

# Securitization Audit Report

with Comments on the Chain of Title,  
Participation of MERS, & Robo-Signing

for

**John W. Parsons &  
Edith S. Parsons**

580 Meridian Circle, Union City CA 94587

August 1, 2013

This is a sample report. The persons, places, events, and documents cited herein are fictional.  
Any reference or semblance in actuality is purely coincidental.



**MORTGAGE**  
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# Securitization Audit Report

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the Chain of Title, & the Foreclosure Process

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## Disclaimer

We have been engaged by the borrower to examine particular loan and mortgage documents in order to determine if this was securitized or not and how this affected the chain of title in relation to the participation of MERS and subsequent other transactions. The examination was conducted based on available documents using standards of practice which we gained from professional experience and by applying techniques which we deemed necessary under the circumstances.

All the documents that were available for the examination were considered as they appeared or purported to contain. The examiners warrant that the documents that were presented or they themselves obtained are true and unaltered as they came into their possession. The securitizing entity named in this report was identified through a document which the examiners considered reliable.

The information contained in this report should not be construed as legal advice or the practice of law, pursuant to the examiners' practice of not engaging in activities that can be considered the practice of law through conduct exhibiting the following: ". . . the doing and/or performing of services in a court of justice in any manner throughout the various stages and in conformity with applicable rules or procedures of law. This includes giving legal advice and the preparation of instruments and contracts by which legal rights are secured, although such actions may or may not be admissible to the court."

We attest that all the information contained in this report are true and correct to the best of our knowledge. This report is dated as of August 1, 2013.

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## The Debt and the Security Instruments

The loan that is the subject of this examination was granted on December 22, 2006. The borrowers are John W. Parsons and Edith S. Parsons and the originating lender is American Brokers Conduit. It is an adjustable rate note with a term of 30 years to mature on January 1, 2037.

The Deed of Trust was executed on the same date. The trustors are the borrowers and the beneficiary is Mortgage Electronic Registration Systems, Inc., as nominee for the lender. The trustee is Stewart Title Co. This instrument secures the debt of the borrower to the lender including interest thereof. The mortgaged property is located at 580 Meridian Circle, Union City, California 94587.

### Information on the Debt and the Security Instruments

General	Principal Amount	\$520,000
	Date Granted	December 22, 2006
	Maturity Date	January 1, 2037
	Term	30 Years
The Debt Instrument	Type of Note	Adjustable Rate Note
	Initial Interest Rate	5.000% p.a.
	First Interest Rate Change Date	February 1, 2007
	Loan Number	2004215733
The Security Instrument	Type of Document	Deed of Trust
	Date Executed	December 22, 2006
	MERS ID Number	1000242-0001447570-3
	Lien Priority	First Lien

## The Parties to the Debt and the Security Instruments

Borrower	Name	John W. Parsons
	Mailing Address	580 Meridian Circle Union City CA 94587
	Property Address	580 Meridian Circle Union City CA 94587
Co-Borrower	Name	Edith S. Parsons
Lender	Name	American Brokers Conduit
	Mailing Address	538 Broadhollow Road Melville NY 11747
Beneficiary	Name	Mortgage Electronic Registration Systems, Inc.
	Mailing Address	PO Box 2026 Flint MI 48501
Trustee	Name	Stewart Title
	Mailing Address	750 University Avenue Los Gatos CA 95032
Loan Servicer	Name	American Home Mortgage Servicing, Inc.
	Mailing Address	6501 Irvine Center Drive Irvine CA 92618
Title Company	Name	Pacific Northwest Title Co.
	Mailing Address	280 Broadhollow Road Union City CA 94585

# MERS as Beneficiary

## About MERS

Mortgage Electronic Registration Systems, Inc. is an American privately-held company that operates an electronic registry designed to track servicing rights and ownership of mortgage loans in the United States.

## MERS and the Security Instrument

The Deed of Trust names MERS as beneficiary as nominee for the lender. MERS was created in order to facilitate the recording of security instruments with the idea that it would be the mortgagee or beneficiary or grantee on record.

There are provisions in the Deed of Trust which state that (a) "MERS is nominee for the lender," and (b) "MERS is the beneficiary under this Security Instrument." The first statement means that MERS is only an agent for the lender while the second means that MERS is a principal in this instrument. These statements contradict a law that presupposes that an agent and its principal must be two different persons or entities.

## MERS and the Debt Instrument

MERS is not a party in the loan that is secured by this Deed of Trust. This loan is serviced by American Home Mortgage Servicing, Inc., another affiliate of Wells Fargo Bank, NA, and a servicer for American Home Mortgage Assets Trust 2007-2. The servicer is doing this function on behalf of the trust and not for MERS.

## MERS and the Assignment of Deed of Trust

On January 8, 2010, an Assignment of Deed of Trust was executed by Mortgage Electronic Registration Systems, Inc. as nominee for American Brokers Conduit. This document names the assignee as Deutsche Bank National Trust Co. as Trustee for American Home Mortgage Assets Trust 2007-2. This indicates that the subject loan was securitized into this trust.

This assignment can be rendered null and void on mere grounds that MERS does not hold beneficial interest in this Deed of Trust. It may purport to show that MERS was in possession of this instrument at the time it executed the assignment. However, MERS could not have possession of the Promissory Note.

# Robo-Signing

## Definitions

### Robo-Signer

A robo-signer is a person in a legal document processing assembly line whose only task is to sign previously prepared documents affecting title to real property in a robotic-like fashion without reading the documents or verifying the facts contained therein by reviewing primary source evidence. The robo-signer's mission is to expedite the documents' recordation in the public land records or in court proceedings. Additionally, robo signers regularly fail to establish or simply do not have the authority to execute these documents on behalf of the legal title holder or principal on whose behalf they purport to act.

### Surrogate Signer

A surrogate signer is a person who signs a legal document on behalf of and in the name of another without reading it or understanding the document's contents. Surrogate signers are not authorized to execute these documents on behalf of the legal title holder or principal on whose behalf they purport to act.

## Findings

### 1, Assignment of Deed of Trust dated January 8, 2010

The Assignment of Deed of Trust that was executed by Mortgage Electronic Registration Systems, Inc. on January 8, 2010 was signed by Liquenda Allotey, Vice-President and was notarized by Christine Anderson, a notary public of the state of California (see Exhibit A).

### Liquenda Allotey

#### Liquenda Allotey, Alleged Robo-Signer

Liquenda Allotey is one of the persons who are allegedly involved in the robo signing of loan and mortgage documents. The link to this information is provided herein.

