

WTHJH

Little do Texas Legislators realize what happened when H.B. 1493 was enacted? Little did the state of Texas foresee the Constitutional havoc created by a “*book entry system*”? Little did Texas Legislators realize the true intent of the “*book entry system*”? Little did Texas Legislators realize the “*book entry system*” would violate opposing party the right to depose the “*book entry system*”? Little did Texas Legislators realize they provided immunity to a “*book entry system*” by allowing it an avenue to avoid Texas Discovery Rules. Little did Texas Legislators realize the “*book entry system*” was an *electronic agent*?

EXTRAPOLATE¹

extrapolate (ek-strap-~~<<schwa>>~~-layt), vb. 1. ~~To estimate an unknown value or quantity on the basis of the known range, esp. by statistical methods.~~ 2. To deduce an unknown legal principle from a known case. 3. To speculate about possible results, based on known facts. — extrapolative (-lay-tiv or -l<<schwa>>-tiv), extrapolatory (-l<<schwa>>-tor-ee), adj. — extrapolator (-lay-t<<schwa>>r), n.

EXTRAPOLATION

extrapolation (ek-strap-~~<<schwa>>~~-lay-sh<<schwa>>n), n.1. The process of estimating an unknown value or quantity on the basis of the known range of variables. 2. The process by which a court deduces a legal principle from another case. 3. The process of speculating about possible results, based on known facts.

I like this one;

2. The process of speculating about possible results, based on known facts.

Law, is law. MERS can only be an *electronic agent*, nothing else. MERS can be considered a *computer program*, or MERS can be considered an *information processing center*, and MERS can be considered a system with *security features* which allows for *transactions*, nevertheless, MERS is an *electronic agent*. If not, MERS members cannot *register, send, receive, or store* transferable records.

¹ Black’s Law, 8th edition, pg 1765

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(6) "Electronic agent" means a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part, without review or action by an individual.

In essence, MERS is like a credit card machine, a card swipe machine at the grocery store, an "I Accept" button on a webpage when a person purchases something online. MERS receives electronic instructions and performs electronic transactions like any of the previous electronic devices mentioned. Once understood, it becomes apparent that somebody is deceiving somebody. Put this all together and you will find the missing piece of the puzzle. If you use something like outlook, hotmail, gmail, or ymail, you are using an electronic agent, even though you may think it is just a program or the internet.

Actions concerning a deed of trust with MERS named as some type of agent^{2,3} could only occur⁴ with eSign, UETA law, which allows residential mortgage loan *lenders* to become an *obligor*, or a *holder/controller* of a transferable record, as defined in E-SIGN, or Texas UETA section 322.016 "transferable record. In other instances, many electronic agreements used by the "*electronic agent*", these parties may also have names such as "*borrower and lender*"⁵, or "*purchaser and seller*"⁶. See attached exhibit "A", MERS warehouse lender, electronic tracking agreement. Nevertheless, any of those titles are referring to an electronic *obligor* and an electronic *obligee*, or in other words, one paying [electronically obligated] and one [electronically] receiving the [electronic obligation], which both were expressly agreeing to conduct their transaction electronically. This electronic transaction can be deduced from E-SIGN, Texas UETA.

² See 15 U.S.C. 7006(3); See 322.002(5), Texas UETA

³ Fannie Mae/Freddie Mac uniform instruments are worded different, but have same capabilities.

⁴ Electronic agents are not natural persons as required in most paper commercial transactions.

⁵ MERS Warehouse Lender/Electronic Tracking Agreement [ETA]

⁶ MERS, Gestation Lender/Electronic Tracking Agreement; MERS Whole Loan Sale Agreement/ETA

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The transferable record governed by 15 U.S.C. 7021, §322.016⁷, is typically registered in the MERS eRegistry, a *separate [electronic] system of law*, a separate and distinct law from the Uniform Commercial Code. Meaning, no matter what actions take place in that MERS system, the lender must conduct actions for the underlying real estate mortgage loan transaction to continue any entitlement to a secured real estate mortgage loan.

If the Lender uses the underlying promissory Note as a collateral for its separate loan obligation the lender may be following UCC law, if so, the lender is an *account debtor* whom pledges the underlying mortgage note as a collateral for the account debtor's intangible loan with a creditor, a UCC 9 creditor. Nevertheless, the underlying promissory Note obligor is not the account debtor.

(3) "Account debtor" means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the instrument constitutes part of chattel paper.

A residential mortgage loan borrower's promissory note and deed of trust are a non-UCC real estate mortgage loan. While the promissory note may be governed by Chapter 3, Tex. Bus. Com Code, E-SIGN, UETA exclude such written instruments governed by Chapter 3 and the statute of frauds. The deed of trust is governed, within itself, contract law, certain sections of the Texas Property Code, statute of frauds, and the Texas Penal code. Section §192.007, Texas Local Government code provides requirements for perfection of the deed of trust.

