthly payments on the first day of each month beginning on JULY 1, 2006. 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 JUNE 1, 2036, 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 payments at 15301 VENTURA BLVD., STEID300, SHERMAN OAKS, CALIFORNIA 91403

, 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. \$ 5,312.50. This payment amount is based on the original principal balance of the Note. This payment amount may change.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND 250/1000 percentage point(s) (2.250 %) to the Current Index for such Change Date. 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), this rounded amount will be my new interest rate until the next Change Date.

During the Interest-Only Period, the Note Holder will then determine the amount of the monthly payment that would be sufficient to repay accrued interest. This will be the amount of my monthly payment until the earlier of the next Change Date or the end of the Interest-Only Period unless I make a voluntary prepayment of principal during such period. If I make a voluntary prepayment of principal during the Interest-Only Period, my payment amount for subsequent payments will be reduced to the amount necessary to pay interest at the then current interest rate on the lower principal balance. At the end of the Interest-Only Period and on each Change Date thereafter, the

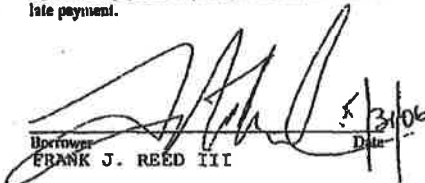
[Handwritten signature]
CERTIFIED TRUE COPY

Note Holder will determine the amount of the monthly payment that would be sufficient to repay in full the unpaid principal that I am expected to owe at the end of the Interest-Only Period or Change Date, as applicable, in equal monthly payments over the remaining term of the Note. The result of this calculation will be the new amount of my monthly payment. After the end of the Interest-Only Period, my payment amount will not be reduced due to voluntary prepayments.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

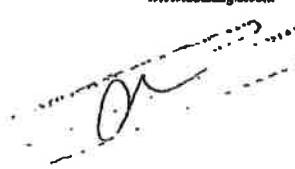
(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of my 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 interest during the Interest-Only Period, 5.000 % of my overdue payment of principal and interest thereafter. I will pay this late charge promptly but only once on each late payment.

 5/31/06
Borrower _____ Date _____
FRANK J. REED III

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____



22425
INFINITY TITLE AGENCY, INC.
88 EAST MAIN STREET, UNIT 2
MOORESTOWN, NJ 08067
856-727-0818 • FAX 856-727-6173 JUN 19 AM 02

ARRIVED

After Recording Return To:
METROCITY MORTGAGE LLC
15301 VENTURA BLVD., STE D300
SHERMAN OAKS, CALIFORNIA 91403
Loan Number: 21063843

This Instrument Prepared By:

[Space Above This Line For Recording Data]

MORTGAGE

MIN: 100034200057200556

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, (1), 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 MAY 31, 2006, together with all Riders to this document.
(B) "Borrower" is FRANK J. REED III AND CHRISTINA A. REED, HUSBAND AND WIFE

Borrower is the mortgagor under this Security Instrument.

- (C) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 678-MERS.
(D) "Lender" is METROCITIES MORTGAGE, LLC

Lender is a LIMITED LIABILITY COMPANY organized and existing under the laws of DELAWARE.
Lender's address is 15301 VENTURA BLVD., STE D300, SHERMAN OAKS, CALIFORNIA 91403

- (E) "Note" means the promissory note signed by Borrower and dated MAY 31, 2006.
The Note states that Borrower owes Lender ONE MILLION AND 00/100 Dollars (U.S. \$ 1,000,000.00) plus interest.
Borrower has promised to pay this debt in regular periodic payments and to pay the debt in full not later than JUNE 1, 2036.

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

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(H) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower (check box as applicable):

- | | |
|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Planned Unit Development Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Condominium Rider | <input checked="" type="checkbox"/> Other(s) (specify) |
- INTEREST ONLY ADDENDUM TO RIDER

(I) "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.

(J) "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.

(K) "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.

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

(M) "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.

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

(O) "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.

(P) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. §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.

(Q) "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 these purposes, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS the following described property located in the

COOUNTY of BURLINGTON :
(Type of Recording Jurisdiction) (Name of Recording Jurisdiction)

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SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".
A.P.N.: 22-03803-00002

which currently has the address of

817 MATLACK DRIVE
(Street)

MOORESTOWN
(City)

New Jersey

08057
(Zip Code)

("Property Address")

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 understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and cancelling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey 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. If Lender accepts such payments, it shall apply such payments at the time such payments are accepted. 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

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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 again 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.

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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

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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.

18. 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 18 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 1988 or any other law. These rights may include the right

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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 measured 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

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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 12, 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 ought 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.

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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

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Order: BURLINGTON Comment:

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 spillage, 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; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; (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, foreclosure by judicial proceeding and sale of the Property; (e) the Borrower's 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; and (f) any other disclosure required under the Fair Foreclosure Act, codified at §§ 2A:50-53 et seq. of the New Jersey Statutes, or other Applicable Law. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, attorneys' fees and costs of title evidence permitted by Rules of Court.

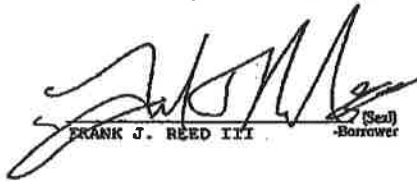
23. **Release.** Upon payment of all sums secured by this Security Instrument, Lender shall cancel this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.


MD11124PG420

Description: Burlington, NJ Mortgages - Book Page 11124.410 Page: 11 of 21
Order: BURLINGTON Comment:

24. No Claim of Credit for Taxes. Borrower will not make deduction from or claim credit on the principal or interest secured by this Security Instrument by reason of any governmental taxes, assessments or charges. Borrower will not claim any deduction from the taxable value of the Property by reason of this Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

 (Seal)
FRANK J. REED III -Borrower

 (Seal)
CHRISTINA A. REED -Borrower

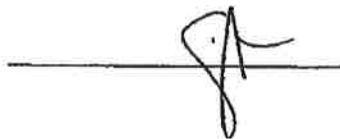
(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

Signed, sealed and delivered in the presence of:





MB11124PG421

Description: Burlington, NJ Mortgages - Book. Page 11124.410 Page: 12 of 21
Order: BURLINGTON Comment:

(Space Below This Line For Acknowledgment)

State of New Jersey,
County of CAMDEN

I CERTIFY that on
CHRISTINA A. REED

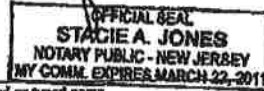
5/31/06

FRANK J. REED III,

personally came before me and stated to my satisfaction that this person (or if more than one, each person):
(a) was the maker of the attached instrument; and
(b) executed this instrument as his or her own act.

Notary's Signature

Date



Notary's printed or typed name

My commission expires:

MB1124PS422

Description: Burlington, NJ Mortgages - Book. Page 11124.410 Page: 13 of 21
Order: BURLINGTON Comment:

Loan Number: 21063843

FIXED/ADJUSTABLE RATE RIDER

(LIBOR One-Year Index (As Published in *The Wall Street Journal*) - Rate Caps)

THIS FIXED/ADJUSTABLE RATE RIDER is made this 31st day of MAY 2006, 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 ("Borrower") to secure Borrower's Fixed/Adjustable Rate Note (the "Note") to METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY ("Lender") of the same date and covering the property described in the Security Instrument and located at:

817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057
(Property Address)

THE NOTE PROVIDES FOR A CHANGE IN BORROWER'S FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THE NOTE LIMITS THE AMOUNT BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE 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. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial fixed interest rate of 6.375 %. The Note also provides for a change in the initial fixed rate to an adjustable interest rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the 1st day of JUNE, 2011, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year 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 date 45 days before each Change Date 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.

MB11124PB423

Description: Burlington, NJ Mortgages - Book: Page 11124.410 Page: 14 of 21
Order: BURLINGTON Comment:

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND 250/1000 percentage points (2.250 %) 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 11.375 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than TWO AND 000/1000 percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 11.375 %.

(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 to my initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any 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.

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

1. Until Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument shall 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 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.

MB 1124PG424.

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.

Z. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be 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 deed 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. 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 also may 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.

MB 11124 PG 425

Description: Burlington, NJ Mortgages - Book Page 11124.410 Page: 16 of 21
Order: BURLINGTON Comment:

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

 (Seal)
FRANK J. REED III -Borrower

 (Seal)
CHRISTINA A. REED -Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

MULTISTATE FIXED/ADJUSTABLE RATE RIDER(MWS) One-Year LIBOR
Single Family/Rentals Note MODIFIED INSTRUMENT
Form 3187 9/01

DocId:3187 9/01 1387
www.dcmagik.com

Page 4 of 4

MB11124PG426

Description: Burlington, NJ Mortgages - Book. Page 11124.410 Page: 17 of 21
Order: BURLINGTON Comment:

INTEREST-ONLY ADDENDUM TO ADJUSTABLE RATE RIDER

Loan Number: 21063843

Property Address: 817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057

THIS ADDENDUM is made this 31st day of MAY, 2006, and is incorporated into and intended to form a part of the Adjustable Rate Rider (the "Rider") dated the same date as this Addendum executed by the undersigned and payable to METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY (the Lender).

THIS ADDENDUM supersedes Section 4(C) of the Rider. None of the other provisions of the Note are changed by this Addendum.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES


(C) Calculation of Changes


Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND 250/1000 percentage point(s) (2.250 %) to the Current Index for such Change Date. 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), this rounded amount will be my new interest rate until the next Change Date.

During the Interest-Only Period, the Note Holder will then determine the amount of the monthly payment that would be sufficient to repay accrued interest. This will be the amount of my monthly payment until the earlier of the next Change Date or the end of the Interest-Only Period unless I make a voluntary prepayment of principal during such period. If I make a voluntary prepayment of principal during the Interest-Only Period, my payment amount for subsequent payments will be reduced to the amount necessary to pay interest at the then current interest rate on the lower principal balance. At the end of the Interest-Only Period and on each Change Date thereafter, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay in full the unpaid principal that I am expected to owe at the end of the Interest-Only Period or Change Date, as applicable, in equal monthly payments over the remaining term of the Note. The result of this calculation will be the new amount of my monthly payment. After the end of the Interest-Only Period, my payment amount will not be reduced due to voluntary prepayments.

MB11124PG427

Description: Burlington, NJ Mortgages - Book, Page 11124.410 Page: 18 of 21
Order: BURLINGTON Comment:

 (Seal)
FRANK J. REED III -Borrower

 (Seal)
CHRISTINA A. REED -Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

HYPOTHECARY ADDENDUM TO ADJUSTABLE RATE RIDER
Form 803F 02/04/04 Page 2 of 2

Doddington & Pomeroy 800-649-1267
www.doddington.com

MB 11124 PG 428

Description: Burlington, NJ Mortgages - Book. Page 11124.410 Page: 19 of 21
Order: BURLINGTON Comment:

ISSUED BY



INFINITY TITLE AGENCY, INC.

33 East Main Street, Unit 2, Moorestown, New Jersey 08057
(856) 727-0818 Fax: (856) 727-5173

AGENT FOR FIRST AMERICAN TITLE INSURANCE COMPANY

File No. ITA13922425

SCHEDULE C

ALL that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in Township of Moorestown, in the County of Burlington, State of NJ:

BEGINNING at a point in the Southerly right of way line of Matlack Drive (60 feet wide), said point being 580.94 feet Westwardly from the Westerly end of a curve having a radius of 20.00 feet and connecting said line of Matlack Drive with the Westerly right of way line of New Albany Road (66 feet wide); thence

1. South 12 degrees 58 minutes 42 seconds West, 185.00 feet to a point; thence
2. North 77 degrees 01 minute 18 seconds West, 111.42 feet to a point; thence
3. North 14 degrees 38 minutes 30 seconds West, 156.41 feet to a point in said line of Matlack Drive; thence
4. North 75 degrees 21 minutes 30 seconds East, along said line of Matlack Drive, 33.75 feet to a point of curvature; thence
5. Eastwardly and curving to the right with a radius of 270.00 feet, still along said line of Matlack Drive, the arc distance of 130.16 feet to a point of tangency; thence
6. South 77 degrees 01 minute 18 seconds East, still along said line of Matlack Drive, 28.86 feet to the point and place of BEGINNING.

BEING Block 3803, Lot 2 as shown on the "Final Plan of Lots, Mechling Farms, Section 3", Filed May 15, 2003 as Map #3821600.

FOR INFORMATION PURPOSES ONLY: BEING known as Lot 2, Block 3803 on the Official Tax Map of Township of Moorestown.

Above description made in accordance with a survey made by Wallace Associates, dated March 10, 2006.

Commitment C.doc

MB 11124 PG 429

RECORDING DATA PAGE

Consideration :
Code :
Transfer Fee :
Recording Date: 09/25/2006
Document No : 4327106 ccgorwoo

INFINITY TITLE AGENCY INC
33 EAST MAIN STREET
UNIT 2
MOORESTOWN, NJ 08057

Receipt No : 660096
Document No : 4327106
Document Type : MTG
Recording Date: 09/25/2006
Login Id : ccgorwoo

Recorded
Sep 25 2006 02:19pm
Burlington County Clerk

Clerk of Burlington County • 49 Rancocas Rd. • Mt. Holly, NJ 08060
609-265-5180

MB F1124PG430

EXHIBIT B

C_102962_AOM1_C

Loan No.:0601613576

Assignment of Mortgage Know all Men by these Presents:

n21

That Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC

located at P.O. Box 2026, Flint, MI 48501-2026 herein designated as the Assignor,
for and in consideration of the sum of ONE DOLLAR AND 00/100 (\$1.00) and other good and valuable consideration,
the receipt whereof is hereby acknowledged, does by these presents assign to
GMAC MORTGAGE, LLC

located at 1100 Virginia Drive, Fort Washington, PA 19034 herein designated as the Assignee, a certain
Mortgage dated 5/31/2006, made by Frank J. Reed, III and Christina A. Reed, husband and wife on lands
located in the Township of Moorestown in the County of BURLINGTON and State of New Jersey, to secure payment
of the sum of \$1000000.00 Dollars which mortgage is recorded or registered in the office of the Clerk or Register of
BURLINGTON County in Book 11124 of Mortgages on page 410.

Together with the Bond, Note or other Obligation therein described, and the money due and to grow due thereon,
with the interest. To have and to hold the same unto the said Assignee forever, subject only to all the provisions
contained in the said Mortgage and the Bond, Note or other Obligation. And the said Assignor hereby constitutes and
appoints the Assignee as the Assignor's true and lawful attorney, irrevocable in law or in equity, in the Assignor's name,
place and stead but at the Assignee's cost and expense, to have, use and take all lawful ways and means for the recovery
of all the said money and interest; and in case of payment, to discharge the same as fully as the Assignor might or could
do if these presents were not made. This assignment is without recourse for any reason whatsoever.

In all references herein to any parties, persons, entities or corporations the use of any particular gender or the plural or singular number is
intended to include the appropriate gender or number as the text of the within instrument may require.

In Witness Whereof, the said Assignor has hereto set his hand and seal or caused these presents to be signed by
its proper corporate officers and its corporate seal to be hereto affixed this 22 day of May 2008

Attested by


Secretary
John Kerr, Assistant Secretary

Mortgage Electronic Registration Systems, Inc., as
nominee for Metrocities Mortgage, LLC

BY:


Jeffrey Stephan
Vice President

STATE OF Pennsylvania, COUNTY OF Montgomery

I CERTIFY that on 5/22/08
under oath, to my satisfaction, that:

personally came before me, and this person acknowledged

this person is the Asst. secretary of Mortgage Electronic Registration Systems, Inc., as nominee
for Metrocities Mortgage, LLC, the corporation named in this document;
this person is the attesting witness to the signing of this document by the proper corporate officer who is
the Vice President of the corporation;
this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of
its Board of Directors;
this person knows the proper seal of the corporation which was affixed to this document; and
this person signed this proof to attest to the truth of these facts.