<http://takeyourhomeback.com/?p=1141>



## Verification of the Signature of Liquenda Allotey

The signature of Liquenda Allotey on this Assignment of Deed of Trust (see Exhibit A) differs from each of her two signatures on two other different documents, namely:

Assignment of Mortgage to Citibank, NA as Trustee dated November 11, 2008, covering a mortgage dated November 10, 2006; Liquenda Allotey signing as Vice-President of Mortgage Electronic Registration Systems, Inc. (see Exhibit B).

Assignment of Mortgage to Citibank, NA as Trustee, dated November 11, 2008, covering a mortgage dated December 23, 2005; Liquenda Allotey signing as Assistant Secretary of Mortgage Electronic Registration Systems, Inc. (See Exhibit C).

## Christine Anderson

### Christine Anderson, Alleged Robo-Signer

Christine Anderson is also one of the persons who are allegedly involved in the robo signing of loan and mortgage documents. The link to this information is provided herein.

<http://4closurefraud.org/2010/09/29/can-it-be-true-fraud-digest-mortgage-fraud-jpmorgan-chase-barbara-hindman-et-al/>

## Verification of the Signature of Christine Anderson

The signature of Christine Anderson on this Assignment of Mortgage (see Exhibit A) differs from each of her two signatures on two other different documents, namely:

Assignment of Mortgage to Citibank, NA as Trustee dated November 11, 2008, covering a mortgage dated November 10, 2006; Christine Anderson signing as Vice-President of Mortgage Electronic Registration Systems, Inc. (see Exhibit B).

Assignment of Mortgage to Citibank, NA as Trustee dated December 9, 2008, covering a mortgage dated September 29, 2006; Christine Anderson signing in an unnamed capacity for Mortgage Electronic Registration Systems, Inc. (see Exhibit D).

# Securitization

## Securitization in General

### Definition

Securitization is the financial process of pooling receivables, such as residential mortgage loans, and using them as a guarantee for the issuance of investment certificates which are then sold to the investing public. The collections from the principal and the interest on the loans are used to redeem the certificates and pay for their interest.

### Purpose

In general, the purpose of securitization is to raise money in a relatively shorter period than it takes to collect on the loans. For example, while it may normally take 20 years to redeem 80% of the money being lent to various borrowers from their regular monthly amortizations, the same amount can be generated in as short as three to six months through securitization.

The money raised from securitization is then used for new lending to other borrowers for the same type of loans and the new loans can also be pooled for yet another round of securitization.

The soar in the demand for housing that started around the late 1990s resulted in the corresponding rise in the demand for funding on residential home mortgages. The purpose of securitization had to be achieved over and over again and the securitization process had to be repeated as many times – but with certain urgency. These required the establishment of channels through which loans can be quickly pooled into a central operating unit, making them ready for securitization.

At first, the network which these channels connected consisted of the central lender and its subsidiaries, affiliates, and correspondents. Soon small independent lenders joined in the fray. The reach of the principal networks had to be extended. This gave rise to warehouse lending.

Warehouse lending is a short-term line of credit facility that is provided by a central lender to a small or remote lender in order to fund the closing of mortgages. The line is available from the time a loan is granted by the small lender or purchased by it from another, and is paid off when the loan is sold by the small lender to the central lender. Warehouse lending made it possible for the central lender to accumulate loans faster than it could by lending those loans by itself.

## Parties

The business of securitization is handled by a Real Estate Mortgage Investment Conduit (REMIC). In the United States a REMIC usually takes the form of a trust that was created by different entities. In most trusts most of them are affiliates of each other except for the trustee.

In usual practice, a securitization trust usually has the following parties:

- Originator – the party responsible for generating the loans for the trust, either by lending the loans themselves or by acquiring them from other originators. A trust can have more than one originator.
- Seller and/or sponsor – the party who pools the loans from the originators and sells them to the depositor. In some trusts the seller and the sponsor are the same entity, in others they are different, while in still others there is only a sponsor or a seller. When the sponsor is different from the seller, an originator is sometimes referred to as a seller.
- Depositor – the party who simultaneously sells the loans to the trustee. Some early trusts did not have sellers or sponsors. The depositors acquired the loans directly from the originating lenders or originators.
- Servicer or master servicer – the party who services the loans on behalf of the trust. A servicer could have been servicing the loans before they were securitized or could have been the originator or seller or sponsor. Most trusts that have several servicers also have a master servicer.
- Trustee – the entity who administers the trust. Some trusts only have one trustee while others have an indenture trustee and an owner trustees. Still other trusts that have a trustee also have another party who acts as a co-trustee or a Delaware trustee.
- Custodian – the entity who, on behalf of the trustee, keeps possession of the assets and records of the trust. In some trusts the trustee or indenture trustee also acts as custodian.

## Steps in Locating a Securitization Trust

Each examination involves taking certain steps in searching for the trust into which a loan was securitized or could have been securitized. Based on the documents being presented for examination, the steps are taken from one to the next beginning with the step that could yield the most accurate finding and ending with the one that could yield the least. The search stops at the step in which the trust was located.

Step No.	Procedure
1	Find a document which names the trust. This document must also have references to the borrower and the loan and/or mortgage under examination. If the trust is not completely named on the document a search is conducted on the database of the Securities and Exchange Commission for the trust whose complete name resembles nearest to the one named on the document.
2	Search for a matching securitization trust on the database of ABSNet using loan and mortgage information such as property zip code, loan amount, date of granting, and interest rate.
3	Search for a matching securitization trust on the database of the Securities and Exchange Commission using loan and mortgage information such as name of lender, servicer, and/or assignee, date of granting, interest type and rate, loan amount, lien position and property zip code, etc. This search is also aided with the use of the examiners' own database of the results of past examinations.

## The Securitization of the Subject Loan

### How the Subject Loan Came into the Securitization Trust

The subject loan was granted on December 22, 2006. The originating lender is American Brokers Conduit and the beneficiary is Mortgage Electronic Registration Systems, Inc. American Home Mortgage Corp., an affiliate of Wells Fargo Bank, NA, was doing business as American Brokers Conduit.

On January 8, 2010, an Assignment of Deed of Trust was executed by MERS as nominee for American Brokers Conduit. This document names the assignee as Deutsche Bank National Trust Co. as Trustee for American Home Mortgage Assets Trust 2007-2. This indicates that the subject loan was securitized into this trust.

American Home Mortgage Assets Trust 2007-2 was established under a Pooling and Servicing Agreement dated February 1, 2007 by and among American Home Mortgage Assets, LLC as depositor, Wells Fargo Bank, NA as master servicer and securities administrator, and Deutsche Bank National Trust Co. as trustee. The Prospectus Supplement of the said trust also listed American Home Mortgage Corp. as sponsor, American Home Mortgage Investment Corp. as originator, and American Home Mortgage Servicing, Inc. as servicer.