A deed of trust naming MERS⁸ provides an avenue for MERS members to create an electronic obligation, a separate electronic "Note" unbeknownst to a residential mortgage loan borrower or courts of Texas. Nevertheless, the residential mortgage loan borrower/grantor was unaware that an *electronic agent* was being referred to,

⁷ [Chapter 322, Texas UETA, Tex. Bus. Com. Code](#)

⁸ A.k.a. Mortgage Electronic Registration Systems, Inc.; MERS SPE Inc.

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instead of a natural person as an agent, whom would be a “*holder of a security instrument*”, a “*mortgagee*”, a “*beneficiary*”, or a “*nominee*” for a principal, Lender.

Once the deed of trust is recorded in public records it is by operation of law, a void instrument, because of *fraud in factum*, or *intentional inducement* utilized to commit a crime. The deed of trust, a security instrument, a lien, could not be construed as a legal contract simply because there was no “*meeting of the minds*” though it may appear to be that way upon the face of the instrument.

You can attach a scanner, a printer, a camera, a keyboard, a mouse, a monitor, or any other peripheral to a computer, but you can't attach paper. So, how can a party named in a tangible [paper] deed of trust, attach and perfect the deed of trust to an intangible [electronic] transferable record? This is exactly what MERS members are attempting to do, so that MERS, a computer, an electronic agent, can somehow hold a paper deed of trust, while a MERS member holds an electronic promissory Note. Even that hair brain scenario cannot function logically or lawfully.

The purpose for MERS was not so much a claim to the deed of trust, but more as a referencing system to purport a deed of trust. MERS members actually defined MERS in the Texas Property code as a “*book entry system*”, a “*holder of a security instrument*” and even “*mortgagee*” in 2003, and effective in 2004? These members changes went as far as adding additional confusion by wording like “*security interest*”, also. A *security interest* is not a security instrument. To create a *security interest* governed by the Uniform Commercial Code [UCC], the parties would agree the *security interest* is governed by the UCC. Security interests created in a real property lien are not governed by the UCC.

The purpose of the promissory Note was to secure the real estate mortgage loan borrowers equity in the property. Where there is a debt secured by a note, in turn secured by a lien, the note and the lien constitute separate obligations so that suit may be had on the note to obtain a personal judgment, and later suit may be had on the lien if the personal judgment is not satisfied. See [*Whittington v. Whittington*](#),

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853 SW 2d 193 - Tex: Court of Appeals, 9th Dist. 1993. The existence of the collateral would be immaterial to a suit for judgment on the debt. See [Garza v. Allied Finance Co.](#), 566 SW 2d 57 - Tex: Court of Civil Appeals, 13th Dist. 1978

To further the confusion, Stephen C. Porter provided an affidavit to a Texas Court stating the *note follows the mortgage*, See attached [affidavit](#). However, recent court rulings claim that is not a theory according to Texas courts.

Using the “*note follows the mortgage*” theory confessed by Stephen C. Porter. Once can take into account the actions of other actors in the law firm Barrett Daffin Frappier Turner & Engel, LLP⁹, which helped define definitions in §51.0001, Helped the Texas Supreme Court Task force, and make clear, concise statements that “*documents are made up*” and with such admissions, it should become clearer that the deed of trust is registered in the MERS eRegistry as a reference for “other” MERS members activities, and whether criminal or not MERS members did not adhere to Texas laws regarding real estate mortgage loans, but regarded their policies or industry standards as a better tool to be used instead. Nevertheless, it is an impossibility to utilize Texas Discovery Rules with an *electronic agent*, whether it is called a “*mortgage*”, “*book entry system*”, “*beneficiary*”, or “*nominee*”. When understanding that important bit of information, contempt of court can come to mind, or obstruction of justice may come to mind?

Ponder this;

"In connection with your answer to this issue, you are instructed that where a principal places an agent in such a situation that a person of ordinary prudence who is conversant with the business usages and the nature of the particular business would reasonably be led to believe that the agent has authority to perform acts customarily done in business of that kind, one who deals with the agent would be justified in believing that he has such authority."

If this were in reference to MERS, is the answer Yes? or No?

⁹ A.k.a. Barrett, Burke, Frappier, Daffin, and Wilson, LLP.

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Ponder this; [Black's law, 8th edition]

AGENCY

agency. 1. A fiduciary relationship created by express or implied contract or by law, in which one party (the agent) may act on behalf of another party (the principal) and bind that other party by words or actions. See AUTHORITY (1). [Cases: Principal and Agent 1. C.J.S. Agency §§ 2, 4–6, 23, 25–27, 33, 38–40, 58.]

“The basic theory of the agency device is to enable a person, through the services of another, to broaden the scope of his activities and receive the product of another's efforts, paying such other for what he does but retaining for himself any net benefit resulting from the work performed.” Harold Gill Reuschlein & William A. Gregory, *The Law of Agency and Partnership* § 1, at 3 (2d ed. 1990).

AGENT

agent. 1. Something that produces an effect <an intervening agent>. See CAUSE (1); ELECTRONIC AGENT. 2. One who is authorized to act for or in place of another; a representative <a professional athlete's agent>. — Also termed commissionaire. Cf. PRINCIPAL(1); EMPLOYEE. [Cases: Principal and Agent 1, 3. C.J.S. Agency §§ 2, 4–9, 11–16, 18, 23, 25–27, 33, 38–40, 58.]