Signed and sworn to before me on


Notary Public of


John Kerr, Assistant Secretary
Secretary

C_102962_AOM1_C

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Nikole Shelton, Notary Public
Horsham Twp., Montgomery County
My Commission Expires Aug. 11, 2010
Member, Pennsylvania Association of Notaries

EXHIBIT C

FRANK J REED III, Pro Se
817 Matlack Drive
Moorestown, NJ 08057

GMAC Mortgage LLC

Plaintiff(s),

v.

FRANK J. REED, III, et. al.

Defendant(s),

SUPERIOR COURT OF NEW JERSEY
BURLINGTON COUNTY
CHANCERY DIVISION

DOCKET # F- 19177-08

CIVIL ACTION

ANSWER

Frank Reid III, *Pro Se*, hereinafter ("defendant") hereby says:

FIRST COUNT

1. Admitted.
2. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
3. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
4. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
5. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
6. Denied.
7. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.
8. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

9. This allegation is not directed towards the answering defendant.

9a. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

9b. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

Answering party is without sufficient information to admit or deny this allegation.

10. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

11. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

12. Denied.

13. Answering defendant is without specific knowledge to admit or deny this allegation and leaves Plaintiff to its proofs.

WHEREFORE, Defendant seeks a judgment dismissing Plaintiffs complaint with prejudice and without costs.

SECOND COUNT

1. Plaintiffs repeat the answers set forth in the previous paragraphs as if set forth herein at length.

2. Denied.

3. Denied.

WHEREFORE, Defendant seeks a judgment dismissing Plaintiffs complaint with prejudice and without costs.

AFFIRMATIVE DEFENSES

1. Plaintiff's damages, if any, were the direct result of the negligence or intentional acts of others, over whom this answering defendant had no control.
2. The incident described in the Complaint was caused wholly or partly by the negligence or intentional acts of the Plaintiff and Plaintiff is barred from recovery or their recovery should be reduced thereby.
3. Defendant is entitled to a credit for any amount paid or payable to the plaintiff from a collateral source (N.J.S.A. 2A:15-97).
4. Plaintiff failed to mitigate his damages.
5. Plaintiff fails to State a claim upon which relief may be granted.
6. Plaintiff's claim is barred by the Statute of Limitations.
7. Plaintiff's claim is barred by the doctrine of Laches.
8. Plaintiff's claim is barred by the Doctrine of Estoppel.
9. Plaintiff's claim is barred by the Doctrine of Unclean hands.
10. Plaintiff's claim is barred by virtue of his failure to act in good faith.
11. Plaintiff's claim is barred by the Doctrine of Waiver.
12. Plaintiff's claim is barred by the doctrine of avoidable consequences.
13. Plaintiff's claim is barred by its failure to comply with the Fair Foreclosure Act 2A:50-53, et seq.
14. Plaintiff's claim is barred by its failure to comply with the anti-eviction act. NJSA 2A:18-61.1 et seq.
15. Plaintiff does not have jurisdiction to bring a claim under NJSA 2A: 18-61.1 et seq. in this court.

16. Plaintiff has not provided the appropriate notices to bring a claim under NJSA 2A:18-61.1

et. seq.

17. The original lender, Metrocities Mortgage, LLC, was not properly licensed to do business in the State of New Jersey at the time of this loan and this loan violates Regulations and Statutes of the State of New Jersey.

CERTIFICATION

The undersigned certifies in accordance with New Jersey Court Rules 4:6-1d that this response pleading was served within the time period allowed by Rule 4:6 or pursuant to a consent order extending the time for which to answer.

By: 

FRANK J. REED, III
Pro Se Defendant

Dated: 6/20/08

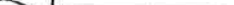


Exhibit E

Summary Judgment Cross-Motion

FRANK J REED III, Pro Se
817 Matlack Drive
Moorestown, NJ 08057

GMAC Mortgage LLC

Plaintiff(s),
v.

FRANK J. REED, III, et. al.

Defendant(s),

102962 8/1

CHECK	CASH	ACCOUNT
DATE	7/22/08	
P	D	PA DA O
PAYOR		
CHECK	ACCOUNT	
AMOUNT	184.30	
OVER		

SUPERIOR COURT OF NEW JERSEY
BURLINGTON COUNTY
CHANCERY DIVISION

DOCKET #F-19177-08

() Cash (X) Check
() Money Order
Fee Paid & Entered

Judge: MJH
Return Date: 8/1/08
Envelope Submitted
w/Order: (Yes) No

JUL 23 2008

184

Amount \$ 30

I Frank Reed certify follows: 864

OPPOSITION TO SUMMARY JUDGMENT
& CROSS MOTION TO DISMISS
FORECLOSURE COMPLAINT

1. I am the owner of Real property 817 Matlack Drive Moorestown, New Jersey.
2. Due to the downturn of the economy and some delays in getting some projects off the ground I fell behind in my mortgage payments.
3. The mortgage company served me with the foreclosure complaint certified mail on June 3, 2008.
(Exhibit A)
4. I do not recall being served with any other notice prior to that date.
5. When I received the complaint I was unaware that I had rights that could stop the foreclosure.
6. It was not until I began researching the Fair Foreclosure Act that I realized that the mortgage company was require to send to me 30 days before they filed for foreclosure a written notice of intent to foreclose which provided that I could un-accelerate the mortgage payments or sell the property.
7. It appeared that the mortgage company wanted \$1,000,000 (see complaint) to stop the foreclosure.
8. If I had known I could pay the back payments as they were required to tell me by NJSA 2A:50-56 (Exhibit B) and could reinstate the mortgage under 2A:50-57 (Exhibit C) I would have by now.
9. Once I realized this I began not only looking for a buyer for the property, but have made

arrangements to get the funds needed to un-accelerate the mortgage.

10. I expect to have those funds within 30 days.

11. Had I had the 30 day window that the statute requires originally I would have had the back payments long ago and we would not be in court.

12. I believe the deficiency in failing to serve me with the written notice of intent to foreclose required under NJSA 2A:50-56 which meets the requirements of NJSA 2A: 50-56 is fatal to the Plaintiffs foreclosure complaint and it should be dismissed.

By: 

FRANK J. REED, III
Pro Se Defendant

Dated: 7/21/08

FRANK J REED III, Pro Se
817 Matlack Drive
Moorestown, NJ 08057

DEPUTY CLERK
SUPERIOR COURT
BURLINGTON COUNTY

GMAC Mortgage LLC

Plaintiff(s),

v.

FRANK J. REED, III, et. al.

Defendant(s),

7000 JUL 22 12:09
SUPERIOR COURT OF NEW JERSEY
BURLINGTON COUNTY
CHANCERY DIVISION FILED & RECEIVED

DOCKET # F-19177-08

CIVIL ACTION

STATEMENT OF MATERIAL FACTS

1. Plaintiff did not serve upon the Defendants the statement required by NJSA 2A:50-56.
2. The statement did not contain the required information as set forth in NJSA 2A:50-56.
3. The statement was not served 30 days before the foreclosure complaint was filed.

Exhibit F

Docket for Foreclosure Action



Page: 1

MORE ...

VENUE : SUP CLERK COURT : GENL EQUIT DOCKET #: F 019177 08 CASE TITLE : GMAC MORTGAGE LLC VS REED III									
SEL	DATE FILED		DOC NUM	DOCUMENT TYPE	NON CONF	FILING/TARGET PARTY NAME	ATTORNEY NAME	MUL PTY	DOC STA
<input type="checkbox"/>	05	19	2008	001	COMPLAINT	GMAC MORTGAG	ZUCKER GOLDB	N	
<input type="checkbox"/>	06	06	2008	005	COMP AMENDED	GMAC MORTGAG	ZUCKER GOLDB	N	
<input type="checkbox"/>	06	10	2008	006	NOTICE TO N.J.	COURT INIT		N	
<input type="checkbox"/>	06	16	2008	007	NOTICE TO N.J.	COURT INIT		N	
<input type="checkbox"/>	06	24	2008	002	ANSWER	REED III	KEARNEY & AS	N	
<input type="checkbox"/>	07	01	2008	003	MOTN SUMM JDGMT	GMAC MORTGAG	ZUCKER GOLDB	N	DN
<input type="checkbox"/>	07	22	2008	004	MOTN CRSS MOTN	REED III	KEARNEY & AS	N	GR
<input type="checkbox"/>	08	15	2008	011	AFFDVT NMS	GMAC MORTGAG	ZUCKER GOLDB	N	
<input type="checkbox"/>	08	15	2008	012	AFFDVT SRV	REED III	KEARNEY & AS	N	
<input type="checkbox"/>	08	15	2008	013	AFFDVT SRV	REED	KEARNEY & AS	N	

Screen ID: CVM1023 Copyrighted © 2012 - New Jersey Judiciary
 Session ID: HQUW8U Case Count: 1
 BUILD 2012.1.0.02.08 Timer Count down: 298



END OF LIST

VENUE : SUP CLERK COURT : GENL EQUIT DOCKET #: F 019177 08 CASE TITLE : GMAC MORTGAGE LLC VS REED III									
SEL	DATE		DOC	DOCUMENT	NON	FILING/TARGET	ATTORNEY	MUL	DOC
	FILED		NUM	TYPE	CONF	PARTY NAME	NAME	PTY	STA
<input type="radio"/>	08	15	2008	014	AFFDVT SRV	MORTGAGE ELE	ATTY REQUIRE	N	
<input type="radio"/>	08	15	2008	015	NOT PRT DISMISL	GMAC MORTGAG	ZUCKER GOLDB	N	
<input type="radio"/>	08	15	2008	016	REQ DEFLT	GMAC MORTGAG	ZUCKER GOLDB	N	
<input type="radio"/>	12	26	2008	008	APPEARANCE	REED III	KEARNEY & AS	N	
<input type="radio"/>	02	09	2009	009	ORDR SUMM JDGMT	GMAC MORTGAG	ZUCKER GOLDB	N	DN
<input type="radio"/>	02	09	2009	010	ORDR CRSS MOTN	REED III	KEARNEY & AS	N	GR
<input type="radio"/>	06	28	2013	017	LOP DISM WARN	COURT INIT		N	
<input type="radio"/>	08	09	2013	018	CRT INIT TO DSM	COURT INIT		N	GR

Screen ID: CVM1023 Copyrighted © 2012 - New Jersey Judiciary
 Session ID: Y5G8QE Case Count: 1
 BUILD 2012.1.0.02.08 Timer Count down: 297

Exhibit G

Order Denying Motion to Dismiss

Plaza 1000 at Main Street, Suite 208
Voorhees, NJ 08043
(856) 489-8977

FILED WITH

JUL 14 2010

Attorneys for Defendants
GMAC Mortgage and Residential Funding

Chg
Marc M. Baldwin

Frank J. Reed, III and Christina A. Reed	:	SUPERIOR COURT OF NEW JERSEY
	:	BURLINGTON COUNTY – LAW DIVISION
Plaintiffs,	:	
	:	CIVIL ACTION
v.	:	
	:	DOCKET NO.: L-1526-10
GMAC Mortgage, LLC, Residential Funding:	:	
Corp., and John Does 1-30, Individually,	:	
Jointly, Severally and in the alternative	:	
Defendants.	:	

Advised

ORDER

THIS MATTER having been brought before the Court on Motion of Fleischer, Fleischer and Suglia, and Brian M. Fleischer, Esquire, attorneys for Defendants, GMAC Mortgage Corporation and Residential Funding Corporation for an Order dismissing Plaintiff's Complaint as to GMAC Mortgage Corporation and Residential Funding Corporation without prejudice, and for good cause shown;

IT IS on this 14TH day of July, 2010,

ORDERED that the Plaintiffs' Complaint is dismissed as to Defendants GMAC Mortgage Corporation and Residential Funding Corporation.

IT IS FURTHER ORDERED that a copy of this Order shall be served upon all parties within 5 days from receipt thereof.

Marc M. Baldwin

MARC M. BALDWIN, J.S.C.

Papers filed with the Court:

☐ Answering Papers

☐ Reply Papers

The within Notice of Motion was:

☒ Opposed ☐ Unopposed

Exhibit H

Dismissal Order

FLEISCHER, FLEISCHER & SUGLIA
BRIAN M. FLEISCHER, ESQUIRE
NICOLA G. SUGLIA, ESQUIRE
Plaza 1000 at Main Street, Suite 208
Voorhees, NJ 08043
(856) 489-8977

FILED WITH THE COURT

FEB 09 2012

Chancellor of
Marc M. E. Cohen, J.S.C.

Attorneys for Defendants
GMAC Mortgage and Residential Funding

Frank J. Reed, III	:	SUPERIOR COURT OF NEW JERSEY
	:	BURLINGTON COUNTY – LAW DIVISION
Plaintiffs,	:	
	:	CIVIL ACTION
v.	:	
	:	DOCKET NO.: L-1526-10
GMAC Mortgage, LLC, Residential Funding:	:	
Corp., and John Does 1-30, Individually,	:	
Jointly, Severally and in the alternative	:	
Defendants.	:	

ORDER

THIS MATTER having been brought before the Court on Motion by the Law Offices of Jeffrey S. Walters, LLC, attorneys for the Plaintiff, Frank J. Reed, III, appearing, for an entry of an order imposing a stay on this litigation to allow time for participation in Independent Foreclosure Review as established by way of Defendant's consent order entered into with governmental agencies; or, in the alternative, for entry of an Order granting leave to voluntarily dismiss case without prejudice pursuant to Rule 4:37-1(b), and the Court having reviewed the moving papers and the Certification supporting the Motion, and any opposition, and good cause having been shown;

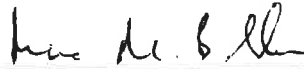
IT IS on this 9TH day of FEB, 2012,

ORDERED, that leave is hereby granted for Plaintiff to voluntarily dismiss his complaint without prejudice pursuant to R. 4:37-1(b); and

IT IS FURTHER ORDERED that if the above action should be reinstated at a later date, Plaintiff is *only* granted three (3) additional weeks of discovery time; and

IT IS FURTHER ORDERED that if the above action should be reinstated at a later date, Plaintiff may not submit an expert report on economic damages; and

IT IS FURTHER ORDERED that a copy of this Order shall be served upon all parties within 5 days from receipt thereof.



J.S.C.

Papers filed with the Court:

MARC M. BALDWIN, P.J.C.V.

- () Answering Papers
- () Reply Papers

The within Notice of Motion was:

- () Opposed
- () Unoppose

Exhibit I

Servicing Notes

REDACTED

ONLY PRODUCED TO THE COURT, THE U.S. TRUSTEE, AND THE REEDS

Exhibit 10

**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

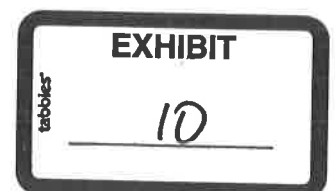
**SUPPLEMENTAL DECLARATION OF LAUREN GRAHAM DELEHEY IN SUPPORT
OF THE RESCAP BORROWER CLAIMS TRUST'S REPLY IN SUPPORT OF
ITS OBJECTION TO PROOFS OF CLAIM FILED BY FRANK REED
AND CHRISTINA REED PURSUANT TO SECTION 502(b) OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 3007**

I, Lauren Graham Delehey, hereby declare as follows:

1. I serve as Chief Litigation Counsel for the ResCap Liquidating Trust (the "Liquidating Trust") established pursuant to the terms of the *Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC, et al. and the Official Committee of Unsecured Creditors* [Docket No. 6030] in the above-captioned Chapter 11 Cases.¹ During the Chapter 11 Cases, I served as Chief Litigation Counsel in the legal department at Residential Capital, LLC ("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 joined ResCap on August 1, 2011 as in-house litigation counsel.