## How this Loan Fits in the Trust's Mortgage Pool

The table below shows a comparison of the features of the subject loan with those in the mortgage Pool of American Home Mortgage Assets Trust 2007-2.

Feature	This Loan	The Mortgage Pool, All Loans
Date Granted/Cut-off Date	December 22, 2006	February 1, 2007
Original Amount	\$520,000.00	\$0.01 to \$6,000,000.00
Original Term	360 Months	360 to 480 Months
Remaining Term	359 Months	350 Months for 1,401 Loans
Interest Rate	5.000% p.a.	0.501% to 12.000% p.a.
Interest Type	Adjustable	Adjustable
Lien Position	First	First
Property Location	California	1,414 Property Locations in the state of California
Reference	Adjustable Rate Note; Deed of Trust	Prospectus Supplement

## About the Securitization Trust

### The Parties to the Securitization Trust

Issuing Entity	American Home Mortgage Assets Trust 2007-2
Title of the Offered Certificates	American Home Mortgage Assets Trust 2007-2, Mortgage-Backed Pass-Through Certificates, Series 2007-2
Sponsor	American Home Mortgage Corp.
Depositor	American Home Mortgage Assets, LLC
Originator	American Home Mortgage Investment Corp.
Master Servicer	Wells Fargo Bank, NA
Servicer	American Home Mortgage Servicing, Inc.
Trustee	Deutsche Bank National Trust Co.
Custodian	Deutsche Bank National Trust Co. as Trustee
Insurers	No specific insurer is named. The applicable provisions on insurance are found in the sections titled Description of Credit Enhancement and Description of Primary Mortgage Insurance, Hazard Insurance; Claims Thereunder of the Core Prospectus.
Affiliations	American Home Mortgage Corp., American Home Mortgage Assets, LLC, American Home Mortgage Investment Corp., and American Home Mortgage Servicing, Inc. are affiliates of Wells Fargo Bank, NA. There were no known affiliations between them and Deutsche Bank National Trust Co. at the time this trust was established.
Cut-off Date	February 1, 2007
Closing Date	On or about February 28, 2007
Approximate Amount of Total Assets Held	\$1,723,705,000

## Legal Personality

The name of the trust is American Home Mortgage Assets Trust 2007-2. The Prospectus Supplement and Prospectus does not describe what type of trust this is, but the name of the trust bears the name of the depositor, American Home Mortgage Assets, LLC. The depositor gave the address of its principal offices at 538 Broadhollow Road, Melville, New York 11747.

The trust was established under a Pooling and Servicing Agreement dated as of February 1, 2007. It was registered with the Securities and Exchange Commission under File Number 333-136999-05.

## The Pooling and Servicing Agreement

The operation of the trust is governed by the Pooling and Servicing Agreement dated as of February 1, 2007. The parties to this agreement are American Home Mortgage Assets, LLC as depositor, Wells Fargo Bank, NA as master servicer and securities administrator, and Deutsche Bank National Trust Co. as trustee.

## The Assets of the Trust

The trust will initially contain approximately 4,561 adjustable-rate mortgage loans, which may be subject to negative amortization, secured by first liens on one- to four-family residential real properties. The mortgage loans have an aggregate principal balance of approximately \$1,742,877,754 as of the cut-off date. Substantially all of the mortgage loans have an initial fixed-rate period of one, six or twelve months.



## The Certificates Issued by the Trust

American Home Mortgage Assets Trust 2007-2 issued 16 classes of certificates totaling \$1,742,558,445.79. Thirteen of these certificates were offered under its Prospectus Supplement and Prospectus. The following table shows the certificates that were issued by the trust and their corresponding CUSIP Numbers.

Class	CUSIP	Record Date	Certificate Pass-Through Rate	Beginning Certificate Balance
A-1	026930AA5	03/23/2007	5.44500%	929,128,000.00
A-2A	026930AC1	03/23/2007	5.48500%	237,137,000.00
A-2B	026930AR8	02/28/2007	5.72300%	150,000,000.00
A-3	026930AS6	03/23/2007	5.53000%	232,282,000.00
M-1	026930AD9	03/23/2007	5.66000%	51,415,000.00
M-2	026930AE7	03/23/2007	5.68000%	37,472,000.00
M-3	026930AF4	03/23/2007	5.71000%	11,329,000.00
M-4	026930AG2	03/23/2007	5.85000%	26,143,000.00
M-5	026930AHO	03/23/2007	5.90000%	10,457,000.00
M-6	026930AJ6	03/23/2007	5.97000%	8,714,000.00
M-7	026930AK3	03/23/2007	6.47000%	11,329,000.00
M-8	026930AL1	03/23/2007	6.72000%	9,586,000.00
M-9	026930AM9	03/23/2007	7.02000%	8,713,000.00
C	026930AP2	02/28/2007	0.00000%	18,853,295.79
P	026930AQ0	02/28/2007	0.00000%	100.00
R	026930AN7	02/28/2007	8.76569%	50.00
				1,742,558,445.79

Reference: American Home Mortgage Assets Trust 2007-2 Distribution Statement to Certificateholders dated March 26, 2007.

CUSIP stands for Committee on Uniform Securities Identification Procedures. This committee developed a system, implemented in 1967, of identifying securities, more specifically U.S. - and Canadian-registered stocks and U.S. government bonds.