“Generally speaking, anyone can be an agent who is in fact capable of performing the functions involved. The agent normally binds not himself but his principal by the contracts he makes; it is therefore not essential that he be legally capable to contract (although his duties and liabilities to his principal might be affected by his status). Thus an infant or a lunatic may be an agent, though doubtless the court would disregard either's attempt to act as if he were so young or so hopelessly devoid of reason as to be completely incapable of grasping the function he was attempting to perform.” Floyd R. Mechem, *Outlines of the Law of Agency* 8–9 (Philip Mechem ed., 4th ed. 1952).

“The etymology of the word agent or agency tells us much. The words are derived from the Latin verb, ago, agere; the noun agens, agentis. The word agent denotes one who acts, a doer, force or power that

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accomplishes things.” Harold Gill Reuschlein & William A. Gregory, *The Law of Agency and Partnership* § 1, at 2–3 (2d ed. 1990).

apparent agent. A person who reasonably appears to have authority to act for another, regardless of whether actual authority has been conferred. — Also termed ostensible agent. [Cases: Principal and Agent 99. C.J.S. Agency §§ 153–164.]

According to Black’s law, “*Generally speaking, anyone can be an agent who is in fact capable of performing the functions involved*”, defeats MERS actions as a natural person, capable of performing the functions of recording a deed of trust lien, assignment, transfer or release of a lien.

Ponder this;

*We are concerned with a contractual species of agency and the actual agreement between the parties must control the question of vicarious liability. Sir John Salmond, in his "Law of Torts" (6th ed.), p. 12, said, "Reason demands that a loss shall lie where it falls unless some good purpose is to be served by changing its incidence; * * *." It is generally considered that when one commits a wrong which causes another harm, this is a good reason for shifting the loss from the person injured to the one committing the wrongful act. When, however, one's servant commits the wrongful act and liability is asserted against the master, we have two situations in which liability may be imposed. The first situation is the one in which the harmful act is directed by the principal. A different principle of law is then applicable from that presented here. Newspapers, Inc. was exercising no control over the way Cargile was driving his automobile at the time of the accident. The second situation is premised upon the contractual relationship existing between those said to be master and servant.*¹⁰

Did the Texas Legislature really realize the Master was a corporate Principal and the Servant was an *electronic* agent when “*book entry system*” was added into the Texas Property code? How did the master and servant communicate?

¹⁰ [Newspapers, Inc. v. Love](#), 380 SW 2d 582 - Tex: Supreme Court 1964

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Did the Texas Legislature really realize that the “*book entry system*” was a Constitutional violation of a persons rights to depose a “book entry system”, which is also defined as a “*mortgagee*”, “*beneficiary*”, “*nominee*”, and “*holder of a security instrument*”?

Do the courts know that those responding to a request for admissions, request for interrogatories, or a request for production, or even a complaint filed against the “book entry system’ do not have a power of attorney from that “*electronic agent*” to provide such legal counsel? So, who is writing all that stuff? How did the electronic agent give instructions to the alleged counsel?

Has anyone tried to depose an electronic agent? Has anyone tried to depose a credit card machine? Has anyone tried to depose an ATM machine?

There is a serious Constitutional issue with “*book entry system*”, in Texas whether this thought has ever rolled around inside those pea brains out there.

Is it the same in your great State?

Peace be with you,

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Affidavit

CAUSE NO. 10-1093-C368

ALVIE CAMPBELL AND JULIE	§	IN THE DISTRICT COURT
CAMPBELL	§	
Plaintiffs,	§	
	§	
v.	§	368 th JUDICIAL DISTRICT
	§	
MORTGAGE ELECTRONIC	§	
REGISTRATION SYSTEMS, INC., AS	§	
NOMINEE FOR LENDER AND LENDER'S	§	
SUCCESSORS AND ASSIGNS, AND WELLS	§	
FARGO BANK, N.A., AND STEPHEN C.	§	
PORTER, AND DAVID SEYBOLD, AND	§	
RYAN BOURGEOIS, AND MATTHEW	§	
CUNNINGHAM, AND JOHN DOE 1-100	§	
Defendants.	§	WILLIAMSON COUNTY, TEXAS

AFFIDAVIT OF STEPHEN C. PORTER

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned Notary Public on this day personally appeared Stephen C. Porter, being duly sworn stated under oath, as follows:

“My name is Stephen C. Porter. I am over the age of eighteen years and competent to make this affidavit. I am an attorney licensed to practice law in the State of Texas, and I am Chief Litigation Counsel with the law firm of Barrett Daffin Frappier Turner & Engel, LLP (‘BDFTE’). With respect to my work for BDFTE, I am familiar with the firm’s client list, as well as the scope of work performed for the firm’s clients. I am also personally familiar with BDFTE’s past legal representation of Wells Fargo Bank, N.A. (‘Wells Fargo’) with respect to the foreclosure proceedings forming the basis of the above-styled suit.