2. In my role as litigation counsel at ResCap, I was responsible for the management of litigation, including, among others, residential mortgage-related litigation. In connection with ResCap's chapter 11 filing, I also assisted the Debtors and their professional advisors in connection with the administration of the Chapter 11 Cases, including the borrower

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Reply (as defined below).



litigation matters pending before this Court. In my current position as Chief Litigation Counsel to the Liquidating Trust, among my other duties, I continue to assist the Liquidating Trust and the Borrower Claims Trust (the “Borrower Trust”) in connection with the claims reconciliation process.² I am authorized to submit this supplemental declaration (the “Supplemental Declaration”) in support of *The ResCap Borrower Claims Trust’s Reply in Support of Its Objection to Proofs of Claim Filed by Frank Reed and Christina Reed Pursuant to Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007* (the “Reply”).

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

4. In my current and former capacities as Chief Litigation Counsel to the Liquidating Trust and ResCap, I am intimately familiar with the Debtors’ claims reconciliation process. Except as otherwise indicated, all statements in this Supplemental Declaration are based upon my familiarity with the Debtors’ books and records regularly maintained in the ordinary course of business (the “Books and Records”), as well as the Debtors’ schedules of assets and liabilities and statements of financial affairs filed in these Chapter 11 Cases (collectively, the “Schedules”), my review and reconciliation of claims, and/or my review of

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.

relevant documents. I or other Liquidating Trust personnel have reviewed and analyzed the proof of claim forms and supporting documentation filed by the Reeds (defined below). Since the Plan went effective and the Borrower Trust was established, I, along with other members of the Liquidating Trust, have consulted with the Borrower Trust to continue the claims reconciliation process, analyze claims, and determine the appropriate treatment of the same. In connection with such review and analysis, where applicable, I or other Liquidating Trust personnel, together with their professional advisors have reviewed (i) information supplied or verified by former personnel in departments within the Debtors' various business units, (ii) the Books and Records, (iii) the Schedules, (iv) other filed proofs of claim, and/or (vi) the official claims register maintained in the Debtors' Chapter 11 Cases.

5. In connection with the Reed Claims filed by Frank Reed and Christina Reed (together, the "Reeds"), the Liquidating Trust, on behalf of the Borrower Trust, reviewed the mortgage document and note underlying the Reed Loan. At no time did GMACM own the Reed Loan. Contrary to the Reeds' assertion, GMACM was never a counter party to the note. Metrocities Mortgage, LLC originated the Reed Loan in May 2006, and subsequently endorsed the note to GMAC Bank, now known as Ally Bank (a non-Debtor entity) (*see Exhibit A* annexed hereto). RFC acquired the Reed Loan on December 30, 2009. Based on my review of the Debtors' servicing records, it is my understanding that the Reeds have not made a payment on the Reed Loan since January 4, 2008 and have been in continuous breach of that contract for over six years. It is also my understanding that the Reeds still possess their home located at 817 Matlack Drive, Moorestown, New Jersey, and have been living there without making any mortgage payments for over six years.

6. It is my understanding that the Reeds have neither reinstated the loan nor completed a loan modification. According to the Books and Records, the Debtors attempted to work with the Reeds for over a year to help them obtain a loan modification:

- On July 26, 2008, Mr. Reed met with a HOPE representative. Mr. Reed informed the representative that he could afford to pay \$7,000 for three months.
- On August 1, 2008, the Reeds had a follow up call with the Debtors during which the Debtors explained the repayment plan, including a \$3,000 down payment to initiate a 6-month repayment plan that called for monthly \$7,000 payments.
- On September 16, 2008, the repayment plan was canceled because the Reeds failed to make the \$7,000 payment due on September 1, 2008.
- On May 7, 2009, the Debtors received a loan modification workout package from the Reeds, and approved the Reed Loan account for permanent modification (with a contribution of \$310 due on May 25, 2009) shortly thereafter.³
- By July 13, 2009, the Debtors had not received the permanent loan modification documents from the Reeds, and consequently, the Debtors denied the modification due to the non-receipt of documents.
- On July 31, 2009, the Reed Loan account was approved to be part of the Debtors' 30% payment reduction program, and another repayment plan offer was mailed to the claimant.
- On August 6, 2009, the Reeds called the Debtors and stated that they could make a payment, but not until the end of the month; the Debtors reviewed the offer to see if they could adjust the repayment plan due dates.
- On August 31, 2009, the Reeds faxed the Debtors an offer of \$480,000 to pay off the Reed Loan, which as of that date had a principal balance of \$999,115.83, for the release of the lien on the Reeds' real property. The Debtors denied this offer.
- On September 3, 2009, the Debtors canceled the latest repayment plan because the Reeds did not make the required payment pursuant to the offer.
- On September 24, 2009, the Reeds stated that they did not remit payment because they never received the repayment plan documents, and requested that the plan be "reset." The Debtors explained to the Reeds that the Debtors were unable to reset the repayment plan because the Debtors never received the Reeds' workout package.

³ The modification would have reduced the interest rate from 6.375% to 4.375%, extended the maturity date of the loan from June 1, 2036 to December 31, 2047, reduced the P&I payment from \$5,307.80 to \$5,266.76, and brought the account current for February 2008 through May 2009 payments.

7. With respect to the Reeds' initial attempt to reinstate the Reed Loan, the Reeds were required to make a \$3,000 deposit to initiate a borrower repayment plan that required payments of \$7,000 each month. The Reeds made a \$3,000 deposit (*see* Response ¶ 108), but never remitted the next requisite payment of \$7,000 under the repayment plan. Accordingly, because the \$3,000 was less than the \$5,307.80 monthly mortgage payment due on the Reed Loan, the Debtors could not apply those monies to the Reed Loan account until the Debtors received the next payment of \$7,000. As a result, the Debtors held the \$3,000 deposit in a suspense account, which was ultimately transferred to (the non-Debtor entity) 21st Mortgage Corporation in 2013, as the successor servicer and owner on the Reed Loan. The Debtors no longer hold these monies. In sum, the Reeds did not make the necessary payments to complete the loan modification.

8. GMACM filed the lis pendens on the Reeds' property on May 28, 2008 in connection with the commencement of the Foreclosure Action. Pursuant to the order entered by the court in March of 2009 dismissing the Foreclosure Action without prejudice (*see* the Order Granting Cross-Motion, attached to the Proofs of Claim as "Exhibit A"), the Debtors retained the right to re-commence the Foreclosure Action and so did not dismiss the lis pendens.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 3, 2014

/s/ Lauren Graham Delehey
Lauren Graham Delehey
Chief Litigation Counsel for ResCap
Liquidating Trust

Exhibit A

Mortgage and Note

BURLINGTON COUNTY CLERK

INFINITY TITLE AGENCY, INC.
33 EAST MAIN STREET, UNIT 2
MOORESTOWN, NJ 08057
856-727-0818 - FAX 856-727-5173

JUN 19 A 10: 02

SCANNED



ARRIVED

After Recording Return To:

METROCITI MORTGAGE LLC
15301 VENTURA BLVD., STE#D300
SHERMAN OAKS, CALIFORNIA 91403
Loan Number: 21063843

This Instrument Prepared By:

[Space Above This Line For Recording Data]

MORTGAGE

MIN: 100034200057200556

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 MAY 31, 2006, together with all Riders to this document.

(B) "Borrower" is FRANK J. REED III AND CHRISTINA A. REED, HUSBAND AND WIFE

Borrower is the mortgagor under this Security Instrument.

(C) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(D) "Lender" is METROCITIES MORTGAGE, LLC

Lender is a LIMITED LIABILITY COMPANY organized and existing under the laws of DELAWARE
Lender's address is 15301 VENTURA BLVD., STE D300, SHERMAN OAKS, CALIFORNIA 91403

(E) "Note" means the promissory note signed by Borrower and dated MAY 31, 2006
The Note states that Borrower owes Lender ONE MILLION AND 00/100 Dollars (U.S. \$ 1,000,000.00) plus interest.

Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than JUNE 1, 2036

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

(G) "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.

(H) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Planned Unit Development Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Condominium Rider | <input checked="" type="checkbox"/> Other(s) [specify] |

INTEREST ONLY ADDENDUM TO RIDER

(I) "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.

(J) "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.

(K) "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.

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

(M) "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.

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

(O) "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.

(P) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. §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.

(Q) "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 these purposes, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS the following described property located in the

COUNTY
[Type of Recording Jurisdiction]

of

BURLINGTON
[Name of Recording Jurisdiction]

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".
A.P.N.: 22-03803-00002

which currently has the address of

817 MATLACK DRIVE

[Street]

MOORESTOWN
[City]

, New Jersey

08057

("Property Address"):

[Zip Code]

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 understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey 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. If Lender accepts such payments, it shall apply such payments at the time such payments are accepted. 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.

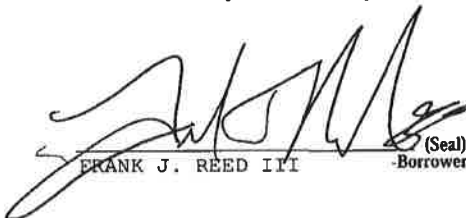
NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

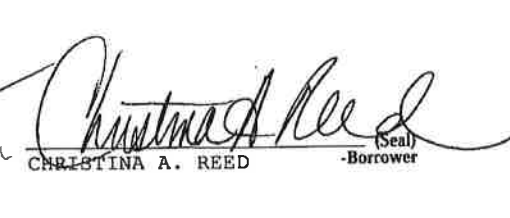
22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; (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, foreclosure by judicial proceeding and sale of the Property; (e) the Borrower's 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; and (f) any other disclosure required under the Fair Foreclosure Act, codified at §§ 2A:50-53 et seq. of the New Jersey Statutes, or other Applicable Law. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, attorneys' fees and costs of title evidence permitted by Rules of Court.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall cancel this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. No Claim of Credit for Taxes. Borrower will not make deduction from or claim credit on the principal or interest secured by this Security Instrument by reason of any governmental taxes, assessments or charges. Borrower will not claim any deduction from the taxable value of the Property by reason of this Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

 (Seal)
FRANK J. REED III -Borrower

 (Seal)
CHRISTINA A. REED -Borrower


____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

Signed, sealed and delivered in the presence of:





[Space Below This Line For Acknowledgment]

State of New Jersey,
County of CAMDEN

I CERTIFY that on
CHRISTINA A. REED

5/3/06 ss

FRANK J. REED III,

personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of the attached instrument; and
- (b) executed this instrument as his or her own act.

Notary's Signature

Date



Notary's printed or typed name

My commission expires:

MB 1124 PG 422

Loan Number: 21063843

FIXED/ADJUSTABLE RATE RIDER

(LIBOR One-Year Index (As Published In *The Wall Street Journal*) - Rate Caps)

THIS FIXED/ADJUSTABLE RATE RIDER is made this 31st day of MAY 2006, 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 ("Borrower") to secure Borrower's Fixed/Adjustable Rate Note (the "Note") to METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY ("Lender") of the same date and covering the property described in the Security Instrument and located at:

817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057
(Property Address)

THE NOTE PROVIDES FOR A CHANGE IN BORROWER'S FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THE NOTE LIMITS THE AMOUNT BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE 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. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial fixed interest rate of 6.375 %. The Note also provides for a change in the initial fixed rate to an adjustable interest rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the 1st day of JUNE, 2011, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year 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 date 45 days before each Change Date 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 TWO AND 250/1000 percentage points (2.250 %) 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 11.375 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than TWO AND 000/1000 percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 11.375 %.

(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 initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any 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

1. Until Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument shall 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 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.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be 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 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 also may 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 Fixed/Adjustable Rate Rider.

 (Seal)
FRANK J. REED III -Borrower

 (Seal)
CHRISTINA A. REED -Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

INTEREST-ONLY ADDENDUM TO ADJUSTABLE RATE RIDER

Loan Number: 21063843

Property Address: 817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057

THIS ADDENDUM is made this 31st day of MAY, 2006, and is incorporated into and intended to form a part of the Adjustable Rate Rider (the "Rider") dated the same date as this Addendum executed by the undersigned and payable to METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY (the Lender).


THIS ADDENDUM supersedes Section 4(C) of the Rider. None of the other provisions of the Note are changed by this Addendum.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND 250/1000 percentage point(s) (2.250 %) to the Current Index for such Change Date. 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), this rounded amount will be my new interest rate until the next Change Date.

During the Interest-Only Period, the Note Holder will then determine the amount of the monthly payment that would be sufficient to repay accrued interest. This will be the amount of my monthly payment until the earlier of the next Change Date or the end of the Interest-Only Period unless I make a voluntary prepayment of principal during such period. If I make a voluntary prepayment of principal during the Interest-Only Period, my payment amount for subsequent payments will be reduced to the amount necessary to pay interest at the then current interest rate on the lower principal balance. At the end of the Interest-Only Period and on each Change Date thereafter, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay in full the unpaid principal that I am expected to owe at the end of the Interest-Only Period or Change Date, as applicable, in equal monthly payments over the remaining term of the Note. The result of this calculation will be the new amount of my monthly payment. After the end of the Interest-Only Period, my payment amount will not be reduced due to voluntary prepayments.


FRANK J. REED III (Seal)
-Borrower


CHRISTINA A. REED (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

ISSUED BY



INFINITY TITLE AGENCY, INC.

33 East Main Street, Unit 2, Moorestown, New Jersey 08057
(856) 727-0818 Fax: (856) 727-5173

AGENT FOR FIRST AMERICAN TITLE INSURANCE COMPANY

File No. ITA13922425

SCHEDULE C

ALL that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in Township of Moorestown, in the County of Burlington, State of NJ:

BEGINNING at a point in the Southerly right of way line of Matlack Drive (60 feet wide), said point being 580.94 feet Westwardly from the Westerly end of a curve having a radius of 20.00 feet and connecting said line of Matlack Drive with the Westerly right of way line of New Albany Road (66 feet wide); thence

1. South 12 degrees 58 minutes 42 seconds West, 185.00 feet to a point; thence
2. North 77 degrees 01 minute 18 seconds West, 111.42 feet to a point; thence
3. North 14 degrees 38 minutes 30 seconds West, 156.41 feet to a point in said line of Matlack Drive; thence
4. North 75 degrees 21 minutes 30 seconds East, along said line of Matlack Drive, 33.75 feet to a point of curvature; thence
5. Eastwardly and curving to the right with a radius of 270.00 feet, still along said line of Matlack Drive, the arc distance of 130.16 feet to a point of tangency; thence
6. South 77 degrees 01 minute 18 seconds East, still along said line of Matlack Drive, 28.86 feet to the point and place of BEGINNING.

BEING Block 3803, Lot 2 as shown on the "Final Plan of Lots, Mechling Farms, Section 3", Filed May 15, 2003 as Map #3821600.

FOR INFORMATION PURPOSES ONLY: BEING known as Lot 2, Block 3803 on the Official Tax Map of Township of Moorestown.

Above description made in accordance with a survey made by Wallace Associates, dated March 10, 2006.

RECORDING DATA PAGE

Consideration :
Code :
Transfer Fee :
Recording Date: 09/25/2006
Document No : 4327106 ccgorwoo

INFINITY TITLE AGENCY INC
33 EAST MAIN STREET
UNIT 2
MOORESTOWN, NJ 08057

Receipt No : 660096
Document No : 4327106
Document Type : MTG
Recording Date: 09/25/2006
Login Id : ccgorwoo

Recorded
Sep 25 2006 02:19pm
Burlington County Clerk

Clerk of Burlington County • 49 Rancocas Rd. • Mt. Holly, NJ 08060
609-265-5180

MIN: 100034200057200556

Loan Number: 21063843

FIXED/ADJUSTABLE RATE NOTE

(LIBOR One - Year Index (As Published in *The Wall Street Journal*) - Rate Caps)

THIS NOTE PROVIDES FOR A CHANGE IN MY FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

MAY 31, 2006
(Date)

SHERMAN OAKS
(City)

CALIFORNIA
(State)

817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057
(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$1,000,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY

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

I understand that Lender may transfer this Note. 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 6.375%. 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 1st day of each month beginning on JULY 1

2006. 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 JUNE 1, 2036, 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 15301 VENTURA BLVD., STE#D300, SHERMAN OAKS, CALIFORNIA 91403

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

(B) Amount of My Initial Monthly Payments ** See attached Interest Only Note Addendum.