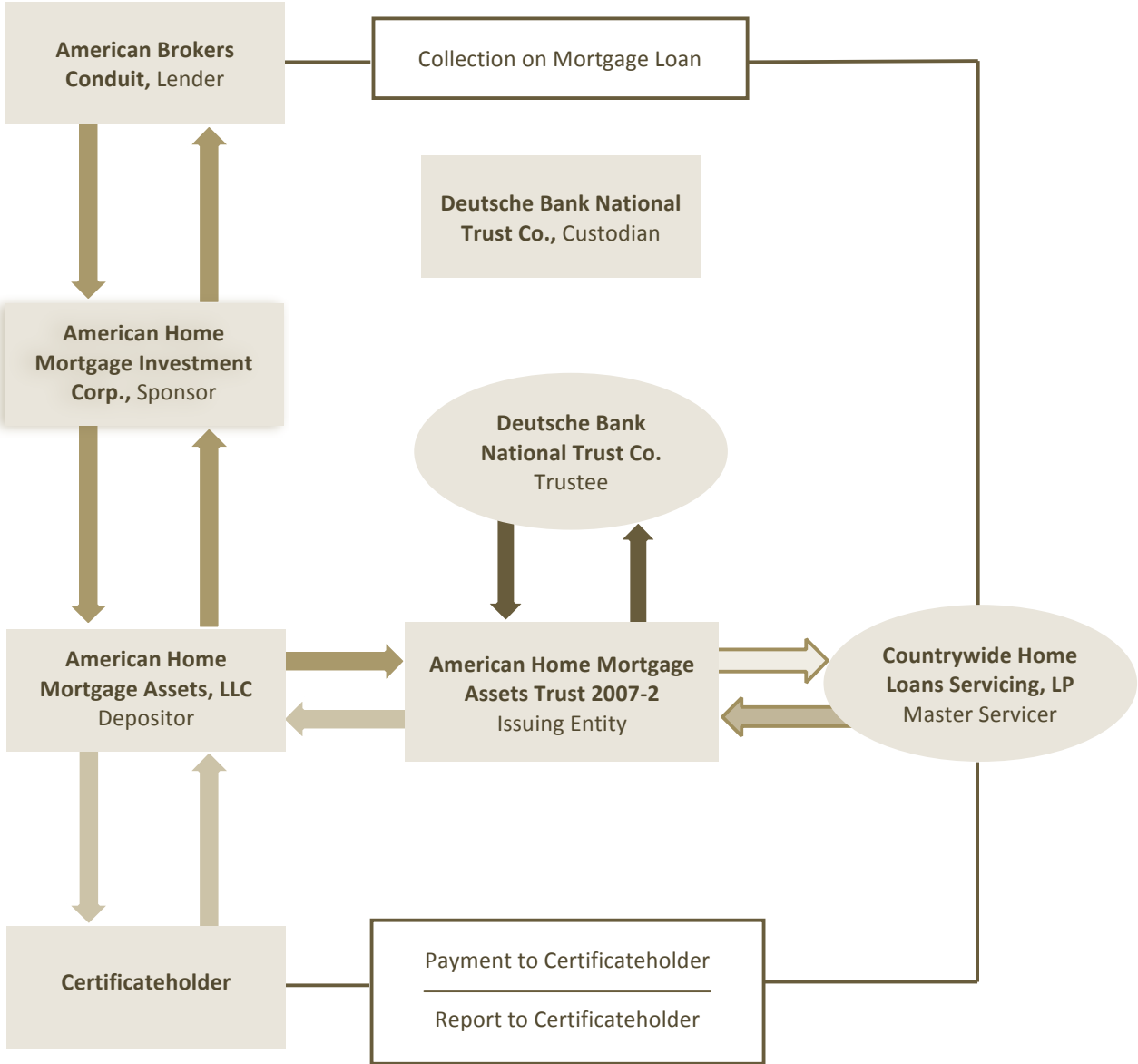
A CUSIP number consists of nine characters, both letters and numbers, which uniquely identify the issuer and the type of security. The first six characters identify the issuer and are assigned numerically; the seventh and eighth characters, which can be alphabetic or numeric, identify the type of issue; and the last digit, which is numeric, is used as a check digit.

The above-cited certificates were first rated by Moody's on March 20, 2007.







<https://www.moodys.com/credit-ratings/American-Home-Mortgage-Assets-Trust-2007-2-credit-rating-720038334>

### A Diagram for this Securitization

The following diagram illustrates, in simple theoretical terms, the flow of transactions in a typical securitization trust as they would have affected each party that has a role in it.



The transactions shown in the foregoing diagram are explained as follows (this discussion only involves relevant transactions that affected or could have affected the subject Promissory Note and Deed of Trust from loan granting up to and including those pertaining to the securitization):

Symbol	Sequence	Transaction Description
	1	The originating lender transfers the loan to the sponsor. It is only through the sponsor from which the depositor acquires the loan for the trust.
	2	The sponsor transfers the loan to the depositor. It is only through the depositor from which the trust, represented by its trustee, acquires the loan.
	3	The depositor transfers the loan to the trust, represented by its trustee.
		The trust, through its trustee, passes information on the loan to the master servicer, for the purposes of collection (and foreclosure, if necessary).
		The master servicer remits collections to the trust.
		The trustee performs fiduciary duties for the trust.

## The Links to the Trust Documents

Relevant documents were on file under the name of this trust with the Securities and Exchange Commission as of August 1, 2013, the examiners' date of report.

Date of Filing	Particulars
March 1, 2007	<p>Prospectus Supplement and Prospectus under SEC Form 424-B5.</p> <p>The parties are American Home Mortgage Assets, LLC as depositor, American Home Mortgage Corp. as sponsor, American Home Mortgage Investment Corp. as originator, Wells Fargo Bank, NA as master servicer, American Home Mortgage Servicing, Inc. as servicer, and Deutsche Bank National Trust Co. as trustee and custodian. <a href="http://www.secinfo.com/dqTm6.uYg.htm">http://www.secinfo.com/dqTm6.uYg.htm</a></p>
March 27, 2008	<p>Annual Report under SEC Form 10-K.</p> <p>This document names Wells Fargo Bank, NA as master servicer and American Home Mortgage Servicing, Inc. as servicer and reports the filings of Annual Statements of Compliance for the Servicers for the year ended December 31, 2007. <a href="http://www.secinfo.com/d1Z7kr.ts2.htm">http://www.secinfo.com/d1Z7kr.ts2.htm</a></p>
January 25, 2008	<p>Notice of Suspension of Duty to File Reports under SEC Form 15-15D.</p> <p>This document was filed on behalf of the trust. The number of certificateholders as of report date was less than 300. <a href="http://www.secinfo.com/d1Z7kr.tDa.htm">http://www.secinfo.com/d1Z7kr.tDa.htm</a></p>
March 16, 2007	<p>Pooling and Servicing Agreement dated as of February 1, 2007.</p> <p>The parties are American Home Mortgage Assets, LLC as depositor, Wells Fargo Bank, NA as master servicer and securities administrator, and Deutsche Bank National Trust Co. as trustee. <a href="http://www.secinfo.com/dqTm6.uXu.c.htm">http://www.secinfo.com/dqTm6.uXu.c.htm</a></p>
	<p>All Documents Filed with the Securities and Exchange Commission. <a href="http://www.secinfo.com/\$/SEC/Registrant.asp?CIK=1388741">http://www.secinfo.com/\$/SEC/Registrant.asp?CIK=1388741</a></p>

## Internal Procedures

The following provisions are excerpts from the Prospectus Supplement, Prospectus, and Pooling and Servicing Agreement. They constitute the main rules of procedure that were meant to be adopted by the trust in its operations.

### The Depositor

The Depositor will establish a trust with respect to the Series 2007-2 Certificates, pursuant to a pooling and servicing agreement dated as of the cut-off date among the Depositor, the Master Servicer, the Securities Administrator, and the Trustee. On the closing date, the Depositor will deposit the mortgage loans described below into the issuing entity.