BDFTE, its attorneys, including myself and Defendants David Seybold, Ryan Bourgeois, and its representative Matthew Cunningham, were retained by Wells Fargo as foreclosure counsel to commence foreclosure proceedings to enforce the mortgagee’s lien against the Property secured by the Note; and to provide Wells Fargo with legal representation in protecting its interests against those of Alvie Campbell and Julie Campbell. To the extent BDFTE or any of its attorneys or representatives mentioned herein had any contact or communication with Alvie Campbell and Julie Campbell, that contact or communication was conducted by BDFTE solely in our capacity as counsel for Wells Fargo. At no time has BDFTE or its attorneys or representatives had contact or communication with Alvie

Lien secured by Note?

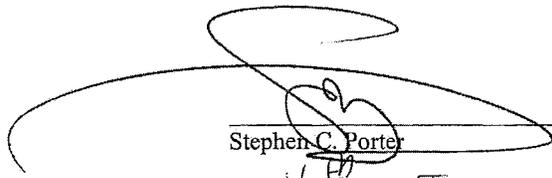
Affidavit of Stephen C. Porter



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Campbell and Julie Campbell other than in the capacity as 'legal counsel for Wells Fargo in an adverse relationship with Alvie Campbell and Julie Campbell.' ”

Further affiant sayeth not.



Stephen C. Porter

SWORN AND SUBSCRIBED before me this the 16th day of June 2011.



Notary Public In and For The State of Texas



**ELECTRONIC TRACKING AGREEMENT
WAREHOUSE LENDER**

Lender Org ID _____

Borrower Org ID _____

THIS ELECTRONIC TRACKING AGREEMENT dated as of _____, 20__ (this "Agreement") among _____ ("Lender"), MERSCORP Holdings, Inc. ("Electronic Agent"), Mortgage Electronic Registration Systems, Inc. ("MERS") and _____ ("Borrower").

WHEREAS, the Lender has agreed to extend a line of credit to the Borrower for the purpose of the Borrower lending money to potential homeowners for mortgage loans (the "Mortgage Loans") pursuant to the terms and conditions of a Mortgage Warehouse Loan and Security Agreement dated as of _____ between the Lender and Borrower, as amended from time to time (the "Agreement").

WHEREAS, the Borrower is obligated to pledge the Mortgage Loans to the Lender and also to service the Mortgage Loans pursuant to the terms and conditions of the _____ Agreement and to complete all actions necessary to cause the issuance and delivery to the Lender of the Mortgage Notes (the "Mortgage Notes"), and

WHEREAS, the Lender and the Borrower desire to have certain Mortgage Loans registered on the MERS® System (defined below) such that the mortgagee of record under each Mortgage (defined below) shall be identified as MERS;

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

1. Definitions.

Capitalized terms used in this Agreement shall have the meanings ascribed to them below.

"Affected Loans" shall have the meaning assigned to such term in Section 4(b).

"Assignment of Mortgage" shall mean, with respect to any Mortgage, an assignment of the Mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related mortgaged property is located to effect the assignment of the Mortgage upon recordation.

"Event of Default" shall mean a default that is not cured within the applicable grace period as defined in the _____ Agreement.

"MERS Procedures Manual" shall mean the MERS Procedures Manual attached as Exhibit B hereto, as it may be amended from time to time.

“MERS Designated Mortgage Loan” shall have the meaning assigned to such term in Section 3.

“MERS® System” shall mean the Electronic Agent’s mortgage electronic registry system, as more particularly described in the MERS Procedures Manual.

“Mortgage” shall mean a lien, mortgage or deed of trust securing a Mortgage Note.

“Mortgage Loan” shall mean each mortgage loan that is pledged by Borrower to Lender.

“Mortgage Loan Documents” shall mean the originals of the Mortgage Notes and other documents and instruments.

“Mortgage Note” shall mean a promissory note or other evidence of indebtedness of the obligor thereunder, representing a Mortgage Loan, and secured by the related Mortgage.

“Mortgagor” shall mean the obligor on a Mortgage Note.

“Notice of Default” shall mean a notice from the Lender that an Event of Default has occurred and is continuing.

“Opinion of Counsel” shall mean a written opinion of counsel in form and substance reasonably acceptable to the Lender.

“Person” shall mean any individual, corporation, company, voluntary association, partnership, joint venture, limited liability company, trust, unincorporated association or government (or any agency, instrumentality or political subdivision thereof).

2. Appointment of the Electronic Agent.

(a) The Lender and the Borrower, by execution and delivery of this Agreement, each does hereby appoint MERSCORP Holdings, Inc. as the Electronic Agent, subject to the terms of this Agreement, to perform the obligations set forth herein.

(b) MERSCORP Holdings, Inc., by execution and delivery of this Agreement, does hereby (i) agree with the Lender and the Borrower subject to the terms of this Agreement to perform the services set forth herein, and (ii) accepts its appointment as the Electronic Agent.

