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Forensic Mortgage Analysis and Discovery

Colin Davis
ForeclosureDiscovery.Net
Pacheco, CA
94553

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James R. Smith
565 Main Street
Irvine, CA 92620

Re: Forensic analysis of documents of title, Mortgage Note and Merrill Lynch Mortgage Investors Trust Series 2006-WMC1 trust indentures.

Dear Mr. Smith,

You provided me with copies of the following documents for my inspection and analysis:

- **Adjustable Rate Note** to: SRI Mortgage in the amount of \$562,000 dated 11-8-2005
- **Deed of Trust** MIN No. 200221236547895215 securing Note dated 11-8-2005
- **Assignment of Deed of Trust** to WMC Mortgage dated 11-8-2005
- **Assignment of Deed of Trust** to MERS dated 12-1-2005
- **Assignment of Deed of Trust** to Wells Fargo Bank as Trustee for MLMI Trust Series 2006-WMC1 dated 10-18-2007

You also provided me with a bankruptcy schedule and a proof of claim form related to case 8:11-BK-22061-RK. I analyzed each of these documents and also analyzed the publicly available Securities and Exchange Commission ("SEC") filings related to the Merrill Lynch Mortgage Investors MLMI 2006-WMC-1 REMIC trust.

The Merrill Lynch Mortgage Investors Trust Series 2005-WMC1 trust's indentures such as the Pooling and Servicing Agreement ("PSA") and other related SEC filings can be found online here:

PSA <http://www.secinfo.com/dsvr4.v2cz.d.htm>

Prospectus <http://www.secinfo.com/dsvr4.v1jf.htm>

Sale and Assignment Agreement <http://www.secinfo.com/dsvr4.v2cz.c.htm>

10K <http://www.secinfo.com/d1Z7kr.u18t.htm#1stPage>

8K <http://www.secinfo.com/dsvr4.v2cz.htm>

The documents of title and related securitization contracts and indentures that I analyzed leads me to the clear conclusion that the documents do not evidence any rights to title or rights to collect or foreclose by Wells Fargo Bank as Trustee. My conclusion is based on the following analysis.

Assignments of deed of trust:

Mr. Smith, you signed a Deed of Trust and a Promissory Note granting rights to collect monies due and to foreclose upon any default to SRI Mortgage Corporation. According to the proof of claim entered into your bankruptcy case, the party seeking relief from stay and asserting the right to foreclose is Wells Fargo Bank as Trustee for MLMI Trust Series 2006-WMC1. In this instance, Wells Fargo Bank is a trustee for a Mortgage Backed Securities trust, classified as a REMIC trust by the Internal Revenue Service under U.S. Code Title 26 - 860 (a-g).

Mortgage notes and related security agreements are assignable in the secondary mortgage market, meaning a potential assignee may inherit the rights of your original lender. According to the record, your loan was intended to be securitized into a REMIC trust around the time of December 1st, 2005 when WMC Mortgage executed an assignment to MERS. According to the documents you provided, and the registered SEC disclosures, the following operations were intended to take place:

11-8-2005: SRI Mortgage extended credit on your behalf.

11-8-2005: Assignment 1 - SRI sells your loan to WMC Mortgage.

12-1-2005: Assignment 2 - WMC Mortgage initiates securitization deal transferring the note to Merrill Lynch Mortgage Lending Inc. as Seller-Sponsor and assigning the deed of trust to MERS.

1-1-2006: Internal transfer of note to Merrill Lynch Mortgage Investors Inc. as Depositor.

1-1-2006: Cut off date for internal assignment of note to Wells Fargo Bank as Trustee.

2-14-2006: MLMI 2006-WMC-1 REMIC trust is closed and sells securities backed by your obligation along with several thousand other loans.

Because the controversial MERS system was used in regards to your loan, no public assignments of the deed of trust were recorded in the county recorder's office until 1-29-2008 when the third known assignment was recorded evidencing a transfer of interest to Wells Fargo Bank as Trustee. Assignments 1 and 2 were apparently held privately and not recorded. Although possibly not fatal to a transfer of rights to title, which travels with the note, these two private pre-securitization assignments are troubling in that they are facially defective for a number of reasons.

The first assignment to WMC Mortgage was apparently witnessed by two parties whose names are not printed, and signatures are illegible. A notary's stamp appears, but the Jurat is missing. No execution or notarization dates appear. This document is not eligible for recording in California.

The second, unrecorded assignment into the MERS system appears to have been properly executed and notarized, but fails to list the subject loan and MIN number required by MERS rules.

The third assignment to Wells Fargo Bank as Trustee, which was recorded in the Orange County Recorder's office, is untrue and incorrect in substance, therefore not duly recorded, and does not evidence any rights to title by the purported assignee. Because this third assignment is the document Wells Fargo is relying upon to foreclose or collect, my analysis focused heavily on this document. As an aside, both the executing party Treva Moreland and notary Melissa Tomlin appear on other publicly recorded documents in other employment positions leading me to believe they are each "robo-signers", further invalidating the document.

According to this third assignment, the final assignee is Wells Fargo N.A. as Trustee for Merrill Lynch Mortgage Investors Trust Series 2006-WMC1. According to the Securities and Exchange Commission ("SEC"), where this trust registered its Pooling and Servicing Agreement (PSA), this trust was closed on February 14, 2006 and was restricted from taking any further contributions outside of a short grace period. The assignment you provided to me was executed on 10-18-2007, which is more than 1.5 years after the trust was closed and restricted from taking further contributions.