The Depositor will acquire all the mortgage loans from the Sponsor on the date of the issuance of the certificates pursuant to the Mortgage Loan Purchase Agreement.

### The Master Servicer and Servicer

The Master Servicer is responsible for the aggregation of monthly Servicer reports and remittances and for the oversight of the performance of the Servicers under the terms of their respective servicing agreements. The Master Servicer also reviews the servicing of defaulted loans for compliance with the terms of the Agreement. In addition, upon the occurrence of certain Servicer events of default under the terms of any Servicing Agreement, the Master Servicer may be required to enforce certain remedies on behalf of the Trust against such defaulting Servicer.

The Servicer will send statements to borrowers and process the payments as received by depositing them within two business days into the protected account. If the borrower is delinquent, the Servicer will attempt to contact the borrower in an effort to make the borrower current. If the borrower is delinquent for 90 days or more, the Servicer will begin the foreclosure process with respect to the borrower. As part of the foreclosure process, a sale of the property may occur in which the Servicer may take possession of the property as “*real estate owned*” property. The Servicer will manage any REO property in an attempt to maximize the proceeds from the sale to a third party.

The Master Servicer and Servicer will receive compensation according to the terms of the Pooling and Servicing Agreement.

### The Trustee

The Agreement will provide that the Depositor assigns to the Trustee for the benefit of the Certificateholders without recourse all the right, title, and interest of the Depositor in and to the mortgage loans. The Agreement will state that, although it is intended that the conveyance by the Depositor to the Trustee of the mortgage loans be construed as a sale, the conveyance of the mortgage loans shall also be deemed to be a grant by the Depositor to the Trustee of a security interest in the mortgage loans and related collateral.

The trustee will acknowledge the sale, transfer, and assignment of the issuing entity to it by the depositor and receipt of the mortgage loans. If the custodian finds that any mortgage loan is defective, the custodian shall promptly notify the trustee who, in turn, will notify originator of such defect. The originator must then correct or cure any such defect within 90 days from the date of notice from the trustee of the defect.

### Conveyance of the Mortgage Loans

The Depositor, as of the Closing Date, does hereby assign, transfer, sell, set over and otherwise convey to the Trustee without recourse all the right, title and interest of the Depositor in and to the Mortgage Loans identified on the Mortgage Loan Schedule and all other assets included or to be included in the Trust Fund for the benefit of the Certificateholders.

In connection with such transfer and assignment, the Depositor has caused the Sponsor with respect to each Mortgage Loan, to deliver to the Trustee, with respect to each Mortgage Loan, the following documents or instruments (among others):

- The original Mortgage Note endorsed without recourse to the order of the Trustee or in blank, and showing an unbroken chain of endorsements from the original payee thereof to the Person endorsing it to the Trustee or in blank;
- The original Mortgage with evidence of recording thereon;
- The assignment (which may be included in one or more blanket assignments if permitted by applicable law) of the Mortgage in blank or to the Trustee (or to MERS, if the Mortgage Loan is registered on the MERS® System);
- Originals of any intervening assignments of the Mortgage, with evidence of recording thereon.

### Acceptance of the Trust Fund by the Trustee

The Trustee acknowledges receipt of the documents and all other assets included in the definition of "Trust Fund" and declares that it (or the Custodian on its behalf) holds and will hold such documents in trust for the exclusive use and benefit of all present and future Certificateholders.

The Trustee agrees to cause the Custodian as agent for the Trustee to review each Mortgage File on or before the Closing Date to ascertain that all documents required to be delivered to it are in its possession, and the Custodian agrees to execute and deliver to the Depositor on the Closing Date, an Initial Certification to the effect that:

- All documents required to be delivered to it pursuant to this Agreement with respect to such Mortgage Loan are in its possession, and
- Such documents have been reviewed by it and appear regular on their face and relate to such Mortgage Loan.

Within 180 days of the Closing Date, the Custodian as agent for the Trustee shall deliver to the Depositor a Final Certification evidencing the completeness of the Mortgage Files, with any applicable exceptions noted thereon.

# The Chain of Title

## The Sequence of Transactions

The sequence of the required and the actual transactions of the subject loan and security instruments can be traced as follows:

Seq. No.	Date	Promissory Note	Deed of Trust
1	December 22, 2006	Loan Granting American Brokers Conduit Originating Lender	Execution of Deed American Brokers Conduit Originating Lender MERS, Beneficiary Stewart Title Co., Trustee
2	February 28, 2007	Endorsement, Securitization American Brokers Conduit as Originating Lender, Endorser American Home Mortgage Investment Corp. as Sponsor Endorsee	Assignment, Securitization American Brokers Conduit as Originating Lender, Assignor American Home Mortgage Investment Corp. as Sponsor Assignee
3	February 28, 2007	Endorsement, Securitization American Home Mortgage Investment Corp. as Sponsor, Endorser American Home Mortgage Assets, LLC as Depositor, Endorsee	Assignment, Securitization American Home Mortgage Investment Corp. as Sponsor, Assignor American Home Mortgage Assets, LLC as Depositor, Assignee
4	February 28, 2007	Endorsement, Securitization American Home Mortgage Assets, LLC as Depositor, Endorser Deutsche Bank National Trust Co. as Trustee, Endorsee	Assignment, Securitization American Home Mortgage Assets, LLC as Depositor, Assignor Deutsche Bank National Trust Co. as Trustee, Assignee
5	January 8, 2010		Assignment of Deed of Trust MERS as Beneficiary, Assignor Deutsche Bank National Trust Co. as Trustee, Assignee



## Explanation on the Sequence

### 1, Loan Granting and Execution of Deed

The subject loan was granted on December 22, 2006. The Promissory Note names John W. Parsons and Edith S. Parsons as borrowers. The originating lender is American Brokers Conduit. The Deed of Trust was executed on the same date. The beneficiary is Mortgage Electronic Registration Systems, Inc. (MERS) as nominee for the lender and the trustee is Stewart Title Co.

### 2, Endorsement and Assignment in Securitization from Originating Lender to Sponsor

The Promissory Note should have been endorsed by American Brokers Conduit, the originating lender to American Home Mortgage Investment Corp., the securitization trust sponsor. Likewise, the Deed of Trust should have been assigned by the originating lender to the sponsor.

### 3, Endorsement and Assignment in Securitization from Sponsor to Depositor

The Promissory Note should have been endorsed by American Home Mortgage Investment Corp., the securitization trust sponsor to American Home Mortgage Assets, LLC, the securitization trust depositor. Likewise, the Deed of Trust should have been assigned by the sponsor to the depositor.