Each of my initial monthly payments will be in the amount of U.S. \$6,238.70. 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.

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

The initial fixed interest rate I will pay will change to an adjustable interest rate on the 1st day of JUNE, 2011, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year 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 date 45 days before each Change Date 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 TWO AND 250/1000 percentage points (2.250%) 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 11.375 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than TWO AND 000/1000 percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 11.375 %.

(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 initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any 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 this 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 this 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 that 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 that 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 when 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 immediately 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.

Unless the Note Holder requires a different method, any notice that must be given to the Note Holder under this Note will be given 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 that 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 read as follows:

(A) Until my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument shall 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 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.

(B) When my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument described in Section 11(A) above shall then cease to be in effect, and Uniform Covenant 18 of the Security Instrument shall instead 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 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

RECEIVED BY THE LENDER

DATE

ALL RIGHTS RESERVED

ALL RIGHTS RESERVED

RECEIVED BY THE LENDER

DATE

ALL RIGHTS RESERVED

ALL RIGHTS RESERVED

ALL RIGHTS RESERVED

ALL RIGHTS RESERVED

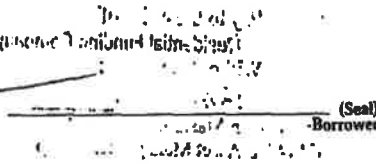
by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

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 also may 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.


FRANK J. REED III (Seal)
-Borrower


(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

[Sign Original Only]

WITHOUT RECOURSE, PAY TO THE ORDER OF
GMAC Bank

METROCITIES MORTGAGE, LLC
METROCITIES MORTGAGE, LLC

BY: *Autumn Kerr*
Autumn Kerr, AVP

PAY TO THE ORDER OF
GMACB Asset Management Corp.
WITHOUT RECOURSE
D. Chiodo
D. Chiodo
Limited Signing Officer
GMAC Bank

PAY TO THE ORDER OF
WITHOUT RECOURSE

Patricia C. Taylor
Patricia C. Taylor, President
GMACB Asset Management Corp.

Pay to the order of
21st Mortgage Corporation
Without Recourse:
Patricia C. Taylor
Patricia C. Taylor, Vice President
Residential Funding Company, LLC

Pay to the order of
Residential Funding Company, LLC
Without Recourse:

F. Masani
Farzan Masani, Controller
GMACB Asset Management Corp.

INTEREST-ONLY ADDENDUM TO ADJUSTABLE RATE PROMISSORY NOTE

Loan Number: 21063843

Property Address: 817 MATLACK DRIVE, MOORESTOWN, NEW JERSEY 08057

THIS ADDENDUM is made this 31st day of MAY 2006, and is incorporated into and intended to form a part of the Adjustable Rate Note (the "Note") dated the same date as this Addendum executed by the undersigned and payable to METROCITIES MORTGAGE, LLC, A LIMITED LIABILITY COMPANY (the Lender).

THIS ADDENDUM supersedes Sections 3(A), 3(B), 4(C) and 7(A) of the Note. None of the other provisions of the Note are changed by this Addendum.

3. PAYMENTS

(A) Time and Place of Payments

I will pay interest by making payments every month for the first 60 payments (the "Interest-Only Period") in the amount sufficient to pay interest as it accrues. I will pay principal and interest by making payments every month thereafter for the next 300 payments in an amount sufficient to fully amortize the outstanding principal balance of the Note at the end of the Interest-Only Period over the remaining term of the Note in equal monthly payments.

I will make my monthly payments on the first day of each month beginning on JULY 1, 2006. 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 JUNE 1, 2036, 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 payments at 15301 VENTURA BLVD., STE#D300, SHERMAN OAKS, CALIFORNIA 91403

, 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. \$ 5,312.50. This payment amount is based on the original principal balance of the Note. This payment amount may change.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND 250/1000 percentage point(s) (2.250 %) to the Current Index for such Change Date. 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), this rounded amount will be my new interest rate until the next Change Date.

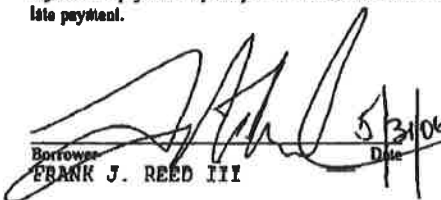
During the Interest-Only Period, the Note Holder will then determine the amount of the monthly payment that would be sufficient to repay accrued interest. This will be the amount of my monthly payment until the earlier of the next Change Date or the end of the Interest-Only Period unless I make a voluntary prepayment of principal during such period. If I make a voluntary prepayment of principal during the Interest-Only Period, my payment amount for subsequent payments will be reduced to the amount necessary to pay interest at the then current interest rate on the lower principal balance. At the end of the Interest-Only Period and on each Change Date thereafter, the

Note Holder will determine the amount of the monthly payment that would be sufficient to repay in full the unpaid principal that I am expected to owe at the end of the Interest-Only Period or Change Date, as applicable, in equal monthly payments over the remaining term of the Note. The result of this calculation will be the new amount of my monthly payment. After the end of the Interest-Only Period, my payment amount will not be reduced due to voluntary prepayments.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge 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 interest during the Interest-Only Period, 5.000 % of my overdue payment of principal and interest thereafter. I will pay this late charge promptly but only once on each late payment.


Borrower FRANK J. REED III Date 5/31/06 Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

WITHOUT RECOURSE, PAY TO THE ORDER OF
GMAC Bank

METROCITIES MORTGAGE, LLC

BY: *Autumn Herr*

Autumn Herr, AVP

PAY TO THE ORDER OF

GMACB Asset Management Corp.

WITHOUT RECOURSE

D. Chiodo

D. Chiodo
Limited Signing Officer
GMAC Bank

PAY TO THE ORDER OF

WITHOUT RECOURSE

Patricia C. Taylor

Patricia C. Taylor, President
GMACB Asset Management Corp.

Pay to the order of

Without Recourse:

Patricia C. Taylor

Patricia C. Taylor, Vice President
Residential Funding Company, LLC

Pay to the order of
Residential Funding Company, LLC
Without Recourse:

F. Masani

Farzan Masani, Controller
GMACB Asset Management Corp.

Exhibit 11

RESIDENTIAL CAPITAL, LLC, ET AL.

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1 today -- regarding the hearsay portion of their objection, but
2 we had a litany of exceptions to the hearsay rule, and, also,
3 statements to the fact that our experts, or anyone who's opined
4 to --

5 THE COURT: That's not today's issue.

6 MR. REED: Yeah, we'll be here, they'll be here.

7 THE COURT: That's not today's issue.

8 All right. Mr. Wishnew, Mr. Reed points to what is
9 tabbed as Exhibit 3, behind tab 4, a copy of the state court
10 complaint --

11 MR. WISHNEW: Um-hum.

12 THE COURT: -- filed on May 19th, 2008, and he points
13 to paragraph 4 in the complaint that reads, "On or before the
14 date within complaint was drafted, the plaintiff herein became
15 the owner of the note and mortgage --

16 MR. WISHNEW: Um-hum.

17 THE COURT: -- being foreclosed herein".

18 MR. WISHNEW: Um-hum.

19 THE COURT: The plaintiff is GMAC Mortgage, LLC.

20 MR. WISHNEW: Correct, Your Honor. So --

21 THE COURT: Doesn't that create -- you say GMACM never
22 owned the note. Why doesn't this allegation in the state court
23 pleading create, at a minimum, a disputed issue of fact as to
24 whether GMACM --

25 MR. WISHNEW: Because I think if you take a closer

EXHIBIT

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1 look at the underlying documents, the statement is partially
2 correct in --

3 THE COURT: Partially correct?

4 MR. WISHNEW: Well, I would say this, Your Honor. In
5 order for us to have standing to commence the action in New
6 Jersey, we would have had to have had the mortgage assigned to
7 us, which we did. And if you look, as Mr. Reed points out, to
8 page 84 of the exhibits, which is titled "Assignment of
9 Mortgage" -- this is at page 84 of 103 at docket 7017-6 -- it
10 specifically says, Your Honor, "and the said assignor" -- and
11 the assignor in this document is identified as MERS or Mortgage
12 Electronic Registration Systems, Inc., as nominee for Metro
13 City Mortgage, LLC -- "constitutes and appoints the
14 assignee" -- the assignee in this case is GMAC Mortgage, LLC --
15 "as the assignor's true and lawful attorney, irrevocable in law
16 or in equity, in the assignor's name, place and stead, but at
17 assignee's cost and expense".

18 THE COURT: Okay. So they were assigned the mortgage.
19 But paragraph 4 alleges that they were the owner of the note.

20 MR. WISHNEW: I recognize that, Your Honor, and that
21 should not have said the owner of the note.

22 THE COURT: Okay.

23 MR. WISHNEW: It should have said the holder of the
24 note. And if you were to look to Ms. Delehey's supplemental
25 declaration in support of the reply, at docket 7228-1, page 37

RESIDENTIAL CAPITAL, LLC, ET AL.

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1 of 37, nowhere, on the endorsements to the note, is GMAC
2 Mortgage, LLC.

3 THE COURT: Okay.

4 MR. WISHNEW: So we never --

5 THE COURT: It's a disputed issue of fact. So I'm
6 going to overrule the objection to the breach of contract
7 claim. You may well prevail.

8 MR. WISHNEW: Um-hum.

9 THE COURT: It's too bad somebody alleged in the
10 complaint that you owned the note.

11 MR. WISHNEW: Agreed, Your Honor.

12 MR. REED: Your Honor, may --

13 THE COURT: No, just a second, Mr. Reed.

14 MR. REED: Sure. Sure.

15 THE COURT: Where in the proof of claim is an unjust
16 enrichment claim?

17 MR. WISHNEW: It might be in the certification to the
18 claim, Your Honor. Just give me one minute; I'll double check.

19 MR. REED: It's on the face as well, Your Honor.

20 THE COURT: Where?

21 MR. REED: No, I don't have that -- I don't have the
22 original document.

23 THE COURT: Mr. Reed?

24 MR. WISHNEW: I just have the supplemental.

25 THE COURT: Mr. Wishnew will --

Exhibit 12

XCZ 102962/rj
ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff
200 Sheffield Street, Suite 301
P.O. Box 1024
Mountainside, New Jersey 07092-0024
1-908-233-8500

FILED:

REC'D & FILED
SUPERIOR COURT
OF NEW JERSEY

JUL 9

Notation 2.7.14

GMAC MORTGAGE, LLC

Plaintiff,

vs.

Frank J. Reed, III and Christina A. Reed, his wife,
and each of their heirs, devisees, and personal
representatives, and his, her, their or any of their
successors in right, title and interest; Mortgage
Electronic Registration Systems, Inc., as nominee
for Homecomings Financial, LLC; State of New
Jersey;

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
BURLINGTON COUNTY
DOCKET NO. F-19177-08

Civil Action

AMENDED COMPLAINT
FOR
FORECLOSURE

GMAC MORTGAGE, LLC, (hereinafter "plaintiff"), through its servicing agent
located at 1100 VIRGINIA DRIVE, P.O. BOX 8300, FORT WASHINGTON, PA 19034, hereby
says:

EXHIBIT

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FIRST COUNT

1. On 05/31/2006, Frank J. Reed, III executed to Metrocities Mortgage, LLC a Note (hereinafter "Note") securing the sum of \$1,000,000.00, payable on 06/01/2036 with the initial interest rate of 6.3750% per annum.

2. To secure the payment of the Note, Frank J. Reed, III and Christina A. Reed, husband and wife, executed to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC, a Mortgage (hereinafter "Mortgage") dated 05/31/2006, and thereby mortgaged to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC in fee the land hereinafter described (hereinafter "Mortgaged Premises"). Said Mortgage was duly recorded on 09/25/2006, in the OFFICE OF THE CLERK OF BURLINGTON COUNTY, in Mortgage Book 11124, Page 410. The Mortgage is a Purchase Money Mortgage.

3. The legal description of the Mortgaged Premises is described on the Schedule annexed hereto and made a part hereof.

SCHEDULE A- Legal Description

ALL the following described property located in the Township of Moorestown, County of Burlington, State of New Jersey:

COMMONLY known as 817 MATLACK DRIVE, MOORESTOWN, NJ 08057.

BEING also known as Lot 2, Block 3803 on the tax map of the Township of Moorestown.

DIMENSION: APPROXIMATELY 185 x 111 x 156 x 33 x 150 x 28

**NEAREST CROSS STREET: Situate in the southeasterly line of Matlack Drive
approximately 580 feet westerly from the westerly line of New Albany Road**

The following is a metes and bounds legal description as found in the Mortgage:

BEGINNING at a point in the Southeasterly right of way line of Matlack Drive (60 feet wide), said point being 580.94 feet Westwardly from the Westerly end of a curve having a radius of 20.00 feet and connecting said line of Matlack Drive with the Westerly right of way line of New Albany Road (66 feet wide); thence

1. South 12 degrees 58 minutes 42 seconds West, 135.00 feet to a point; thence
2. North 77 degrees 01 minute 18 seconds West, 111.42 feet to a point; thence
3. North 14 degrees 38 minutes 30 seconds West, 116.41 feet to a point in said line of Matlack Drive; thence
4. North 75 degrees 21 minutes 30 seconds East, along said line of Matlack Drive, 31.75 feet to a point of curvature; thence
5. Eastwardly and curving to the right with a radius of 270.00 feet, still along said line of Matlack Drive, the arc distance of 130.16 feet to a point of tangency; thence
6. South 77 degrees 01 minute 18 seconds East, still along said line of Matlack Drive, 28.86 feet to the point and place of **BEGINNING**.

BEING Block 3803, Lot 2 as shown on the "Final Plan of Lots, Mochling Farms, Section 3", Filed May 15, 2003 as Map #3821000.

FOR INFORMATION PURPOSES ONLY: BEING known as Lot 2, Block 3803 on the Official Tax Map of Township of Moorestown.

Above description made in accordance with a survey made by Wallace Associates, dated March 10, 2005.

4. The Note and Mortgage were assigned as follows:

4a. By Assignment of Mortgage from Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC to GMAC MORTGAGE, LLC dated 05/22/2008.

5. The Note contained an agreement that if any installment payment should remain unpaid for 30 days after the same shall fall due, the whole principal sum, with all unpaid interest, fees, costs and advances, should, at the option of plaintiff or its representatives or assigns, become immediately due and payable.

6. The obligor(s) has/have failed to make the installment payment due on 02/01/2008, and all payments becoming due thereafter. Therefore the loan has been in default since on or about 03/01/2008.

7. As a result of said default, plaintiff hereby elects and declares that the whole unpaid principal sum due on the Note and Mortgage, along with all unpaid interest, advances, fees and costs, shall be accelerated and is now due and payable.

8. The Note and Mortgage do not contain a prepayment penalty.

9. The following defendants are joined herein because they are either the holder of an instrument or interest appearing of record which affect or may affect the Mortgaged Premises, or because they are the holder of a legal and equitable interest in the Mortgaged Premises which is subordinate to plaintiff's Mortgage lien.