3. Designation of MERS as Mortgagee of Record; Designation of Investor and Servicer of Record in MERS.

The Borrower represents and warrants that (a) it has designated or shall designate MERS as, and has taken or will take such action as is necessary to cause MERS to be, the mortgagee of record, as nominee for the Borrower, with respect to the pledged Mortgage Loans in accordance with the MERS Procedures Manual and (b) it has designated or will **promptly** designate itself as the servicer or subservicer in the MERS® System for each such pledged Mortgage Loan (each

pledged Mortgage Loan, so designated is a “MERS Designated Mortgage Loan”), and has designated or will promptly designate the Lender as the interim funder on the MERS® System with respect to each MERS Designated Mortgage Loan.

4. Obligations of the Electronic Agent

(a) The Electronic Agent shall ensure that MERS, as the mortgagee of record under each MERS Designated Mortgage Loan, shall promptly forward all properly identified notices MERS receives in such capacity to the person or persons identified in the MERS® System as the servicer or if a subservicer is identified in the MERS® System, the subservicer for such MERS Designated Mortgage Loan.

(b) Upon receipt of a Notice of Default, in the form of Exhibit C, from the Lender in which the Lender shall identify the MERS Designated Mortgage Loans with respect to which the Borrower’s right to act as servicer or subservicer thereof has been terminated by the Lender (the “Affected Loans”), the Electronic Agent shall modify the investor fields and/or servicer fields to reflect the investor and/or servicer on the MERS® System as the Lender or the Lender’s designee with respect to such Affected Loans. Following such Notice of Default, the Electronic Agent shall follow the instructions of the Lender with respect to the Affected Loans without further consent of the Borrower, and shall deliver to the Lender any documents and/or information (to the extent such documents or information are in the possession or control of the Electronic Agent) with respect to the Affected Loans requested by the Lender.

(c) Upon the Lender’s request and instructions, and at the Borrower’s sole cost and expense, the Electronic Agent shall deliver to the Lender or the Lender’s designee, an Assignment of Mortgage from MERS, in blank, in recordable form but unrecorded with respect to each Affected Loan; provided however, that the Electronic Agent shall not be required to comply with the foregoing unless the costs of doing so shall be paid by the Borrower or a third party.

(d) The Electronic Agent shall promptly notify the Lender if it has actual knowledge that any mortgage, pledge, lien, security interest or other charge or encumbrance exists with respect to any of the Mortgage Loans. Upon the reasonable request of the Lender, the Electronic Agent shall review the field designated “interim funder” and shall notify the Lender if any Person (other than the Lender) is identified in the field designated “interim funder”.

(e) In the event that (i) the Borrower, the Electronic Agent or MERS shall be served by a third party with any type of levy, attachment, writ or court order with respect to any MERS Designated Mortgage Loan or (ii) a third party shall institute any court proceeding by which any MERS Designated Mortgage Loan shall be required to be delivered otherwise than in accordance with the provisions of this Agreement, the Electronic Agent shall promptly deliver or cause to be delivered to the other parties to this Agreement copies of all court papers, orders, documents and other materials concerning such proceedings.

(f) Upon the request of the Lender, the Electronic Agent shall run a query with respect to any and all specified fields with respect to any or all of the MERS Designated

Mortgage Loans and, if requested by the Lender, shall change the information in such fields in accordance with the Lender's instructions.

(g) MERS, as mortgagee of record for the MERS Designated Mortgage Loans, shall take all such actions as may be required by a mortgagee in connection with servicing the MERS Designated Mortgage Loans at the request of the applicable servicer identified on the MERS® System, including, but not limited to, executing and/or recording, any modification, waiver, subordination agreement, instrument of satisfaction or cancellation, partial or full release, discharge or any other comparable instruments, at the sole cost and expense of the Borrower.

(h) MERS may cause certain officers of the Lender to be appointed officers of MERS, with authority to wield all of the powers specified in the corporate resolution of MERS, with respect to the MERS Designated Mortgage Loans. The corporate resolution may be modified, amended, replaced, or revoked, and any authorizations and powers specified therein may be subject to change.

5. Access to Information.

Upon the Lender's request, the Electronic Agent shall furnish the Lender or its auditors information in its possession with respect to the MERS Designated Mortgage Loans and shall permit them to inspect the Electronic Agent's and MERS' records relating to the MERS Designated Mortgage Loans at all reasonable times during regular business hours.

6. Representations of the Electronic Agent and MERS.

The Electronic Agent and MERS hereby represent and warrant as of the date hereof that:

(a) each of the Electronic Agent and MERS has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under this Agreement, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Agreement;

(b) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement;

(c) this Agreement has been duly executed and delivered on behalf of the Electronic Agent and MERS and constitutes a legal, valid and binding obligation of the Electronic Agent and MERS enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in proceedings in equity or at law);

(d) the Electronic Agent and MERS will maintain at all times insurance policies for fidelity and errors and omissions in amounts of at least three million dollars (\$3,000,000) and five million dollars (\$5,000,000) respectively, and a certificate and policy of the insurer shall be

furnished to the Lender upon request and shall contain a statement of the insurer that such insurance will not be terminated prior to 30 days' written notice to the Lender.