The PSA allows for MERS to assign beneficial interest in deeds of trust or mortgages through its internal system, but promissory notes, which carry title in CA, must be transferred by hand to Wells Fargo Bank N.A. by Merrill Lynch Mortgage Investors Inc., the Depositor, by the cut off date of January 1st, 2006. MERS is not an agent for this depositor according to their member list located at <https://www.mersonline.org/mers/mbrsearch/validatembrsearch.jsp> and it is well known that MERS does not transfer notes. See <http://www.chinkthearmor.net/> for MERS cases.

Therefore the language on the assignment which states that the note was transferred by MERS to Wells Fargo is untrue and impossible under the PSA. If there was a transfer of this loan to the trust, this assignment is not evidence of it; this assignment is an after-the-fact fabrication.

Although the assignments may be defective, in California, title is ultimately vested with the transferee of promissory notes, not deeds of trust or mortgages, but rights to foreclose are dependant on recorded interest given in a deed of trust, mortgage or assignment of the same (See Ca. Civ Code 2924, 2932.5). Documents of title including the recorded assignment to Wells Fargo Bank as Trustee must be duly recorded, meaning true in form and substance. In your case, since the assignment to Wells Fargo as Trustee is defective, Wells Fargo is not the beneficiary of record and may not commence non-judicial foreclosure proceedings under Ca. Civ. Code 2924.

Transfer of the promissory note

You also provided me with the copy of the promissory note that Wells Fargo entered into your bankruptcy case as proof of claim. This note is payable to the original lender, SRI Mortgage, long since paid off, and is missing any endorsements as required by the PSA, and the Uniform Commercial Code.

The PSA contemplates a physical transfer of the promissory notes into the multi-party securitization platform with each party endorsing the notes in turn.

Order of transfer of notes: Originator- Seller – Depositor – Trustee

WMC Mortgage Corp. - Transferor - Originator
Merrill Lynch Mortgage Lending Inc. - Seller – Sponsor
Merrill Lynch Mortgage Investors Inc. – Depositor
Wells Fargo Bank N.A. – Trustee
Wilshire Credit Corporation – Servicer

The language in the PSA describing how notes are to be transferred into the trust in order to satisfy New York trust law is clear. Excerpts follow:

Section 2.01. Conveyance of Mortgage Loans. Representations and Warranties.

2.01. Conveyance of Mortgage Loans.

The Depositor, concurrently with the execution and delivery hereof, does hereby sell, transfer, assign, set over and convey to the Trustee without recourse all the right, title and interest of the Depositor in and to the assets of the Trust Fund. Such assignment includes all interest and principal received on or with respect to the Mortgage Loans on or after the Cut-off Date (other than Scheduled Payments due on the Mortgage Loans on or before the Cut-off Date).

In connection with such assignment, the Depositor does hereby deliver to, and deposit with, the Trustee (or its custodian), the following documents or instruments with respect to each Mortgage Loan:

(A) The original Mortgage Note endorsed in blank or, "Pay to the order of Wells Fargo Bank, N.A., as trustee, without recourse" together with all riders thereto. The Mortgage Note shall include all intervening endorsements showing a complete chain of the title from the originator to [_____] or "Pay to the order of Wells Fargo Bank, N.A., as trustee, without recourse."

To the extent any required endorsement is not contained on a Mortgage Note or an Assignment of Mortgage, the Depositor shall make or cause such endorsement to be made.

2.02. Acceptance by the Trustee of the Mortgage Loans.

"Except as set forth in the exception report delivered contemporaneously herewith (the "Exception Report"), the Trustee acknowledges receipt of the Mortgage Note for each Mortgage Loan and delivery of a Mortgage File (but does not acknowledge receipt of all documents required to be included in such Mortgage File) with respect to each Mortgage Loan and declares that it (or its custodian, on its behalf) holds and will hold such documents and any other documents constituting a part of the Mortgage Files delivered to it in trust for the use and benefit of all present and future Certificateholders..."

Clearly, it is only the depositor, Merrill Lynch Mortgage Investors Inc., who may assign the mortgage notes, not MERS, not WMC, and not any other party. Language in the third assignment which refers to the transfer of the Note is clearly out of line with the securitized trust's indentures.

The PSA also describes the way in which notes will be endorsed and how they will bear intervening endorsements. A legally transferred note, in this case, should bear an endorsement from each of SRI Mortgage, WMC Mortgage, Merrill Lynch Mortgage Lending, and Merrill Lynch Mortgage Investors Inc. The note provided as proof of claim was missing every one of these endorsements, therefore Wells Fargo Bank as Trustee is not vested with title, is not a beneficiary, and has no right to collect or foreclose under California law.

The mandatory chain of title is between the above listed parties. There is no arrangement under the trust indentures which allows WMC Mortgage or its agent MERS to assign any mortgage notes directly to the Trustee of this trust, Wells Fargo Bank NA. Additionally, even though the PSA contemplates the use of the MERS system for privately recording interest, there is no allowance whatsoever in the PSA for MERS to assign anything to the trust, especially after the trust is closed.

New York Trust law is clear and explicit in this regard. See *Horace v. LaSalle National Association* Dist. Court, MD Alabama, 2009. A breach of a New York indenture trust's PSA in regards to a transfer of notes renders the trustee without title to such property. Acceptance of interest granted to the trustee in an assignment does constitute an act by the trustee outside of the PSA and is therefore void.

You may also want to review the Mortgage Loan Sale and Assignment Agreement, linked above, which further describes the sale and purchase of the mortgages, deeds of trust and notes from the seller, to the depositor and to the trustee.

If you seek more clarification or additional research, feel free to contact me.

Colin Davis