### 4, Endorsement and Assignment in Securitization from Depositor to Trustee

The Promissory Note should have been endorsed by American Home Mortgage Assets, LLC, the securitization trust depositor to Deutsche Bank National Trust Co., the securitization trust trustee. Likewise, the Deed of Trust should have been assigned by the depositor to the trustee.

### 5, Assignment of Deed of Trust

On January 8, 2010, an Assignment of Deed of Trust was executed by MERS as nominee for American Brokers Conduit. This document names the assignee as Deutsche Bank National Trust Co. as trustee.

The signatory in this document and the official who notarized it are allegedly involved in the reported robo-signing of loan and mortgage documents. Their signatures on this assignment have been verified and found to differ from certain specimens (see the section on Robo-Signing that follows). However, even granting without admitting that their signatures are true and genuine, this assignment can be rendered null and void because it does not follow any of the assignments required in the Pooling and Servicing Agreement as enumerated in sequence numbers 2 to 4 above. The Promissory Note does not bear an endorsement to which this assignment can conform.

## Foreclosure

### Notice of Default

On August 12, 2011, a Notice of Default was executed by Regional Trustee Services, Inc. This document names MERS as the beneficiary.

The trustee named in the Deed of Trust is Stewart Title Co. and there is no document to show that Regional Trustee Services, Inc. was named as substitute trustee. Also, MERS cannot be a true beneficiary in this action to foreclose because it is not a party in the Promissory Note.

# Analyses of the Transactions

## Promissory Note

### Definition

A promissory note is a written promise to pay a debt. It is an unconditional promise to pay on demand or at a fixed or determined future time a particular sum of money to or to the order of a specified person or to the bearer. <http://definitions.uslegal.com/p/promissory-notes/>

### Parties to a Promissory Note

A promissory note basically has two parties namely, the maker and the payee. The maker, or debtor, is the person who promises to pay the amount stated in the note. The payee, or creditor, is the person to whom the amount is payable. A promissory note may also have a holder. He is the payee or the person to whom the promissory note might have been endorsed. <http://www.scribd.com/doc/61733200/11/Parties-to-a-Promissory-Note>

### Endorsement

A promissory note can be transferred by endorsement. It means the writing of one's own name on the instrument with the intention of transferring the rights therein. In order to be valid, an endorsement must be on the face of, or on the back of, or on a separate piece of paper attached to the note, called an allonge. It must be signed by the endorser, made for the full value of the note, and the note must be delivered to the endorsee. <http://www.scribd.com/doc/61733200/11/Parties-to-a-Promissory-Note>

### The Subject Promissory Note

The Promissory Note on the loan under examination was signed on December 22, 2006. The parties are John W. Parsons and Edith S. Parsons as borrowers and American Brokers Conduit as originating lender. It has a term of 30 years to mature on January 1, 2037. The interest rate is adjustable. Monthly payments are scheduled every month up to the date of maturity.

#### Examiners' Comment No. 1

This Promissory Note was not endorsed therefore it can be assumed that the present holder of the note who is the party entitled to enforce it is American Brokers Conduit, the originating lender. American Home Mortgage Servicing, Inc. which is making the regular collections on the loan may be assumed to be servicing the loan on behalf of the lender.

*Next: The Deed of Trust*

## Deed of Trust

### Definitions

#### Secured Transaction

A secured transaction is defined as any loan or credit in which property is pledged as security in the event payment is not made.

<http://legal-dictionary.thefreedictionary.com/secured+transaction>

#### Security Interest

A security interest arises when, in exchange for a loan, a borrower agrees in a security agreement that the lender (the secured party) may take specified collateral owned by the borrower if he or she should default on the loan.

[http://www.law.cornell.edu/wex/secured\\_transactions](http://www.law.cornell.edu/wex/secured_transactions)

#### Deed of Trust

A deed of trust or trust deed is a deed wherein legal title in real property is transferred to a trustee, which holds it as security for a loan (debt) between a borrower and a lender. The equitable title remains with the borrower.

[http://en.wikipedia.org/wiki/Deed\\_of\\_trust\\_\(real\\_estate\)](http://en.wikipedia.org/wiki/Deed_of_trust_(real_estate))

### Parties to a Deed of Trust

A deed of trust involves three parties: a lender, a borrower, and a trustee. The lender lends the borrower money. In exchange, the borrower gives the lender (as beneficiary) a promissory note. As security for the note, the borrower (as trustor), transfers a real property interest to a trustee. Should the borrower default on the terms of the loan, the trustee may take full control of the property to correct the borrower's default.

In most states, the borrower actually transfers legal title to the trustee, who holds the property in trust for the use and benefit of the borrower. In other states, the trustee merely holds a lien on the property. Deeds of trust almost always include a power-of-sale clause, which allows the trustee, as agent for the lender, to conduct a non-judicial foreclosure - that is, sell the property without first getting a court order.

[http://www.law.cornell.edu/wex/deed\\_of\\_trust](http://www.law.cornell.edu/wex/deed_of_trust)

### Assignment

Assignment is the act of transferring an interest in property or right to another.

<http://dictionary.law.com/Default.aspx?selected=2451>

An Assignment of Deed of Trust is therefore defined as a document that transfers the rights of the beneficiary in the Deed of Trust to another person.

In order to effectuate an assignment, the general rule is that the assignment must be in proper written format and recorded to provide notice of the assignment.

<http://www.uslegalforms.com/assignments/assignment-of-mortgage.htm>

### The Subject Deed of Trust

The subject Deed of Trust was executed on December 22, 2006, the same date as the Promissory Note on the loan which it secures. The borrower is the trustor and the trustee is Stewart Title Co. The originating lender nominated Mortgage Electronic Registration Systems, Inc. (MERS) as beneficiary.

#### Examiners' Comment No. 2

The subject Deed of Trust mentions MERS, first, as beneficiary, and second, as nominee for the lender, which are conflicting if by "beneficiary" is meant *principal*, and by "nominee" is meant *agent*. On the other hand, MERS is not a party in the Promissory Note which has not been endorsed to any party.

It is thus clear that beneficial interest under the Promissory Note and security interest under the Deed of Trust has remained with the principal, American Brokers Conduit, which is also the originating lender. This is based on the principle that the security instrument follows the debt instrument, but not conversely.

*Next: MERS as beneficiary*

## MERS as Beneficiary

### Definitions

#### Principal

A principal is a person who authorizes an agent to act to create one or more legal relationships with a third party. This branch of law is called agency and relies on the common law proposition that "he who acts through another, acts personally."

[http://encyclopedia.thefreedictionary.com/Principal+\(commercial+law\)](http://encyclopedia.thefreedictionary.com/Principal+(commercial+law))

#### Beneficiary

A beneficiary is any person or entity who is to receive assets, benefits, or profits from an estate, a trust, an insurance policy, or any instrument in which there is distribution.