7. Covenants of MERS.

MERS shall (a) not incur any indebtedness other than in the ordinary course of its business, (b) not engage in any dissolution, liquidation, consolidation, merger or sale of assets, (c) not engage in any business activity in which it is not currently engaged, (d) not take any action that might cause MERS to become insolvent, (e) not form, or cause to be formed, any subsidiaries, (f) maintain books and records separate from any other person or entity, (g) maintain its bank accounts separate from any other person or entity, (h) not commingle its assets with those of any other person or entity and hold all of its assets in its own name, (i) conduct its own business in its own name, (j) pay its own liabilities and expenses only out of its own funds, (k) observe all corporate formalities, (l) enter into transactions with affiliates only if each such transaction is intrinsically fair, commercially reasonable, and on the same terms as would be available in an arm's length transaction with a person or entity that is not an affiliate, (m) pay the salaries of its own employees from its own funds, (n) maintain a sufficient number of employees in light of its contemplated business operations, (o) not guarantee or become obligated for the debts of any other entity or person, (p) not hold out its credit as being available to satisfy the obligation of any other person or entity, (q) not acquire the obligations or securities of its affiliates or owners, including partners, members or shareholders, as appropriate, (r) not make loans to any other person or entity or buy or hold evidence of indebtedness issued by any other person or entity (except for cash and investment-grade securities), (s) allocate fairly and reasonably any overhead expenses that are shared with an affiliate, including paying for office space and services performed by any employee of any affiliate, (t) use separate stationery, invoices, and checks bearing its own name, (u) not pledge its assets for the benefit of any other person or entity, (v) hold itself out as a separate identity, (w) correct any known misunderstanding regarding its separate identity, (x) not identify itself as a division of any other person or entity, and (y) maintain adequate capital in light of its contemplated business operations.

MERS agrees that in no event shall MERS' status as mortgagee of record with respect to any MERS Designated Mortgage Loan confer upon MERS any rights or obligations as an owner of any MERS Designated Mortgage Loan or the servicing rights related thereto, and MERS will not exercise such rights unless directed to do so by the Lender.

8. Covenants of Borrower.

(a) The Borrower covenants and agrees with the Lender that with respect to each MERS Designated Mortgage Loan, it will not identify any party except the Lender in the field "interim funder" on the MERS® System.

(b) Borrower will provide the Lender with a Mortgage Identification Number (“MIN”) for each MERS Designated Mortgage Loan that the Lender has extended credit on for which MERS is the mortgagee of record.

9. No Adverse Interest of the Electronic Agent or MERS.

By execution of this Agreement, the Electronic Agent and MERS each represents and warrants that it currently holds, and during the existence of this Agreement shall hold, no adverse interest, by way of security or otherwise, in any MERS Designated Mortgage Loan. The MERS Designated Mortgage Loans shall not be subject to any security interest, lien or right to set-off by the Electronic Agent, MERS, or any third party claiming through the Electronic Agent or MERS, and neither the Electronic Agent nor MERS shall pledge, encumber, hypothecate, transfer, dispose of, or otherwise grant any third party interest in, the MERS Designated Mortgage Loans.

10. Indemnification of the Lender.

The Electronic Agent agrees to indemnify and hold the Lender and its designees harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements, including reasonable attorneys’ fees, that the Lender may sustain arising out of any breach by the Electronic Agent of this Agreement, the Electronic Agent’s negligence, bad faith or willful misconduct, its failure to comply with the Lender’s instructions hereunder or to the extent caused by delays or failures arising out of the inability of the Lender or the Electronic Agent to access information on the MERS® System. The foregoing indemnification shall survive any termination or assignment of this Agreement.

11. Reliance of the Electronic Agent.

(a) In the absence of bad faith on the part of the Electronic Agent, the Electronic Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any request, instruction, certificate or other document furnished to the Electronic Agent, reasonably believed by the Electronic Agent to be genuine and to have been signed or presented by the proper party or parties and conforming to the requirements of this Agreement.

(b) Notwithstanding any contrary information which may be delivered to the Electronic Agent by the Borrower, the Electronic Agent may conclusively rely on any information or Notice of Default delivered by the Lender, and the Borrower shall indemnify and hold the Electronic Agent harmless for any and all claims asserted against it for any actions taken in good faith by the Electronic Agent in connection with the delivery of such information or Notice of Default.

12. Fees.

It is understood that the Electronic Agent or its successor will charge such fees and expenses for its services hereunder as set forth in a separate agreement between the Electronic Agent and the Borrower. The Electronic Agent shall give prompt written notice of any disciplinary action instituted with respect to the Borrower's failure to pay any fees required in connection with its use of the MERS® System, and will give written notice at least thirty (30) days prior to any revocation of the Borrower's membership in the MERS® System.