9a. On 05/31/2006 Frank J. Reed, III and Christina A. Reed, husband and wife mortgaged the premises being foreclosed herein to Mortgage Electronic Registration Systems, Inc., as nominee for Metrocities Mortgage, LLC to secure the sum of \$414,400.00, which mortgage was recorded 09/25/2006 in Book 11124 of Mortgages for Burlington County, Page 431, which Mortgage was assigned to Mortgage Electronic Registration Systems, Inc., as nominee for Homecomings Financial, LLC which assignment is unrecorded at this time. Mortgage Electronic Registration Systems, Inc., as nominee for Homecomings Financial, LLC is made a party defendant to this foreclosure action by virtue thereof.

9b. The State of New Jersey is made a party defendant to this foreclosure action by reason of the following 4 liens entered in the office of the Clerk of the Superior Court of New Jersey recovered against plaintiff's mortgagors, Frank J. Reed, III and Christina A. Reed.

9b-1

SUPERIOR COURT OF NEW JERSEY

JUDGMENT NUMBER: J-142752-1992 CASE NUMBER: L-21331-87

DATE ENTERED: 12/30/92 DATE SIGNED: 12/01/92

TYPE OF ACTION: AUTO NEGL

TENURE: ESSEX

DEBT: \$ 15,000.00

CREDITOR(S):

RICHARD EPPS

ATTORNEY: NICHOLAS STEFANCHIK, JR.

SAMUEL F. FORTUNATO, COMMISSIONER OF INSURANCE, ASSIGNEE

DEBTOR(S):

MARCUS X. HANNAH

(No Address)

FRANK REED

(No Address)

04-28-93 ASSIGNED TO SAMUEL FORTUNATO, COMMISSIONER DEPARTMENT OF
INSURANCE., RECORDED 10-06-93.

*** End of Abstract ***

9b-2

SUPERIOR COURT OF NEW JERSEY
JUDGMENT NUMBER: DJ-328724-2006
DATE DOCKETED: 12/12/06
TYPE OF ACTION: CERTIF OF DEBT
VENUE: MERCER

DEBT: \$ 200.00

CREDITOR(S):

DIV OF MOTOR VEHICLES

ATTORNEY: PRO SE

DEBTOR(S):

FRANK M REED , DRIVERS LICENSE # = R21632677410772
86 HIGHLAND AV, NEWARK, NJ 07104-1107

ATTORNEY: PRO SE

*** End of Abstract ***

9b-3

SUPERIOR COURT OF NEW JERSEY
JUDGMENT NUMBER: PD-154183-2005
DATE ENTERED: 06/16/05
LIEN FOR LEGAL SERVICES
VENUE: MERCER

DEBT: \$ 50.00

CREDITOR: OFFICE OF THE PUBLIC DEFENDER

DEBTOR(S):

FRANK M REED

1ST FL,

2018 GRIER AV, LINDEN, NJ 07036

ATTORNEY: PRO SE

*** End of Abstract ***

9b-4

SUPERIOR COURT OF NEW JERSEY

JUDGMENT NUMBER: PD-213865-2007

DATE ENTERED: 08/07/07

LIEN FOR LEGAL SERVICES

VENUE: MERCER

DEBT: \$

566.00

CREDITOR: OFFICE OF THE PUBLIC DEFENDER

DEBTOR(S):

MICHAEL VOLPE

715 CENTER ST, GARWOOD, NJ 07207

ATTORNEY: PRO SE

A/K/A

FRANK RHED

(No Address)

A/K/A

MIKE VOLPE

(No Address)

*** End of Abstract ***

10. The following defendants are joined herein because they are the holder of an instrument or interest appearing of record which affect or may affect the Mortgaged Premises which has been paid in full but have not been discharged of record.

NONE.

11. In the event plaintiff is unable to determine the present whereabouts of defendants, Frank J. Reed, III and Christina A. Reed, his wife, or ascertain if he/she/they is/are presently alive, and as a precaution, plaintiff has joined the following persons as party defendants to this foreclosure action for any lien, claim or interest they may have in, to, or against the mortgaged premises:

Frank J. Reed, III and Christina A. Reed, his wife, and each of their heirs, devisees, and personal representatives, and his, her, their or any of their successors in right, title and interest.

12. Pursuant to the terms of the Note and Mortgage, plaintiff (or its predecessors, successors or servicing agent), reserved the right to pay taxes, municipal charges, or other liens affecting the Mortgaged Premises, which charges or liens are superior to the lien of the Mortgage. When paid by plaintiff (or its predecessors, successors, or servicing agent), these taxes, municipal charges, or other liens, together with interest thereon, are to be added to the amount due plaintiff, whether such advances were made prior to the filing of this action or during its pendency.

13. Plaintiff has complied with the Fair Foreclosure Act N.J.S.A. 2A:50-53, et seq., by serving the required Notice of Intention to Foreclose at least 30 days in advance of filing of this amended complaint.

WHEREFORE, the plaintiff demands judgment:

- (a) Fixing the amount due on the Mortgage;
- (b) Barring and foreclosing the defendants and each of them of all equity of redemption in and to the Mortgaged Premises;

- (c) Directing that plaintiff be paid the amount due as provided in the Mortgage, together with interest, fees, costs and advances;
- (d) Adjudging that the Mortgaged Premises be sold according to law to satisfy the amount due to plaintiff on the Mortgage; and
- (e) Appointing a receiver of the rents, issues and profits of the Mortgaged Premises.

SECOND COUNT

1. Plaintiff hereby repeats, re-alleges, and incorporates the allegations set forth in the First Count of the Amended Complaint, as if set forth herein at length.

2. By the terms of the Note and Mortgage, plaintiff is entitled to possession of the Mortgaged Premises and all appurtenances.

3. The Mortgagor(s) and Obligor(s) named herein has or may claim to have certain rights in the Mortgaged Premises, and by reason thereof, has or have deprived plaintiff of possession of the Mortgaged Premises.

WHEREFORE, plaintiff demands judgment against the defendants, except those protected by N.J.S.A. 2A:18-61.1, et. seq.:

- (a) for possession of the Mortgaged Premises in favor of plaintiff or its assignee or designee, which right to possession shall be transferred to the successful purchaser at the foreclosure sale;
- (b) for costs.

CERTIFICATION PURSUANT TO RULE 4:5-1

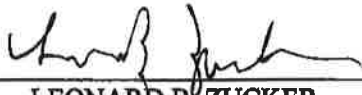
I hereby certify that the matter in controversy is not the subject of any other Court proceeding or arbitration and that, to the best of my knowledge and belief, no other parties need be joined at this time, and that no other proceedings are contemplated.

CERTIFICATION PURSUANT TO RULE 4:64-1(a) AND RULE 1:5-6(c)(1)(E)

I hereby certify that a title search of the public record has been received and reviewed

prior to the filing of this action.

ZUCKER, GOLDBERG & ACKERMAN, LLC
Attorneys for Plaintiff

By: 
LEONARD B. ZUCKER
MEMBER OF THE FIRM

DATED: June 3, 2008

NOTICE REQUIRED BY THE
FAIR DEBT COLLECTION
PRACTICES ACT, (the act),
15 U.S.C. SECTION 1601 AS AMENDED

**THIS IS AN ATTEMPT TO COLLECT A
DEBT. ANY INFORMATION OBTAINED
WILL BE USED FOR THAT PURPOSE.**

1. The amount due on the debt, as of 05/31/2006, is the sum of \$1000000.00. This sum does not include foreclosure fees and costs or any payments received or advances made after that date.

2. The debt described in the amended complaint attached hereto and evidenced by the copy of the mortgage and note, will be assumed to be valid by the creditor's law firm, unless debtors, within thirty (30) days after receipt of this Notice, disputes, in writing, the validity of the debt or some portion thereof.

3. If the debtor notifies the creditor's law firm in writing within thirty (30) days of the receipt of this Notice, that the debt or any portion thereof, is disputed, the creditor's law firm will obtain verification of the debt and a copy of the verification will be mailed to the debtor by the creditor's law firm.

4. If the creditor who is named as plaintiff in the attached summons and amended complaint, is not the original creditor, and if the debtor makes written request to the creditor's law firm within thirty (30) days from the receipt of this Notice, the name and address of the original creditor will be mailed to the debtor by the creditor's law firm.

5. Written request should be addressed to ZUCKER, GOLDBERG & ACKERMAN, LLC, 200 Sheffield Street, Suite 301, P.O. Box 1024, Mountainside, New Jersey 07092-0024. Please refer to our file number, which is XCZ 102962.

**THIS IS AN ATTEMPT TO COLLECT A DEBT.
ANY INFORMATION OBTAINED
WILL BE USED FOR THAT PURPOSE.**

Exhibit 13

856-552-1045

Invoice submitted to:
Mr. Frank J. Reed III 817 Matlack Dr. Moorestown NJ 08057

frankreedva@aol.com

Invoice Date	Invoice Number	Last Bill Date
June 20, 2014	11547	9/16/2013

In Reference To: GMAC Mortgage Litigation

	Amount
Interest on overdue balance	\$6,948.21
Total amount of this bill	\$6,948.21
Previous balance	\$50,864.32
<u>Please Pay This Amount:</u>	<u>\$57,812.53</u>

Kindly note that payments are due upon receipt of invoice. Prompt payments are appreciated.

Please note that interest at the annual rate of 18% shall begin to accrue on balances not received within 30 days.

Thank you very much for being our client and entrusting your legal matter to us.

If you would like to pay by credit card, we accept credit card payments with VISA, MASTERCARD and DISCOVER.
Please call the office if you would like to pay by credit card.

Current	30 Days	60 Days	90 Days	120 Days
6,948.21	0.00	0.00	0.00	50,864.32



Exhibit 13A

Frank Reed
817 Matlack Drive
Moorestown, NJ 08057
Telephone: (856) 956-6950
Creditor, Pro Se

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**DECLARATION OF JEFFREY S. WALTERS, ESQ.
FOR PURPOSE OF DOCUMENT AUTHENTICATION**

I, Jeffrey S. Walters, Esq., under penalty of perjury, declare as follows:

1. I am an attorney admitted to practice before the Superior Court of New Jersey, the Federal Courts in the District of New Jersey, and the United States Bankruptcy Courts throughout New Jersey. I was admitted to the bar in 1991, and am the principal attorney with the firm of Law Offices of Jeffrey S. Walters, LLC.

2. I personally provided counsel and legal services to Frank Reed with respect to his claims against GMAC Mortgage LLC ("GMACM") and Residential Funding Corp. ("RFC") arising from the foreclosure action which GMACM had wrongfully initiated against Frank Reed and his spouse. Such services included attempted negotiation and mediation with GMACM and RFC to resolve the claims and mitigate the improper foreclosure harm, and the filing of a New Jersey state court action against GMACM and RFC in the Superior Court of New Jersey, Law Division, Burlington County, Docket No. L-1526-10. The Superior Court action was litigated from May 7, 2010 through January 20, 2012.

3. Attached hereto as Exhibit A is a true and correct copy of the most recent invoice generated by my office, representing the amount due for services rendered to Mr. Reed as set forth above. I affirm that the amount set forth therein is an accurate statement of the amount owed to my office, without any setoff or credit.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 12, 2014.

A handwritten signature in black ink, appearing to read "Jeff Walters", is written over a horizontal line.

Jeffrey S. Walters, Esq.

Exhibit 14

8/22/2014
3:48 PM

Kearney, Campbell & Burns, P.C.
Invoice Listing

Page 1

Selection Criteria

Clie.Classification Open
A/R.Transaction Date Earliest - 8/22/2014
Clie.Selection Include: Reed, Frank

Client	ID	Date	Invoice#	Billed	Paid/Adj.	Due
<u>Assigned Atty: Linda Campbell</u>						
Reed, Frank				1840.00	1840.00	0.00
Total: Linda Campbell				1840.00	1840.00	0.00
Grand Total				1840.00	1840.00	0.00



Exhibit 14A

Frank Reed
817 Matlack Drive
Moorestown, NJ 08057
Telephone: (856) 956-6950
Creditor, Pro Se

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 LINDA L. CAMPBELL, ESQ.
FOR PURPOSE OF DOCUMENT AUTHENTICATION**

I, Linda L. Campbell, Esq., under penalty of perjury, declare as follows:

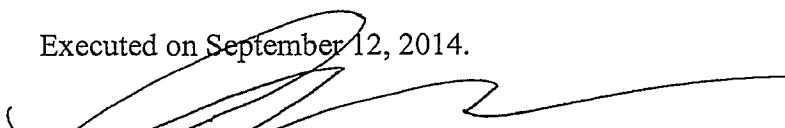
1. I am an attorney admitted to practice in New Jersey, Florida, Pennsylvania and the U.S. District Court for the District of New Jersey, and am associated with the law firm of Kearney, Campbell & Burns.

2. I provided counsel and legal services to client Frank Reed with respect to a foreclosure lawsuit filed against him by GMAC Mortgage LLC in the New Jersey Superior Court, Burlington County, Docket F-19177-08.

3. Attached hereto as Exhibit A is a true and correct copy of receipts generated by the firm indicating the payments made by Mr. Reed with respect to the services that were provided.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 12, 2014.



Linda L. Campbell, Esq.

Exhibit 15

From: Frank Reed VA <frankreedva@aol.com>
To: Frank Reed <frankreednj@aol.com>
Subject: Fwd: payments rec'd
Date: Mon, Sep 8, 2014 1:07 pm

Sent from my iPhone

Begin forwarded message:

From: Barbara Clark <BClark@mkmnjlaw.com>
Date: August 22, 2014 at 10:50:45 AM EDT
To: "frankreedva@aol.com" <frankreedva@aol.com>
Subject: re: payments rec'd

I couldn't find the email but here are the payments we rec'd on the foreclosure matter – 6/19/08 \$500.00, 10/28/08 \$1500.00 & 2/19/09 \$1983.00.