<http://legal-dictionary.thefreedictionary.com/beneficiary>

#### Agent

An agent is a person who is authorized to act for another through employment, by contract, or apparent authority. <http://legal-dictionary.thefreedictionary.com/agent>

### Interpretations of the Role of MERS

The Deed of Trust names MERS as the beneficiary, as nominee for the lender. There are provisions in the Deed of Trust which state that (a) "MERS is nominee for the lender," and (b) "MERS is the beneficiary under this Security Instrument." The first statement means that MERS is only an agent for the lender while the second means that MERS is a principal in this instrument.

Many recent court rulings involving MERS, some conflicting, tend to show that there can be no summary judgment on MERS. Each ruling depended on the merits of each particular case. Three such court rulings are cited below.

**Oregon Supreme Court rules that MERS is not a rightful beneficiary of the Deed of Trust.** <http://www.housingwire.com/articles/major-oregon-supreme-court-ruling-undermines-mers-leaves-registry-room-challenge>

**Washington Superior Court recognizes MERS as agent of beneficiary** Peeters v. Green Tree Servicing, LLC <http://www.mersinc.org/media-room/press-release/378-wa-superior-court-recognizes-mers-as-agent-of-beneficiary>

**Idaho Supreme Court rules that MERS was the beneficiary in the Deed of Trust with authority to appoint a Successor Trustee** <http://agbeat.com/housing-news/court-rules-that-mers-meets-definition-of-beneficiary/>

## MERS in the Subject Loan and Security Transaction

MERS is not a party in the debt instrument. It is named as beneficiary in the security instrument, as nominee for the lender. “Beneficiary” may mean *agent*, whose authority to perform specific acts for and in behalf of its principal has been upheld by some courts, but not in the sense of a beneficiary who receives benefits from a contract.

MERS executed an Assignment of Deed of Trust in favor of Deutsche Bank National Trust Co. as Trustee and is named as beneficiary in an action of extra-judicial foreclosure, being represented by Regional Trustee Services, Inc.

### Examiners’ Comment No. 3

Any issue on MERS would depend on a specific act committed by MERS. For this particular loan, MERS (1) executed an Assignment of Deed of Trust, (2) is named as beneficiary in the Notice of Default, and (3) could have engaged a robo- or surrogate signer in executing the assignment, possibly in connivance with the notarizing officer.

Each of these issues is analyzed in the pages that follow.

*Next: Robo-Signing*

## Robo-Signing

In the mortgage industry, robo-signing is the practice of an employee signing thousands of documents and affidavits without verifying the information contained therein. Some reports have revealed that one bank official signed off on almost 10,000 documents in one month. The practice calls into question the validity of thousands of mortgage assignments and foreclosures across the country.

Banks have been under investigation since 2010 for their part in the robo-signing scandal which resulted in many homeowners losing their homes without merit. After the scandal came to light, the banks said they would no longer engage in this practice. However, as recently as July 2011, it was discovered that mortgage robo-signing was still practiced.

### Robo-Signing is Forgery

Forgery is the creation of a false written document or alteration of a genuine one, with the intent to defraud. Forgery consists of filling in blanks on a document containing a genuine signature, or materially altering or erasing an existing instrument. An underlying intent to defraud, based on knowledge of the false nature of the instrument, must accompany the act. <http://legal-dictionary.thefreedictionary.com/forgery>

### Forgery is a Felony

"This is the first time any grand jury in the country has indicted a corporation or a high-level executive at a corporation for 'robo-signing,'" Missouri Attorney General Chris Koster told The Huffington Post. "The grand jury is alleging that the documents have false signatures on them, that the notarizations are fraudulent and that it was all done with intent to deceive. If that's true, it makes the [foreclosure] documents forgeries." [http://www.huffingtonpost.com/2012/02/07/robo-signing-docx-missouri\\_n\\_1261369.html](http://www.huffingtonpost.com/2012/02/07/robo-signing-docx-missouri_n_1261369.html)

### Robo-Signing Involving the Subject Deed of Trust

On January 8, 2010, an Assignment of Deed of Trust was executed by MERS as nominee for America Brokers Conduit. This document names Deutsche Bank National Trust Co. as Trustee for American Home Mortgage Assets Trust 2007-2. This document was signed by Liquenda Allotey, Vice-President for MERS and was notarized by Christine Anderson, a notary public of the state of California.

Liquenda Allotey and Christine Anderson are among the persons who are allegedly involved in the robo-signing of loan and mortgage documents. The signature of Liquenda Allotey on this document differs with her signatures on two other documents. The same is true with Christine Anderson.



Examiners' Comment No. 4

While it could not be determined which of the compared signatures are true and genuine, the fact that they differ from one another is prima facie evidence that any or all of these signatures have been forged. Thus, in order to prove a forgery, the genuine signature of the signatory must first be determined. This unquestionably merits further investigation.

Forgery is a felony. In order to convict an accused of a felony, his or her guilt must be proven beyond reasonable doubt.

*Next: Securitization*

## Securitization

### Definition

Securitization is the financial process of pooling receivables, such as residential mortgage loans, and using them as a guarantee for the issuance of investment certificates which are then sold to the investing public. (The business of securitization is handled by a special-purpose vehicle (SPV) which, in the United States, usually takes the form of a trust.

### REMIC

A securitization SPV may elect to qualify for status as a REMIC. A REMIC (Real Estate Mortgage Investment Conduit) is a corporation, trust, partnership, or a segregated pool of assets that qualifies for special tax treatment under the Internal Revenue Code of 1986, as amended. <http://thepatriotswar.com/index.php/what-a-remic-is-and-why-you-should-care/foreclosure-research/>

### REMIC; Qualified Mortgage

For any obligation to qualify for inclusion into a REMIC, it must be a qualified mortgage as it is defined in the Internal Revenue Code, Section 860G, paragraph a-3, viz.;

A “qualified mortgage” means any obligation which is principally secured by an interest in real property and which is transferred to the REMIC on the start-up day in exchange for regular or residual interests in the REMIC, or is purchased by the REMIC within the three-month period beginning on the start-up day. . .”

[http://www.securitizationtax.com/AppendixB\\_CodeandRegulations\\_.pdf](http://www.securitizationtax.com/AppendixB_CodeandRegulations_.pdf)

### Bankruptcy Remoteness

The assets of the trust have to be *bankruptcy-remote* in order to protect them from claims against an originator who might go bankrupt. In order to achieve this, each mortgage loan has to be transferred by means of a *true sale*. This means that a loan has to be sold by the originator to the sponsor, by the sponsor to the depositor, and by the depositor to the trustee. This also means that the Promissory Note has to be endorsed three times following this route. The same applies to the assignments of the security instrument.