13. Resignation of the Electronic Agent; Termination.

(a) The Lender has entered into this Agreement with the Electronic Agent and MERS in reliance upon the independent status of the Electronic Agent and MERS, and the representations as to the adequacy of their facilities, personnel, records and procedures, its integrity, reputation and financial standing, and the continuance thereof. Neither the Electronic Agent nor MERS shall assign this Agreement or the responsibilities hereunder or delegate their rights or duties hereunder (except as expressly disclosed in writing to, and approved by, the Lender) or any portion hereof or sell or otherwise dispose of all or substantially all of its property or assets without providing the Lender with at least 60 days' prior written notice thereof.

(b) Neither the Electronic Agent nor MERS shall resign from the obligations and duties hereby imposed on them except by mutual consent of the Electronic Agent, MERS and the Lender, or upon the determination that the duties of the Electronic Agent and MERS hereunder are no longer permissible under applicable law and such incapacity cannot be cured by the Electronic Agent and MERS. Any such determination permitting the resignation of the Electronic Agent and MERS shall be evidenced by an Opinion of Counsel to such effect delivered to the Lender which Opinion of Counsel shall be in form and substance acceptable to the Lender. No such resignation shall become effective until the Electronic Agent and MERS have delivered to the Lender all of the Assignments of Mortgage, in blank, in recordable form but unrecorded for each MERS Designated Mortgage Loan identified by the Lender as collateralized by the Lender.

14. Removal of the Electronic Agent.

(a) The Lender, with or without cause, may remove and discharge the Electronic Agent and MERS from the performance of its duties under this Agreement with respect to some or all of the MERS Designated Mortgage Loans by written notice from the Lender to the Electronic Agent and the Borrower.

(b) In the event of termination of this Agreement, at the Borrower's sole cost and expense, the Electronic Agent shall follow the instructions of the Lender for the disposition of the documents in its possession pursuant to this Agreement, and deliver to the Lender an Assignment of Mortgage, in blank, in recordable form but unrecorded for each MERS Designated Mortgage Loan identified by the Lender as collateralized by the Lender. Notwithstanding the foregoing, in the event that the Lender terminates this Agreement with

respect to some, but not all, of the MERS Designated Mortgage Loans, this Agreement shall remain in full force and effect with respect to any MERS Designated Mortgage Loans for which this Agreement is not terminated hereunder. Notwithstanding any termination of this Agreement, the provisions of Section 10 shall survive any termination.

15. Notices.

All written communications hereunder shall be delivered, via facsimile or by overnight courier, to the Electronic Agent and/or the Lender and/or the Borrower as indicated on the signature page hereto, or at such other address as designated by such party in a written notice to the other parties. All such communications shall be deemed to have been duly given when transmitted by facsimile, or in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

16. Term of Agreement.

(a) This Agreement shall continue to be in effect until terminated by either the Lender or the Electronic Agent sending written notice to the other parties of this Agreement at least thirty (30) days prior to said termination.

(b) Upon the termination of this Agreement by the Electronic Agent, the Electronic Agent shall, at the Electronic Agent's sole cost and expense, execute and deliver to the Lender or its designee an Assignment of Mortgage with respect to each MERS Designated Mortgage Loan identified by the Lender, in blank, in recordable form but unrecorded. In the event that this Agreement is terminated by the Lender, the duties of the Electronic Agent in the preceding sentence shall be at the sole cost and expense of the Borrower. In addition, the Lender and the Electronic Agent may, at the sole option of the Lender, enter into a separate agreement which shall be mutually acceptable to the parties with respect to any or all of the MERS Designated Mortgage Loans with respect to which this Agreement is terminated.

17. Authorizations.

Any of the persons whose signatures and titles appear on Exhibit A hereto are authorized, acting singly, to act for the Lender, the Borrower or the Electronic Agent, as the case may be, under this Agreement. The parties may change the information on Exhibit A hereto from time to time but each of the parties shall be entitled to rely conclusively on the then current exhibit until receipt of a superseding exhibit.

18. Amendments.

This Agreement may be amended from time to time only by written agreement of the Lender, the Borrower and the Electronic Agent.

19. Severability.

If any provision of this Agreement is declared invalid by any court of competent jurisdiction, such invalidity shall not affect any other provision, and this Agreement shall be enforced to the fullest extent required by law.

20. Binding Effect.

This Agreement shall be binding and inure to the benefit of the parties hereto and their respective successors and assigns.

21. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY THE LAW OF THE COMMONWEALTH OF VIRGINIA.

THE LENDER, THE BORROWER, THE ELECTRONIC AGENT AND MERS EACH IRREVOCABLY AGREES THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR IN ANY MANNER RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY COURT OF THE COMMONWEALTH OF VIRGINIA, OR IN THE U.S. DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, AND BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT EXPRESSLY AND IRREVOCABLY ASSENT AND SUBMIT TO THE NONEXCLUSIVE JURISDICTION OF ANY SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING.

22. Waiver of Jury Trial.

THE LENDER, THE BORROWER, THE ELECTRONIC AGENT AND MERS EACH IRREVOCABLY AGREES TO WAIVE ITS RIGHT TO A JURY TRIAL IN ANY ACTION OR PROCEEDING AGAINST IT ARISING OUT OF, OR RELATED IN ANY MANNER TO, THIS AGREEMENT OR ANY RELATED AGREEMENT.