Exhibit 15A

McCRINK, KEHLER & McCRINK

MATTHEW R. McCRINK
DANIEL R. KEHLER †
KRISDEN M. McCRINK †

ATTORNEYS AT LAW
McCRINK, KEHLER & McCRINK LAW BUILDING
475 ROUTE 73 NORTH
WEST BERLIN, NEW JERSEY 08091-2003
Website: www.mkmnjlaw.com
Firm E-mail: lawfirm@mkmnjlaw.com

TELEPHONE
(856) 768-0033

FACSIMILE
(856) 768-8844

† Admitted in NJ & PA

DANIEL E. MAY†

September 12, 2014

EXHIBIT A

The following payments were made by Frank Reed:

6/19/08	\$500.00
10/28/08	\$1500.00
2/19/09	\$1983.00
Total Payments	\$3,983.00

McCrink, Kehler & McCrink
475 Route 73 N.
West Berlin, New Jersey 08091

Ph:(856) 768-0033

Fax:(856) 768-7243

Frank Reed
9717 Old Dell Trace
Richmond, VA
23238

September 12, 2014

Attention:

File #: m10rf08f

Inv #: Settle

RE: Reed, Frank - foreclosure (GMAC)

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
May-28-08	Conference with Client - re: foreclosure	0.10	36.50	MRM
	Conference with Client ;File review and analysis	0.20	39.00	RJK
May-29-08	File review and analysis ;Instructions to Staff	0.10	19.50	RJK
Jun-06-08	File review and analysis ;Telephone Call with Client	0.50	97.50	RJK
Jun-11-08	Telephone Call with opposing counsel/party - Scott Jacobs	0.20	73.00	MRM
Jun-18-08	Instructions to Staff	0.10	22.50	RMK
	Preparation of answer	0.40	90.00	RMK
Jun-19-08	Conference with Client	0.30	109.50	MRM
	Instructions to Staff	0.10	36.50	MRM
	Revision of answer	0.20	73.00	MRM
	Instructions to Staff	0.20	73.00	MRM

	Instructions to Staff ;File review and analysis ;Conference with Client	0.50	97.50	RJK
	Instructions to Staff ;File review and analysis	0.20	39.00	RJK
Jun-20-08	Instructions to Staff	0.20	73.00	MRM
	Correspondence - Client - e-mail	0.10	36.50	MRM
	File review and analysis ;Preparation of Answer	0.50	97.50	RJK
	Conference with Client ;Preparation of Answer	1.00	195.00	RJK
Jun-27-08	File review and analysis	0.10	19.50	RJK
Jun-30-08	File review and analysis	0.10	19.50	RJK
Jul-01-08	Conference with Client ;File review and analysis	0.20	39.00	RJK
	File review and analysis	0.90	202.50	RMK
Jul-03-08	Instructions to Staff ;Telephone Call with Client	0.20	73.00	MRM
Jul-17-08	Telephone Call with Client	0.20	73.00	MRM
	Instructions to Staff	0.10	36.50	MRM
Jul-18-08	Instructions to Staff	0.30	109.50	MRM
	Instructions to Staff ;File review and analysis	0.30	67.50	RMK
	Preparation of opposition st motion	0.50	112.50	RMK
Jul-19-08	Instructions to Staff	0.10	36.50	MRM
Jul-21-08	Conference with Client ;File review and analysis ;Instructions to Staff	0.30	58.50	RJK
Jul-22-08	Instructions to Staff	0.10	36.50	MRM
Jul-24-08	Telephone Call with Client	0.20	73.00	MRM

Jul-28-08	Telephone Call with Client ;Preparation of certification of service;Correspondence - Client	0.40	78.00	RJK
Aug-01-08	Telephone Call with Client	0.20	39.00	RJK
Aug-25-08	Telephone Call with Client	0.20	73.00	MRM
Aug-28-08	Telephone Call with Client	0.20	73.00	MRM
Sep-04-08	Instructions to Staff	0.10	36.50	MRM
Sep-12-08	File review and analysis - re: summary judgement motions	0.10	19.50	RJK
Sep-19-08	File review and analysis - re: summary judgement motion	0.10	19.50	RJK
Sep-26-08	File review and analysis	0.10	19.50	RJK
Oct-09-08	Telephone Call with Client	0.10	36.50	MRM
Oct-10-08	Telephone Call with Client	0.20	73.00	MRM
Oct-13-08	Correspondence - Client - foreclosure	0.20	73.00	MRM
	Telephone Call with Client	0.10	36.50	MRM
	Instructions to Staff ;File review and analysis ;Research	1.00	195.00	RJK
Oct-16-08	Conference with Client	0.20	39.00	RJK
Oct-21-08	Instructions to Staff - re: motion	0.10	19.50	RJK
Oct-22-08	Instructions to Staff	0.10	36.50	MRM
	File review and analysis ;Research - re: Hope Now; motion; notice	2.00	390.00	RJK
	Telephone Call with Client	0.20	39.00	RJK
	Telephone Call with Client	0.10	19.50	RJK
	Telephone Call with Client	0.20	39.00	RJK

Oct-23-08	Telephone Call with Client ;File review and analysis ;Research	0.20	39.00	RJK
	File review and analysis ;Correspondence - Client - re: motion	0.20	39.00	RJK
Oct-28-08	Telephone Call with Client - foreclosure	0.10	36.50	MRM
	Instructions to Staff	0.10	36.50	MRM
Oct-29-08	Instructions to Staff ;File review and analysis	0.10	19.50	RJK
Nov-06-08	Telephone Call with Client - re: motion	0.30	58.50	RJK
	File review and analysis	0.10	19.50	RJK
Nov-13-08	Telephone Call with Client	0.20	73.00	MRM
Nov-18-08	Instructions to Staff	0.10	36.50	MRM
Nov-19-08	Telephone Call with Client ;File review and analysis ;Instructions to Staff	0.40	78.00	RJK
Nov-21-08	Correspondence on behalf of Client - e-mails from Jeff Walters	0.10	7.50	PL
Dec-29-08	File review and analysis - re: motion status	0.10	19.50	RJK
Oct-24-12	Preparation of proof of claim; Instructions to Staff	0.30	0.00	PL
Nov-01-12	Review of papers for proof of claim	0.50	117.50	CA
	Instructions to Staff - re: proof of claim	0.10	0.00	PL
	Instructions to Staff - re: proof of claim	0.10	0.00	PL
Nov-05-12	Review of his cert for his foreclosure/bankruptcy	0.20	0.00	CA
Nov-06-12	Research	0.10	0.00	CA
	Review of his filings (pro se)	0.30	0.00	CA
Nov-09-12	Telephone Call with Client - re: his filing	0.20	0.00	CA

Nov-16-12	Telephone Call with Client - re: mediation statement	0.30	70.50	CA
Nov-21-12	Receipt/Review of Documents - email	0.10	0.00	CA
	Research	0.10	0.00	CA
Dec-12-12	Correspondence - Client	0.10	23.50	CA
	Research	0.30	70.50	CA
	Totals	19.10	<u>\$4,265.00</u>	

DISBURSEMENTS

Oct-22-08	Check returned for insufficient funds	1,500.00
	Totals	<u>\$1,500.00</u>

Total Fee & Disbursements for all charges on this matter **\$5,765.00**

PAYMENT DETAILS

Jul-01-08	Client Paying Bill - Frank Reed	211.41
Jul-01-08	Client Paying Bill - Frank Reed	242.04
Jul-01-08	Client Paying Bill - Frank Reed	46.55
Oct-16-08	Client Paying Bill - Frank Reed	<i>Check returned →</i> 1,500.00
Oct-28-08	Client Paying Bill - Frank Reed	1,500.00
Feb-19-09	Client Paying Bill - Frank Reed v GMAC	669.50
Feb-19-09	Client Paying Bill - Frank Reed v GMAC	109.50
Feb-19-09	Client Paying Bill - Frank Reed v GMAC	819.00
Feb-19-09	Client Paying Bill - Frank Reed v GMAC	182.50
Feb-19-09	Client Paying Bill - Frank Reed v GMAC	195.00
Feb-19-09	Client Paying Bill - Frank Reed v GMAC	7.50
	Total Payments	<u>\$5,483.00</u>

Exhibit 17

For Release Upon Delivery
2:30 p.m., December 13, 2011

TESTIMONY OF
JULIE L. WILLIAMS
FIRST SENIOR DEPUTY COMPTROLLER AND CHIEF COUNSEL
OFFICE OF THE COMPTROLLER OF THE CURRENCY

Before the
SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND COMMUNITY
DEVELOPMENT

Of the
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

DECEMBER 13, 2011

Statement Required by U.S.C § 250:

The views expressed here in are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.



Chairman Menendez, Ranking Member DeMint, and members of the Subcommittee, I appreciate the opportunity to appear before you this afternoon. My testimony provides information on the status of the OCC's implementation of enforcement actions that direct the country's largest mortgage servicers to correct deficient and unsafe or unsound mortgage servicing and foreclosure processing practices and to provide remediation to borrowers who were financially harmed by those practices.¹

The OCC appreciates the committee's concerns regarding transparency and accountability throughout this process and my testimony provides up-to-date information in three main areas. First, I describe the independent foreclosure review process required by our enforcement actions, which will provide financial remediation to borrowers financially harmed by servicing and foreclosure process defects identified in our enforcement actions. Second, I describe other comprehensive actions under way required by our actions to correct deficient and unsafe or unsound practices in mortgage servicing and foreclosure processing. Third, I summarize initiatives stemming from the foreclosure crisis that will affect mortgage servicing standards and practices and enhance protections for borrowers in other important respects.

I. Background

Before addressing these three areas, it is useful to provide a brief background.

In the fall of 2010, following reports of irregularities in the foreclosure processes of several major mortgage servicers, the OCC directed the largest national bank servicers to

¹ Eight national bank servicers were examined by the OCC: Bank of America, Citibank, HSBC, JPMorgan Chase, MetLife Bank, PNC, U.S. Bank, and Wells Fargo. The OTS also examined four federal savings association servicers and two holding companies: Aurora Bank, FSB; EverBank (and the thrift holding company, EverBank Financial Corp.); OneWest Bank, FSB (and its holding company IMB HoldCo LLC); and Sovereign Bank. On July 21, 2011, regulatory responsibility for federal savings associations transferred from the OTS to the OCC under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Consent orders taken by the OTS prior to the transfer against federal savings associations remain in effect and enforceable by the OCC. Consent orders taken by the OTS against thrift holding companies remain in effect and enforceable by the Board of Governors of the Federal Reserve System.

conduct self-assessments to identify problems related to foreclosure processing. Concurrently, the OCC, the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation, and the Office of the Thrift Supervision (OTS) coordinated efforts to conduct “horizontal” examinations of foreclosure processing at 14 large federally regulated mortgage servicers during fourth quarter 2010.²

The examinations evaluated controls and governance over bank foreclosure processes, including compliance with applicable federal and state law. Examiners evaluated bank self-assessments and remedial actions, assessed foreclosure operating procedures and controls, interviewed bank staff, and conducted an in-depth review of approximately 2,800 borrower foreclosure cases in various stages of foreclosure, spanning the 2009-2010 period. Examiners focused on foreclosure policies and procedures, organizational structure and staffing, third party management, quality control and audits, accuracy and appropriateness of foreclosure filings, and loan document control, endorsement, and assignment. When reviewing individual foreclosure files, examiners checked for evidence that servicers were in contact with borrowers and had considered alternate loss mitigation efforts, including loan modifications.

In general, the examinations found the loans in the sample were seriously delinquent. However, the examinations also found critical deficiencies in foreclosure governance processes, document preparation processes, and oversight and monitoring of third parties. These deficiencies constituted unsafe and unsound banking practices, which also resulted in violations of certain laws, regulations, or rules. All servicers exhibited similar deficiencies, although the number, nature, and severity of deficiencies varied by servicer.

² See “Interagency Review of Foreclosure Policies and Practices” (<http://www.occ.gov/news-issuances/news-releases/2011/nr-occ-2011-47a.pdf>), April 13, 2011.

The sample of foreclosures reviewed as part of the interagency examination provided a basis for enforcement action; however, it is important to recognize that, due to the limited number of files that were reviewed, this process could not have identified the universe of borrowers who might have been financially harmed by those deficiencies.

On April 13, 2011, the OCC, the FRB, and OTS announced the issuance of cease and desist orders against each of the 14 servicers subject to our respective jurisdictions, and two service providers reviewed as part of the examinations. Crucial components of these enforcement actions are processes to identify borrowers who suffered financial injury as a result of the practices identified in the orders, and to provide financial remediation to them through an independent foreclosure review process.

II. Independent Foreclosure Review

The consent orders required the servicers to retain independent consultants to conduct comprehensive independent reviews of foreclosure activities in 2009 and 2010. The scope of work to be undertaken by the independent consultants was set out in engagement letters between each servicer and its consultant. The OCC reviewed these letters and required changes to ensure compliance with the intent of our orders and a level of consistency across the servicers. The OCC accepted the letters in late September, and made them publicly available on November 22, 2011.³

Since the acceptance of the letters in September 2011, the independent consultants have refined and adjusted processes, procedures, and methods outlined in the letters in consultation with OCC staff. In many cases, some details of the processes being implemented differ from

³ See <http://www.occ.gov/topics/consumer-protection/foreclosure-prevention/independent-review-foreclosure-letters.html>. Some proprietary and personal information was redacted from the engagement letters prior to their release. Examples of redacted information include: names, titles, and biographies; proprietary systems information; references to specific bank policy; fees and costs associated with the engagement; and descriptions of past work performed by the independent consultants.

those described in the letters because of subsequent direction from the OCC. Most notably, the OCC required changes to ensure a uniform and coordinated claims process among the servicers.

The independent consultants retained by each servicer to conduct these reviews of national banks and federal savings associations are:

- AllonHill, LLC, for Aurora Bank;
- Clayton Services, LLC, for EverBank;
- Deloitte & Touche, LLP, for JPMorgan Chase;
- Ernst & Young, LLP, for HSBC and MetLife Bank;
- Navigant Consulting, Inc., for OneWest;
- PricewaterhouseCoopers, LLC, for Citibank and U.S. Bank;
- Promontory Financial Group, LLC, for Bank of America, PNC, and Wells Fargo Bank; and
- Trelia Risk Advisors, LLC, for Sovereign Bank.

The OCC required independence of the consultants and the law firms hired by the consultants. During the selection process, we rejected some proposed consultants and law firms to prevent conflicts of interest. We focused particularly on situations where consultants and law firms may have previously expressed positions on the issues on which they would be called upon to express independent judgment in the foreclosure review process. To formalize our expectations for independence from the servicers, the OCC required engagement letters to contain specific language stipulating that consultants would take direction from the OCC and prohibiting servicers from overseeing, directing, or supervising any of the reviews. The OCC specifically required each consultant to:

- Comply with requirements of the order and conduct each foreclosure review as independent from any review, study, or other work performed by the servicer or its

contractors or agents with respect to the servicer's mortgage servicing portfolio or the servicer's compliance with other requirements of the consent order.

- Ensure its work under the foreclosure review would not be subject to direction, control, supervision, oversight, or influence by the servicer, its contractors, or agents.
- Require immediate notification to the OCC of any effort by the servicer, directly or indirectly, to exert any such direction, control, supervision, oversight, or influence over the independent consultant, its contractors, or agents.
- Agree that the independent consultant is solely responsible for the conduct and results of the foreclosure review, in accordance with the requirements of article VII of the order.
- Pursuant to the monitoring, oversight, and direction of the OCC: 1) promptly comply with all written comments, directions, and instructions of the OCC concerning the conduct of the review, and 2) promptly provide any documents, work papers, materials or information requested by the OCC, regardless of any claim of privilege or confidentiality.
- Agree to provide regular progress reports, updates and information concerning the conduct of the foreclosure review to the OCC, as directed.
- Conduct the review using only personnel employed or retained by the independent consultant to perform the work required and not to employ services provided by the servicer's employees, contractors, or agents unless the OCC provides written approval.
- Adhere to requirements with respect to communication with the servicer, which provide for the independent consultant to use documents, materials, or information provided by the servicer, and to communicate with the servicer, its contractors, or agents, to conduct the review. Within these limits, agree that servicer's employees may not influence or attempt to influence determinations of the consultant's findings or recommendations.
- Agree that legal advice needed in conducting the review shall be obtained from the outside law firm whose retention to advise the independent consultants has been approved by the OCC and not to obtain legal advice (or other professional services) in conducting the review from the servicer's inside counsel, or from outside counsel retained by the servicer or its affiliates to provide legal advice concerning the order, or matters contained in the order.
- Require the servicer to agree that if the OCC determines that the consultant has not fully complied with the standards for independence, the OCC may direct the servicer to dismiss the consultant and retain a successor consultant.

These standards and oversight by the OCC are aimed at ensuring that the end result of the review, the findings and recommendations of the independent consultants, will be the product and

opinion of those consultants, not of the servicers, their directors, their managers, or their attorneys.

The independent foreclosure review process includes two components—a coordinated claims process that will review cases based on borrowers’ requests, and a “look-back” review that will examine cases identified by the independent consultants.

The Coordinated Claims Process

The coordinated claims process provides the opportunity for borrowers to request a review of their case if they believe they suffered financial injury as a result of errors, misrepresentations, or other deficiencies in foreclosure actions pertaining to their primary residence, between January 1, 2009, and December 31, 2010. For any financial injury that the reviews identify, the consent orders require financial remediation.

On November 1, 2011, outreach efforts began to inform “in-scope” borrowers of the review process. As described below, these efforts are multi-faceted, and we are continuing to make adjustments to improve the scope and effectiveness of the borrower outreach efforts.