A true sale also provides the trust with the status of a *holder in due course*. A holder in due course is the holder of an instrument if the instrument when negotiated does not bear evidence of forgery or alteration; and the holder took the instrument for value, in good faith, without notice that the instrument is overdue or has been dishonored, or that the instrument contains an unauthorized signature or has been altered, or of any claim to the instrument described in Section 3-306, or that any party has a defense or claim in recoupment described in Section 3-305(a). <http://www.law.cornell.edu/ucc/3/3-302.html>

## The Securitization of the Subject Loan

The subject loan was securitized into American Home Mortgage Assets Trust 2007-2 based on an Assignment of Deed of Trust executed by MERS as nominee for American Brokers Conduit, the originating lender, on January 8, 2010 in favor of Deutsche Bank National Trust Co., the trustee.

### Examiners' Comment No. 5

The intention to securitize this loan cannot be questioned regardless of whether or not (1) MERS has authority to assign the security instrument to the trust, and (2) one or both of the cited signatures on the assignment have been forged.

What is questionable is whether the assignment by MERS is sufficient to conform to the series of endorsements and assignments that (1) is required by the PSA, and (2) each constitutes a true sale from the originating lender to the sponsor, from the sponsor to the depositor, and from the depositor to the trustee in order to (1) qualify the trust as a REMIC and (2) give the trust the status of a holder in due course that would protect it against adverse claims from the loan's originator.

*Next: Chain of Title*

## Chain of Title

### Definition

Chain of title refers to the history of passing of title ownership to real property from the present owner back to the original owner. A record of title documents may be maintained by a registry office or civil law notary. Chains of title include notations of deeds, judgments of distribution from estates, certificates of death of a joint tenant, foreclosures, judgments of quiet title, and other recorded transfers of title to real property.

<http://definitions.uslegal.com/c/chain-of-title/>

### Sequence of Transactions

The sequence of the required and actual transactions is presented on page \_\_. The foreseen deficiencies are noted as follows:

#### Loan Granting and Execution of Deed

This transaction was consummated but MERS, the beneficiary in the Deed of Trust, is not a party in the Promissory note.

#### Endorsement and Assignment by Lender to Sponsor

This transaction is required but did not occur.

#### Endorsement and Assignment by Sponsor to Depositor

This transaction is required but did not occur.

#### Endorsement and Assignment by Depositor to Trustee

This transaction is required but did not occur.

#### Assignment of Deed of Trust by MERS to Trustee

- MERS' capacity to assign is questionable;
- One or both of the signatures on the document could have been forged;
- The Promissory Note is not accordingly endorsed; and
- It could not qualify the loan for inclusion into the trust since it was executed almost three years after the trust's start-up period.

### Examiners' Comment No. 6

The cited definition of *Chain of Title* apparently refers to real property. But we can also speak of "title" as *title to beneficial interest* (in the debt) and *title to security interest* (in the security). The security always follows the debt. An assignment of the debt is also an assignment of the security, though not conversely. Therefore, the deficiencies in the mentioned transactions may not have caused a break in the chain of title, however,

The Promissory Note has been separated from the Deed of Trust. This is because the deed was assigned to the trustee while the note has remained unendorsed and is therefore assumed to be in the possession of the originating lender.

*Next: Foreclosure*

## Foreclosure

The subject security instrument is a Deed of Trust. The parties are the borrower who is the trustor, Stewart Title Co., the trustee, and MERS who is the beneficiary, as nominee for the lender. The foreclosure process shall be extra-judicial. The mortgaged property is located in San Bernardino County in the state of California.

### Foreclosure, Definition

Foreclosure is the system by which a party who has loaned money secured by a mortgage or deed of trust on real property requires sale of the real property to recover the money due, unpaid interest, plus the costs of foreclosure, when the debtor fails to make payment.

<http://legal-dictionary.thefreedictionary.com/foreclosure>

After the payments on the promissory note have become delinquent for several months, the lender can have a notice of default served on the debtor stating the amount due and the amount necessary to "cure" the default. If the delinquency and costs of foreclosure are not paid within a specified period, then the lender (or the trustee in states using deeds of trust) will set a foreclosure date, after which the property may be sold at public sale.

### Foreclosure, California

Foreclosures in California are primarily administered out of court, although court foreclosures are allowed. Out-of-court foreclosures take about four months.

### Pre-foreclosure Period

The process begins when a lender files a notice of default with the county recorder identifying the default amount and the date the borrower must pay off the default. The notice is mailed to the borrower and other affected parties. Up to five business days before the trustee sale, the borrower may pay off the default plus any applicable costs of foreclosure and stop foreclosure. Three months after the notice of default is filed, the lender can schedule a trustee's sale of the property.

### Notice of Sale

At least 20 days before the trustee's sale, the notice of sale must be posted on the property and in one local public location. The notice is also published once a week for three weeks in a local newspaper, starting at least 20 days before the sale date. The notice is mailed to the borrower at least 20 days before the sale and to anyone who requests the notice. The notice must contain the date, time, and location of the sale, the property address, and the trustee's contact information. In addition, the notice of sale must be recorded with the county recorder at least 14 days before the sale.

The trustee's sale is a public auction and the property is sold to the winning bidder. The trustee may require bidders to pay the full bid amount in cash or cashier's check. Anyone may bid at the sale, including the lender and any junior lien holders. After the

sale is complete, the trustee transfers ownership to the winning bidder. The borrower does not have the right to redeem the property after the sale.

<http://www.realtytrac.com/foreclosure-laws/california-foreclosure-laws.asp>

### Foreclosure of the Subject Deed of Trust

On August 12, 2011, a Notice of Default was executed by Regional Trustee Services, Inc. as trustee. The same Notice of Default also names MERS as the beneficiary in the Deed of Trust.

#### Examiners' Comment No. 7

The original Trustee named in the Deed of Trust is Stewart Title Co. The Notice of Default was executed by Regional Trustee Services, Inc. There is no document, such as an appointment of a substitute trustee, to show the authority of Regional Trustee Services, Inc. to act as trustee in this foreclosure.

MERS was named beneficiary as nominee for the lender, American Brokers Conduit in the Deed of Trust which was executed on December 22, 2006. On January 8, 2010, MERS assigned this Deed of Trust to Deutsche Bank National Trust Co. as Trustee for American Home Mortgage Assets Trust 2007-2.

By assigning this deed to Deutsche Bank, MERS has ceased to be a nominee of American Brokers Conduit. There is no document to show that MERS was also nominated as beneficiary by Deutsche Bank. Therefore, MERS has no authority to represent in this foreclosure.

*End of Analyses*