23. Execution.

This Agreement may be executed in one or more counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed to be an original; such counterparts, together, shall constitute one and the same agreement.

24. Cumulative Rights.

The rights, powers and remedies of the Electronic Agent, MERS, the Borrower and the Lender under this Agreement shall be in addition to all rights, powers and remedies given to the Electronic Agent, MERS, the Borrower and the Lender by virtue of any statute or rule of law, or

any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the Lender's rights in the Mortgage Loans.

25. Status of Electronic Agent.

Nothing herein contained shall be deemed or construed to create a partnership, joint venture between the parties hereto and the services of the Electronic Agent and MERS shall be rendered as independent contractors for the Lender and the Borrower. Other than the obligations of the Electronic Agent and MERS expressly set forth herein, the Electronic Agent and MERS shall have no power or authority to act as agent for the Lender or the Borrower pursuant to any grant of authority made under or pursuant to this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Lender, the Borrower, the Electronic Agent and MERS have duly executed this Agreement as of the date first above written.

_____,
as Borrower

By: _____

Name:

Title:

Address for Notices:

Attention: _____

Telecopier No.: _____

Telephone No.: _____

_____,
as Lender

By: _____

Name:

Title:

Address for Notices:

Attention: _____

Telecopier No.: _____

Telephone No.: _____

[ELECTRONIC AGENT AND MERS SIGNATURE PAGE TO
ELECTRONIC TRACKING AGREEMENT]

ELECTRONIC AGENT:

MERSCORP HOLDINGS, INC.

By: _____
Name: Daniel R. McLaughlin
Title: Executive Vice President

Address for Notices:

MERSCORP Holdings, Inc.
1818 Library Street, Suite 300
Reston, VA 20190
Attention: Sharon McGann Horstkamp, Esq.
Telephone No.: (703) 761-1270
Facsimile No.: (703) 748-0183

MERS:

**MORTGAGE ELECTRONIC
REGISTRATION SYSTEMS, INC.**

By: _____
Name: Sharon McGann Horstkamp
Title: Corporate Secretary

Address for Notices:

Mortgage Electronic Registration Systems, Inc.
1818 Library Street, Suite 300
Reston, VA 20190
Attention: Sharon McGann Horstkamp, Esq.
Telephone No.: (703) 761-1270
Facsimile No.: (703) 748-0183

EXHIBIT A

LIST OF AUTHORIZED PERSONS

LENDER AUTHORIZATIONS:

Any of the persons whose signatures and titles appear below, or attached hereto, are authorized, acting singly, to act for the Lender under this Agreement:

By: _____ By: _____ By: _____

Name: _____ Name: _____ Name: _____

Title: _____ Title: _____ Title: _____

BORROWER AUTHORIZATIONS:

Any of the persons whose signatures and titles appear below, or attached hereto, are authorized, acting singly, to act for the Borrower under this Agreement:

By: _____ By: _____ By: _____

Name: _____ Name: _____ Name: _____

Title: _____ Title: _____ Title: _____

EXHIBIT A CONTINUED

LIST OF AUTHORIZED PERSONS

ELECTRONIC AGENT AUTHORIZATIONS:

Any of the persons whose signatures and titles appear below, or attached hereto, are authorized, acting singly, to act for the Electronic Agent under this Agreement:

By: _____
Daniel R. McLaughlin
Executive Vice President

By: _____
Sharon McGann Horstkamp
Vice President

MERS AUTHORIZATIONS:

Any of the persons whose signatures and titles appear below, or attached hereto, are authorized, acting singly, to act for MERS under this Agreement:

By: _____
Sharon McGann Horstkamp
Corporate Secretary

By: _____
Name: _____
Title: _____

EXHIBIT B
MERS PROCEDURES MANUAL

Shall be found on the MERS website at: <http://www.mersinc.org>

EXHIBIT C

NOTICE OF DEFAULT

Attention: Sharon M. Horstkamp
MERSCORP Holdings, Inc.
1818 Library Street, Suite 300
Reston, Virginia 20190

Ladies and Gentlemen:

Please be advised that this Notice of Default is being issued pursuant to Section 4(b) of that certain Electronic Tracking Agreement (the "Electronic Tracking Agreement"), dated as of _____, 200_, by and among _____ (the "Lender"), the _____ (the "Borrower"), MERSCORP Holdings, Inc. (the "Electronic Agent") and Mortgage Electronic Registration Systems, Inc. ("MERS"). The Affected Loans are listed on the attached Schedule 1 (including the mortgage identification numbers). Accordingly, the Electronic Agent shall not accept instructions from the Borrower, the Servicer, any subservicer and from no party other than the Lender with respect to such Mortgage Loans, until otherwise notified by the Lender.

Any terms used herein and not otherwise defined shall have such meaning specified in the Electronic Tracking Agreement.

By: _____
Title: _____