To be “in scope” and eligible for review, a borrower’s loan must have been active in the foreclosure process between January 1, 2009 and December 31, 2010; the property must have been the primary residence; and the loan must have been serviced by one of the servicers below:

America’s Servicing Company	Countrywide	National City
Aurora Loan Services	EMC	PNC
Bank of America	Everbank/Everhome	Sovereign Bank
Beneficial	GMAC Mortgage	SunTrust Mortgage
Chase	HFC	U.S. Bank
Citibank	HSBC	Wachovia
CitiFinancial	IndyMac Mortgage Services	Washington Mutual
CitiMortgage	Metlife Bank	Wells Fargo

A loan is considered active in the foreclosure process if:

- The property was sold due to a foreclosure judgment.
- The loan was referred into the foreclosure process, in which case the borrower may have been notified in writing, but was removed from the process because payments were brought up-to-date or the borrower entered a payment plan or modification program.
- The loan was referred into the foreclosure process, but the home was sold or the borrower participated in a short sale or chose a deed-in-lieu-of-foreclosure action.
- The loan was referred into foreclosure and remains delinquent but a foreclosure sale has not taken place.

To inform borrowers of the coordinated claims process, the OCC has required direct mail, a Web site, a toll-free number, advertising, and other outreach.

Direct mail began on November 1, 2011, with an integrated claims processor, which all servicers are using, starting the process of mailing a request for review form to more than four million borrowers with instructions on how to fill out and return that form to request an independent review. The form walks borrowers through examples of situations that would be likely examples of financial injury, but it also allows borrowers to simply tell their story. The crucial objective is to get as much information as possible into the pipeline for an independent foreclosure review. Borrowers must return the form by April 30, 2012.

The direct mail effort includes use of address tracing methods to locate borrowers who lost their home to foreclosure. If an address is not current, the integrated claims processor will run the borrower data through a national change-of-address database to find a current address. Returned mail will be processed through a third-party consumer database using information from credit bureaus, public records and registrations, utilities, phone number databases, etc., to determine most likely current addresses. Mail will be processed three times in an attempt to determine the most likely address. As of December 9, less than five percent of mailings have

been returned undeliverable, and secondary addresses have been found for 57 percent of those where the tracing process has been completed.

As of December 9, 2011, more than 2.7 million letters have been sent, nearly 15,000 claims forms have been received, and the rate of completed forms returned for processing has increased significantly each week so far.

A Web site—www.IndependentForeclosureReview.com—and toll-free phone number—1-888-952-9105—were also launched on November 1, 2011. Both provide information about the review process. Assistance is available from the toll-free number Monday through Friday from 8 a.m. to 10 p.m., and Saturday from 8 a.m. to 5 p.m. (Eastern time). As of December 9, the Web site has been visited 280,643 times since its launch, an average of 7,385 visits per day. During that same period, the toll-free number has received 48,679 calls, an average of 1,281 per day, and over 3,317 callers have requested forms to be sent to them.

The outreach effort also will include print and online advertising. The print advertising includes full-page advertisements in widely read national publications (e.g. *Parade Magazine*, *People*, *TV Guide*). Additional publications that serve minority and underserved audiences also are being identified. The presently proposed print advertising outlets have a combined circulation in excess of 60.5 million. The audience and reach of these advertisements include saturation in geographic and demographic sectors most affected by foreclosure. The first advertisements will appear in January.

The online advertising includes purchasing keywords (e.g. “foreclosure review”) on major search engines (e.g. Google, Bing) to allow people to find information about the review more easily. By purchasing keywords associated with the foreclosure review, these efforts will redirect significant numbers of people to the independent foreclosure review Web site.

In addition to the mailings, Web site, phone number, and advertising by the servicers, other OCC outreach efforts include making housing counselors and community organizations aware of the independent foreclosure review through our electronic communications network and discussions with these groups. The announcement of the kickoff of the foreclosure reviews and the subsequent release of the interim report were distributed to more than 32,000 subscribers to our e-mail information service. This electronic distribution network will be used to share additional communications about these reviews with interested community and consumer organizations as well as others who subscribe to this service.

The OCC is working with a number of public interest organizations involved in housing counseling to explain the foreclosure review process, and we have undertaken an ongoing dialogue with a number of groups regarding their concerns about the scope and effectiveness of the outreach program. These conversations have included constructive comments and suggestions, and will result in improvements to the outreach program. The outreach program is a work in process, and we continue our dialogue with these important organizations.

The OCC has also determined to offer a series of public service announcements in January 2012 which will include both print and radio spots in English and Spanish. The print items will be distributed to more than 7,000 local newspapers and publications. The 30-second radio items will be distributed to more than 6,500 small radio stations throughout the country. Spanish items are distributed to more than 700 Spanish-language newspapers and 500 Spanish-language radio stations. The public service items will highlight the toll-free number, the Web site, eligibility, and the deadline for action. Based on OCC's experience with similar public service placements, we expect the items to appear in radio and print more than 1,200 times in 40 states during January, February, and March.

“Look-Back” Reviews

In addition to the coordinated claims process, a “look-back” file review supplements the coordinated claims process to further identify deficiencies, errors, or misrepresentations that may have caused financial injury. In October, the independent consultants began selecting files for reviews, in accordance with plans contained in engagement letters submitted to, and accepted by, the OCC.

The consent orders allow the consultants to use sampling and other tools to identify certain types of files for review. Guidance from the OCC described methods and controls to ensure that samples are representative of the in-scope mortgages. The engagement letters contain descriptions of the statistical basis for the sampling methods used as approved by the OCC.

Some segments require 100 percent review, including cases involving the Servicemembers Civil Relief Act (SCRA), certain bankruptcy cases facing foreclosure in 2009 and 2010, cases referred by state or federal agencies, and reviews requested through the coordinated claims process described above. With respect to SCRA cases, I would like to offer particular thanks to the Defense Manpower Data Center of the Department of Defense and the Department of Justice (DOJ). We reached out to both to explore how to effectively identify servicemembers whose cases should be reviewed as part of the 100 percent review. The result of that collaboration is that processes have been developed that will enable the names of all identified in-scope borrowers for each servicer to be batched-checked against servicemember information relevant to the in-scope period. This is an invaluable step to ensure that all eligible servicemembers are included in the 100 percent file review.

Mortgages in the sampling population may be segmented based on characteristics that include geography, third-party attorney, types of borrower history in paying mortgages, prior customer complaints, and participation in modification programs, such as the federal Home Affordable Modification Program (HAMP). The segments and sizes of the samples selected for review were determined by the consultants, based on guidance from the OCC and in consultation with the servicers, but not determined or dictated by servicers.

In some cases, sampling may be appropriate at the outset, but initial results may lead to more in-depth review. These second-level reviews are subject to OCC oversight to ensure they are appropriately structured and implemented. The OCC expects the consultants to assess the results of the ongoing reviews continuously to identify potential “pockets” or systemic instances of financial harm and adapt the review plan accordingly. The tolerance for error is low—reliability, or confidence level, should not be less than 95 percent.

During the “look-back” reviews, the independent consultants must assess:

- Whether the foreclosing party had properly documented ownership or was otherwise a proper party to the action;
- Whether the foreclosure was in accordance with applicable state and federal law;
- Whether the foreclosure sale occurred when a loan modification or other loss mitigation request was under consideration, or when the loan was performing in accordance with a trial or permanent loan modification, or when the loan had not been in default for a sufficient period to authorize foreclosure;
- Whether, for any non-judicial foreclosure, the foreclosure sale and post-sale confirmations were in accordance with the mortgage loan and state law requirements;
- Whether a borrower’s account was charged only fees or penalties permissible under the terms of the loan, applicable state and federal law, and were reasonable and customary;
- Whether the frequency of fees assessed was excessive under the terms of the loan or applicable state and federal law;

- Whether the requirements of HAMP and proprietary loss mitigation programs were followed; and
- Whether any errors, misrepresentations, or other deficiencies identified in the review resulted in financial injury to any borrower or mortgagee.

As of December 9, more than 56,000 files are actively under review.

Financial Injury and Remediation

When independent consultants find errors, misrepresentations, or other deficiencies, their next steps are to determine whether financial injury occurred and to recommend remediation when it does. Financial injury is defined as monetary harm directly caused by a servicer error.

Examples of financial injury identified in joint OCC-Federal Reserve guidance that was provided to the independent consultants include, but are not limited to, the following:

1. The borrower was not in default pursuant to the terms of the note and mortgage at the time the servicer initiated the foreclosure action.
2. The servicer initiated foreclosure or conducted a foreclosure sale in advance of the time allowed for foreclosure under the terms of the note and mortgage or applicable state law.
3. The borrower submitted payment to the servicer sufficient to cure the default pursuant to the terms of the note and mortgage, but the servicer returned the payment in contravention of the terms of the note or mortgage, state or federal law, or the servicer's stated policy covering payments when in default.
4. The servicer misapplied borrower payments, did not timely credit borrower payments (including failure to properly account for funds in suspense), or did not correctly calculate the amount actually due from the borrower, in contravention of the terms of the note and mortgage, state or federal law, investor requirements, or the servicer's stated policy covering application of payments.
5. The borrower paid a fee or penalty that was impermissible.
6. A deficiency judgment was obtained against the borrower that included the assessment of a fee or penalty that was impermissible.
7. The servicer placed an escrow account on the mortgage and the placement resulted in monies paid by the borrower into escrow in contravention of the terms of the note or mortgage, state or federal law, or the servicer's stated policy covering escrow accounts.

8. The servicer placed insurance on the mortgage and the placement resulted in monies paid by the borrower towards insurance in contravention of the terms of the note or mortgage, state or federal law, or the servicer's stated policy covering placed insurance.
9. The servicer miscalculated the amount due on the mortgage and secured a judgment against the borrower for an amount greater than the borrower owed.
10. A borrower's remittance of funds to a third party acting on behalf of the servicer was not credited to the borrower's account.
11. The borrower was performing under the terms of an approved trial loan modification or an approved permanent loan modification, but the servicer proceeded to foreclosure in contravention of the terms of the modification offered by the servicer to the borrower.
12. A borrower was denied a modification in contravention of the terms of the governing modification program or the servicer's stated policy covering modifications.
13. There is evidence that the borrower provided or made efforts to provide complete documentation necessary to qualify for a modification within the period such documentation was required to be provided by the governing modification program and the servicer denied the loan modification in contravention of the terms of the governing modification program or the servicer's stated policy covering modifications.
14. The servicer initiated foreclosure or completed a foreclosure sale without providing adequate notice as required under applicable state law.
15. The servicer foreclosed on or sold real property owned by an active military servicemember in violation of SCRA.
16. The servicer did not lower the interest rate on a mortgage loan entered into by a military servicemember, or by the servicemember and his or her spouse jointly, in accordance with the requirements of SCRA.
17. The servicer failed to honor a borrower's bona fide efforts to redeem a sale under applicable state law during the redemption period.
18. The borrower was protected by the automatic stay under the bankruptcy code and a court had not granted a request for relief from the automatic stay or other appropriate exception under the bankruptcy code.
19. The borrower was making timely pre-petition arrearage payments required under an approved bankruptcy plan and was current with their post-petition payments.
20. The borrower purchased a payment protection plan; was or should have been receiving benefits under the plan; and those benefits were not applied pursuant to the contract.

21. The servicer was not the proper party, or authorized to act on behalf of the proper party, under the applicable state law to foreclose on the borrower's home, and this resulted in or may result in multiple foreclosure actions or proceedings.
22. The servicer failed to comply with applicable legal requirements, including those governing the form and content of affidavits, pleadings, or other foreclosure-related documents, where such failure directly contributed to: (a) the borrower paying fees, charges, or costs, or making other expenditures that otherwise would not have been paid or made; or (b) the initiation of a foreclosure action or proceeding against a borrower who otherwise would not have met the requirements for initiating such an action.

If the independent consultants determine that financial injury occurred as a result of errors, misrepresentations, or other deficiencies, they will develop recommendations for remediating that injury. In addition to providing guidance in the form of 22 scenarios where financial injury might be present, we are also considering guidance that will clarify expectations as to the amount and type of compensation recommended for certain categories of harm. Any such baseline expectations would not, however, override the independent judgment of the independent consultants. Rather the objective would be to help ensure remediation recommendations are consistent across the twelve OCC-supervised servicers for similarly situated borrowers who suffered similar harms. The independent consultants will always have the flexibility to take account of the facts and circumstances of individual borrowers to arrive at compensation tailored to the borrower's individual situation where the independent consultants determines a different amount of compensation is appropriate.

The reviews are expected to take several months to complete. However, independent consultants and servicers have implemented a process to escalate the review of borrowers' cases where foreclosure sale is imminent. The independent consultants and servicers have identified loans that have been scheduled for near term foreclosure sale. Requests for review from in-scope borrowers in those cases are subject to special processes: prioritized review by the independent consultant and concurrent review by the servicer focused on rapid identification of bases to

postpone the foreclosure action. To assure speed and consistency in the servicers review, we plan to provide direction on minimum criteria for this review.

III. Other Actions Required by OCC Consent Orders

In addition to the independent foreclosure review, our consent orders direct other work to correct unsafe and unsound practices in mortgage servicing and foreclosure processing. Work includes efforts to correct deficiencies in mortgage servicing activities, oversight and management of third-party service providers, activities related to Mortgage Electronic Registration Systems (MERS), management information systems, risk assessment and management, and compliance oversight.

Mortgage Servicing

The consent orders require servicers to correct deficiencies in mortgage servicing. Plans submitted by the servicers include:

- Measures to ensure that staff members handling loss mitigation and loan modification requests routinely communicate and coordinate with staff members processing foreclosures on the borrowers' properties;
- Deadlines for responding to requests for loan modifications and other communications from borrowers as well as deadlines for making final decisions on loan modification requests; deadlines must be at least as responsive as the timelines under HAMP;
- An easily accessible and reliable single point of contact established for each borrower throughout loan modification and foreclosure processes;
- A requirement for written communications to each borrower identifying the single point of contact and specifying how a borrower can communicate with the contact;
- A requirement that each single point of contact have access to data necessary to provide borrowers with timely, accurate, and complete information about the status of their loan modification requests and foreclosure cases;
- Measures to ensure that staff members are trained adequately about handling mortgage delinquencies, loss mitigation, and loan modifications;

- Procedures and controls to ensure that, before a foreclosure sale occurs, a final decision regarding a borrower's loan modification request (either on a trial or permanent basis) is communicated in writing to the borrower within a reasonable period and explains the reasons why the borrower did not qualify for the trial or permanent modification;
- Procedures and controls to ensure that, when a loan has been approved for modification on a trial or permanent basis, no foreclosure or further action preceding foreclosure occurs, unless the borrower defaults on the terms of the trial or permanent modification;
- Policies and procedures to enable borrowers to submit complaints about the loan modification process, denial of modification requests, the foreclosure process, or foreclosure activities that impede the pursuit of foreclosure prevention options, as well as a process for making borrowers aware of the complaint procedures;
- Procedures for promptly considering and resolving borrowers' complaints, including a process for timely communication of the resolutions;
- Policies and procedures to ensure that payments are credited promptly; that payments, including partial payments to the extent permissible under the terms of applicable legal instruments, are applied to scheduled principal, interest, and escrow before fees, and that any misapplication of borrowers' funds is corrected promptly;
- Policies and procedures to ensure that timely information about foreclosure prevention options is sent to borrowers in the event of delinquencies or defaults, including plain language notices about loan modifications and foreclosures;
- Policies and procedures to ensure that servicers properly maintain and track documents related to foreclosures and loan modifications, so that borrowers are not required to resubmit the same documents already provided, and that borrowers are notified promptly of the need for additional information; and
- Policies and procedures to consider loan modifications or other foreclosure prevention activities with respect to junior lien loans, and to factor the risks associated with such junior lien loans into loan loss reserving practices.

Each servicer has established policies and procedures for providing single points of contact to assist borrowers throughout the loan modification and foreclosure processes. Actions include the establishment of procedures for communicating information about the single points of contact to the borrowers including direct ways to reach these contacts; creation of training programs to instruct single points of contact about their responsibilities; establishment of specific organizational structures to perform these duties; and the creation of standard communication

strategies for conveying information to and from borrowers. Servicers are required to initiate processes for establishing single points of contact and supporting procedures by the end of 2011.

All servicers have implemented controls to prevent “dual-tracking” of loans to ensure no foreclosure or further legal action relating to foreclosure occurs when a borrower’s loan has been approved for modification on a trial or permanent basis. Specific actions related to “dual tracking” vary from servicer to servicer but include review at designated points before the foreclosure sale, enhanced communication between loss mitigation and foreclosure processing staff, and development and use of matrices or checklists to ensure appropriate holds are placed on further foreclosure processing when appropriate.

Third-Party Management

The consent orders require servicers to improve oversight of third-party service providers that support mortgage servicing and foreclosure activities. The servicers submitted plans in July and work is under way to establish processes for appropriate due diligence in evaluating the qualifications of potential third-party service providers before entering into new contractual arrangements. The plans also provide for regular reviews of third-party service providers and assessment of their performance based on qualitative standards for competence, completeness, and legal compliance rather than standards based solely on the volume of foreclosures processed or the speed of processing. Additionally, the plans provide for the secure custody and accuracy of records transferred to these third parties during the foreclosure process.

Specific actions vary from servicer to servicer. Examples of actions include:

- Assessing risks associated with third-party activities to determine specific levels of oversight and activities based on identified risks.
- Establishing new policies, or enhancing existing policies, for oversight of third parties.
- Enhancing due diligence in assessing the capabilities of potential third parties.

- Establishing oversight committees to monitor the practices and activities of third parties, to implement processes to assure the quality of their work, and, if necessary, to terminate underperforming or noncompliant third parties.
- Creating procedures to track complaints about third party activities and performance.
- Scheduling and conducting on-site audits and quality assurance processes of third parties.
- Including language in service contracts with third parties setting specific work standards.
- Periodically assessing the performance of third-party service providers, including attorneys and law firms providing foreclosure counsel, and the discontinuation of servicing contracts and agreements when appropriate.
- Improving management information systems used by third parties to ensure accuracy of records contained in, and transmitted by, those systems.

MERS

The consent orders require servicers to ensure appropriate oversight and controls of their activities with respect to MERS and compliance with MERSCORP's membership rules, terms, and conditions. Servicers' action plans submitted in July required, at a minimum:

- Processes to ensure that all mortgage assignments, endorsements, and all other actions with respect to mortgage loans serviced or owned by the servicer out of MERS' name are executed only by a certifying officer authorized by MERS and approved by the servicer;
- Processes to ensure that the servicer maintains up-to-date corporate resolutions from MERS for all servicer employees and third parties who are certifying officers authorized by MERS, and up-to-date lists of MERS certifying officers;
- Processes to ensure compliance with all MERS requirements and with the requirements of the MERS Corporate Resolution Management System;
- Processes to ensure the accuracy and reliability of data reported to MERSCORP, including monthly system-to-system reconciliations and daily capture of all reports of problems with registrations, transfers, and status updates on open-item aging reports; and
- An appropriate MERS quality assurance work plan and annual independent tests of the control structure of the system-to-system reconciliation process, the error correction process, and adherence to the servicer's MERS Plan.

Work is under way to implement these plans and includes:

- Incorporating MERS into servicers' third-party oversight programs, including periodic review, quality assurance, and independent audits.
- Enhancing controls and standardizing processes for executing mortgage assignments by MERS certifying officers.
- Establishing training, certification, and assignments and endorsements related to MERS.
- Improving processes for controlling data quality.
- Creating and executing quality assurance work plans to ensure accuracy and compliance with MERS-related procedures.
- Establishing periodic—in some cases daily—reconciliations of key reports and data to ensure compliance with MERS requirements and prompt resolution of discrepancies.
- Increasing the number of staff members dedicated to overseeing MERS-related activities.

Corrective actions to enhance oversight and controls of activities related to MERS are expected to be in effect by the end of the first quarter of 2012.

Management Information Systems

The consent orders require the servicers to improve management information systems that support mortgage servicing and foreclosure processing. Each servicer has submitted a plan for the operation of its management information systems for foreclosure and loss mitigation to ensure the timely delivery of complete and accurate information to permit effective decision making regarding foreclosure, loan modification, or loss mitigation. The plans include descriptions of systems used by servicers for foreclosure and loss mitigation purposes. They also include timetables for changes or upgrades necessary to monitor compliance with legal requirements, servicing guidelines of government-sponsored enterprises (GSE), and requirements of the consent orders. Improvements to management information systems will ensure accuracy of records and provide staffs working on foreclosures and loss mitigation efforts access to necessary and timely information provided by the borrowers.

Work is under way and includes:

- Consolidation of mortgage servicing platforms.
- Standardized and automated workflows to assist personnel with loan modification and foreclosure decisions and processing.
- Development of standardized reporting and improved quality controls.
- Implementation of case management software to provide better access to single points of contact interacting with borrowers.
- Periodic audits.
- Evaluation of requirements and documentation to ensure that management information systems meet the needs of stakeholders from mortgage servicing, loss mitigation, foreclosure processing, and MERS-related activities.
- Escalation and enhanced reporting to executives and boards of directors.

Enhancing management information systems is a continuous process. Substantive improvements have been made and will continue throughout the next year.

Risk Assessment and Risk Management

The consent orders require the servicers to assess risks posed by their mortgage servicing operations and develop plans to manage those risks. Servicers have conducted their assessments and developed specific action plans to effectively mitigate or manage identified risks on an ongoing basis. Work on those plans is under way and includes:

- Conduct periodic third-party audits or self evaluation of risks associated with mortgage servicing and foreclosure processing.
- Conduct periodic assessment of risks and develop action plans to reduce risks from specific functional areas, including loan modifications, disposition of bank-owned real estate, bankruptcy, and compliance with SCRA.
- Strengthen policy and internal guidance concerning foreclosure and loss mitigation.
- Identify specific individuals or groups accountable for compliance and operational risk associated with mortgage servicing and foreclosure practices.

- Integrate key processes to ensure consistency of policy and procedures related to foreclosure and loss mitigation activities.
- Establish additional training associated with foreclosure and loss mitigation risks.
- Develop and report key indicators to support monitoring and evaluating risk.
- Use compliance testing on a regular basis.

Implementation of risk management plans is expected to be in effect during the first quarter of 2012. Assessment and monitoring will be an ongoing servicer activity.

Compliance Committees, Compliance Programs

The consent orders require a number of actions to ensure compliance with the orders and with applicable laws and regulations. As a result during the third quarter of 2011, the servicers set up compliance committees responsible for the development and implementation of compliance programs, action plans, policies and procedures, and strengthened operating processes to correct the deficiencies cited by the enforcement actions. At a minimum, each committee includes three members of the institution's boards of directors. The compliance committees are also responsible for reporting actions required by the enforcement orders, and for taking corrective action for any ongoing or repeated non-compliance.

The consent orders required comprehensive action plans to address compliance. Servicers submitted those plans in July, and work is under way to implement the plans. Plans addressed financial and personnel resources, organizational structure, and specific controls to ensure the affidavit, declarations, and notarization processes comply with applicable laws and regulations.

Actions vary by servicers and include:

- Changed management and leadership to ensure accountability and clarify responsibilities for mortgage servicing, foreclosure, and loss mitigation.

- Changed reporting structures to centralize oversight of mortgage servicing, foreclosure, and loss mitigation functions.
- Increased number of personnel responsible for conducting audits and dedicated to ensuring compliance, as well as for mortgage servicing, foreclosure, loss mitigation, and information technology supporting these functions.
- Implemented training programs for signers of sworn documents and notaries to emphasize the personal knowledge required and specific requirements of state law.
- Increased training requirements for customer assistance specialists, single points of contact, and compliance personnel.
- Brought previously outsourced preparation of sworn documents in-house.
- Created or revised templates for sworn documents to conform more closely with state and local laws, in judicial and non-judicial foreclosure states.
- Implemented quality control processes to ensure proper completion of sworn documents, including, at some servicers, real-time monitoring by dedicated quality assurance staff.
- Established foreclosure referral checklists to verify loss mitigation efforts, bankruptcy status, and the borrower's status related to the SCRA.
- Established dedicated units to specialize in SCRA and to correct SCRA-related issues.
- Established testing of loan modification denials, sworn document completion, and regulatory compliance, as part of quality control initiatives to verify compliance with loan modification program requirements, GSE loan servicing guidelines, and federal laws including SCRA and bankruptcy.
- Established periodic evaluations by senior managers of policies, staffing, and functional performance related to mortgage servicing, foreclosure, and loss mitigation.

As work continues to improve compliance controls across the servicers, the OCC expects the servicers to complete the implementation of new processes, policies, and enhanced controls during the first part of 2012.

IV. Other Efforts to Enhance Mortgage Servicing Standards and Practices

While the actions taken under our consent orders are significant, there are a variety of other efforts, stemming from the foreclosure crisis, that are underway at the federal and state

levels that will affect mortgage servicing standards and practices and enhance borrower protections. The following summarizes some of those efforts.

Interagency Effort to Establish Uniform Mortgage Servicing Standards

Staff from the OCC, FRB, Federal Deposit Insurance Corporation, Consumer Financial Protection Bureau (CFPB), and other participating agencies are working to develop proposed national standards to address all aspects of mortgage servicing. Ideally, key requirements would be in the form of enforceable regulations, supplemented with compliance guidelines that can be used to fill in details and provide illustrations of practices that comply with the regulatory standards. The objective is to achieve rigorous, uniform “rules of the road” for responsible servicer conduct. It is vital that any standards that the agencies adopt apply to, and are implemented by, all firms engaged in mortgage servicing—not just federally regulated depository institutions—and that there is strong oversight of all servicers’ compliance.

Other Federal and State Attorneys General Settlement Activities

For well over a year, the OCC has been in regular communication with the DOJ and other federal agencies regarding our foreclosure-related enforcement actions and how those actions relate to other federal and state enforcement and settlement activities that may pertain to the types of activities covered by our orders. For example, we discussed with the DOJ how the detailed action plans required by the orders, particularly for mortgage servicing and foreclosure procedures, had the potential to synchronize with the terms of the settlement under discussion with the same mortgage servicers, state attorneys general, DOJ, and certain other federal agencies. On June 13, 2011, the OCC, the FRB, and the OTS announced a 30-day extension of certain timelines under the orders—at the request of the DOJ—to facilitate that process of

coordination of servicer actions. We continue a constructive dialogue with the DOJ on all these subjects.

Changes in Federal Law: Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) has several provisions that affect mortgage servicing. It amended the Truth-in-Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) and granted authority for these and other “enumerated consumer protection laws” to the CFPB on July 21, 2011.

The amendments to TILA require periodic notices to borrowers disclosing information related to the servicing of the loan and prohibit fees for providing a statement of balance or for modifying a high cost mortgage; impose requirements for establishing and disclosing escrow accounts for a variety of mortgages; and require timely payoff notices and payments be credited on the date of receipt. The amendments to RESPA regulate the force-placement of hazard insurance, and require timely response to borrower complaints, contact information for the owner or assignee of the mortgage; and compliance with “any obligation found by the [CFPB] to be appropriate to carry out the consumer protection purposes of [RESPA].”

The Dodd-Frank Act also requires the Secretary of the Department of Housing and Urban Development (HUD) and the Director of the CFPB, in consultation with the federal banking agencies, to create a database with information on delinquent loans and foreclosures. Finally, the Dodd-Frank Act authorizes the CFPB to issue regulations that identify as unlawful “unfair, deceptive, or abusive” practices in connection with mortgage servicing.

Changes in GSE Guidelines

In addition to these new requirements under federal laws, Fannie Mae and Freddie Mac announced two initiatives related to servicing that could have widespread impact. The first,

announced with the Federal Housing Finance Agency (FHFA) and HUD in January 2011, would lead to new compensation structures that determine how servicers of single-family loans in mortgage-backed securities pools are paid. This initiative would align compensation structures with the objective of improving service for borrowers, providing flexibility in servicing non-performing loans, and promoting liquidity in the mortgage securities market. On September 27, 2011, at the direction of the FHFA, the GSEs' issued a discussion paper, "Alternative Mortgage Servicing Compensation," setting forth a series of potential approaches and inviting public comment.

The second GSE initiative, announced in June, is to develop uniform policies for servicing delinquent loans that will enhance and streamline outreach to delinquent borrowers and establish performance-based monetary incentives for compliance. Under these guidelines, which largely took effect October 1, 2011, a foreclosure will not be permitted on a mortgage owned or guaranteed by Fannie Mae or Freddie Mac until the servicer has conducted a formal review of the borrower's eligibility under all available foreclosure alternatives, including loan modifications, short sales, and deeds in lieu of foreclosure. Servicers will be expected to continue to help these borrowers qualify for a foreclosure alternative. Given the significance of the GSEs to the mortgage market, these new standards will act as the catalyst for conforming changes nationwide.

V. Conclusion

The consent orders issued by the OCC, the FRB, and the OTS in April were significant steps toward ensuring this country's mortgage servicing industry operates in a safe and sound manner and borrowers are treated fairly. As a result of these actions more than four million borrowers involved in the foreclosure process in 2009 and 2010 have the opportunity to receive

free, independent reviews of their cases. Where wrongful financial injury is identified, our consent orders require remediation. We expect to issue a report on the results of the independent foreclosure review at the conclusion of that effort. In addition to the independent foreclosure review, other efforts required by our orders are well under way to correct deficiencies in mortgage servicing and foreclosure processing that our examiners identified in their reviews during the fourth quarter of 2010. Much of the work to correct identified weaknesses in policies, operating procedures, control functions, and audit processes will be substantially complete in the first part of 2012; other initiatives will continue through the balance of 2012. OCC examiners provide ongoing oversight to this process and will continue to monitor efforts to ensure compliance with our consent orders.

I appreciate the opportunity to appear before the Subcommittee this afternoon, and look forward to addressing your questions.

Exhibit 19

Thomas J Tartamosa
253 Jackson Road Berlin, NJ 08009
Phone: 856-296-0392
Fax: 856-768-3282

F A X

To: Frank Reed

804-359-4124
Fax: ~~856-778-5675~~

From: Thomas Tartamosa

Date: 11/30, 2010

RE: REFI

Pages including covers: 2

EXHIBIT

tabbles

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11/20/2010

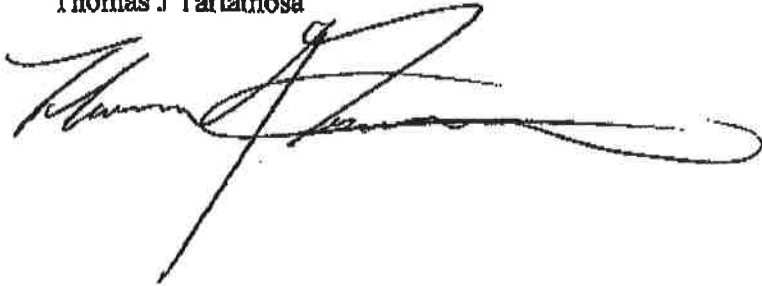
To Whom It May Concern:

This letter is to verify that back in March of 2008 I Thomas J Tartamosa was a Loan Officer for Allied Mortgage Group of Cherry Hill NJ 08003 and had worked on situating financing for Mr. Frank Reed. Mr. Reed was able to qualify for a number of different loan programs at that time. At the time that Mr. Reed had contacted me he had his home in Moorestown NJ for sale and under a sales contract. Mr. Reed was exploring his options incase he was unable to complete that sale. These options that I presented to Mr. Reed had become null and void when his property at 817 Matlack Dr. Moorestown NJ 08057 was placed into foreclosure.

If you have any questions on this matter please feel free to contact me at 856-296-0392.

Sincerely

Thomas J Tartamosa

A handwritten signature in black ink, appearing to read 'Thomas J Tartamosa', with a long, sweeping horizontal stroke extending to the right.