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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

U.S. MORTGAGE CORP.,

Debtor.

PICATINNY FEDERAL CREDIT UNION,

Plaintiff,

v.

U.S. MORTGAGE CORP., and CU NATIONAL  
MORTGAGE, LLC, a division of U.S.  
MORTGAGE CORP.,

Defendants.

Case No. 09-14301 (RG)

Chapter 11

Honorable Rosemary Gambardella

Adversary No. \_\_\_\_\_

**VERIFIED COMPLAINT FOR  
TEMPORARY RESTRAINTS AND  
INJUNCTIVE RELIEF**

Plaintiff Picatinny Federal Credit Union ("Picatinny"), by way of Complaint  
against defendants U.S. Mortgage Corp. ("U.S. Mortgage") and CU National Mortgage, LLC  
("CU National"), a division of U.S. Mortgage Corp., says:

**INTRODUCTION**

1. This action arises from a massive multi-million dollar fraud that CU  
National, a division of U.S Mortgage and the servicer of loans for members of Picatinny, and

U.S Mortgage Corp. perpetrated on Picatinny by selling 58 Picatinny mortgage loans totaling \$14,104,384.18 to the Federal National Mortgage Association ("Fannie Mae") without Picatinny's knowledge or authorization and without paying the proceeds of the sale to Picatinny.

2. As of its December 31, 2008 monthly trial balance report, which CU National prepared and provided to Picatinny to identify for Picatinny the loans it was servicing that were held in Picatinny's loan portfolio, CU National allegedly was servicing 281 Picatinny loans totaling \$47,244,364.70.

3. In late January 2009, Picatinny learned from sources other than CU National that CU National sold Picatinny loans to Fannie Mae without Picatinny's knowledge or authorization and failed to remit the proceeds of those sales to Picatinny. Notwithstanding its sale of these loans to Fannie Mae, CU National falsely represented to Picatinny on its monthly reports that these loans were still in Picatinny's portfolio.

4. On January 30, 2009, Picatinny demanded that CU National identify the specific loans in Picatinny's portfolio that CU National sold without Picatinny's knowledge or authorization, make its books and records pertaining to each such loan available for Picatinny's inspection, and remit the monthly payment of all monies collected in connection with all loans in Picatinny's portfolio, which was overdue under the parties' written agreement.

5. CU National did not provide any documents or information in response to Picatinny's request. As a result, on February 10, 2009, Picatinny advised CU National that CU National had materially breached the parties' agreement and demanded that, as a direct and proximate result of the material breaches and its fraud, CU National turn over all documents and information relating to these loans to Picatinny or its new servicer.

6. The immediate need for the release of these files and information is that, because CU National was not honestly and properly servicing Picatinny's loans as evidenced by

its fraudulent monthly reports, loan payments made by members of Picatinny may not have been credited to members' loans when, in fact, the members have timely made the required payments. Making matters worse, Picatinny is concerned that CU National is no longer making payments of taxes and insurance on the property securing the loans made to Picatinny members, even though the members had made those payments to CU National and had sufficient funds in their escrow accounts for CU National to make such payments.

7. Instead of attempting to mitigate the catastrophic damages it has caused to Picatinny and its members, and cooperate expeditiously in the release of the loan files and information to Picatinny's new servicer, CU National has decided to hold Picatinny's loan files and information hostage and demanded payment for their release. According to CU National's counsel, CU National is entitled to retain and sell the servicing rights it received under its written agreement with Picatinny and the related loan files and documents even though CU National has materially breached that agreement by selling approximately 20% of Picatinny's loan portfolio without Picatinny's knowledge and authorization and retaining the proceeds from those sales, and failing to pay the January and February 2009 remittances due and owing, which is approximately \$800,000.00.

8. Because CU National's and U.S Mortgage's material breaches of the parties' agreement and outrageously fraudulent conduct entitles Picatinny to rescind any servicing rights that were granted to CU National and U.S. Mortgage under the parties' agreement, Picatinny seeks a preliminary injunction: (1) compelling the release and turnover to Picatinny or its servicer of all original files, documents, reports and other information relating to the loans for which CU National and U.S. Mortgage provided servicing; (2) an accounting of all funds currently held by CU National and U.S. Mortgage that in any way relate to loans that were being serviced by them and the immediate turnover of those funds to Picatinny or its new

servicer; and (3) for any and all related relief necessary or appropriate to effectuate the purpose and carry out the intent of the relief granted by this Court. To the extent required, Picatinny also seeks stay relief pursuant to 11 U.S.C. §362(d)(1) for cause, for the reasons set forth in this Verified Complaint and the supporting papers.

### **PARTIES**

9. Plaintiff Picatinny is a federal credit union organized under the laws of the United States and maintains a principal place of business at 100 Mineral Springs Road, Dover, New Jersey. Picatinny was established in 1939 at Picatinny Arsenal in Dover, New Jersey and currently has 15,659 members.

10. Defendant U.S. Mortgage is a corporation organized and existing under the laws of the State of New Jersey and maintains a principal place of business at 19 D Chapin Road, Pine Brook, New Jersey. Defendant CU National is, upon information and belief, currently a division of U.S. Mortgage. Accordingly, U.S. Mortgage and CU National are described and defined as including each other.

### **JURISDICTION AND VENUE**

11. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§157 and 1334.

12. This matter is a non-core, related to proceeding. Picatinny consents to the entry of final orders or judgment by the Bankruptcy Court in this adversary proceeding.

13. This matter is brought pursuant to Federal Rule of Bankruptcy Procedure 7001(7).

14. Venue is properly fixed in this Court pursuant to 28 U.S.C. §1409.

15. U.S. Mortgage (sometimes also referred to as the "Debtor") is currently in possession of its properties and operation of its business as Debtor-in-Possession under Chapter 11 of the Bankruptcy Code.

16. No trustee or official committee of unsecured creditors has been appointed in the Debtor's Chapter 11 case.

### **FACTUAL BACKGROUND**

#### **CU National's Loan Production and Servicing Obligations**

17. Effective July 1, 1999, Picatinny and CU National, then a limited liability company, entered into a Credit Union Support Services and Correspondent Mortgage Lending Agreement (hereinafter "the Agreement"). A copy of the Agreement is attached as Exhibit A.

18. Pursuant to the Agreement, CU National agreed to provide Loan Production Services and Loan Servicing to Picatinny.

19. For purposes of the Agreement, CU National's Loan Production Services included, among other things, counseling Picatinny members on obtaining real estate financing from Picatinny, taking information from the member and filling out the loan application, analyzing the member's income and debt and pre-qualifying the member to determine the maximum mortgage the member could afford, collecting financial information on the member, ordering various documents necessary to verify the employee's income and source of deposit as well as appraisals and engineering reports, maintaining contact with the member and Picatinny during the loan approval process, and scheduling and participating a closing of the loan.

20. For purposes of the Agreement, CU National's Loan Servicing responsibilities included the performance of all duties that are necessary or incidental to the servicing of all mortgage loans on behalf of Picatinny.

21. Pursuant to subsection (a) of the Agreement under the heading "Loan Servicing," CU National agreed to service loans for Picatinny loans as follows:

- (i) CU NATIONAL shall service the loans in accordance with the same practices that prudent mortgage servicers would follow who service mortgage loans of the same type, or, if applicable, in accordance with the Credit Union's policies and procedure manual, regardless of when the loans were produced or when the CU NATIONAL acquired its servicing rights to the loans.
- (ii) CU NATIONAL shall remit to the Credit Union all principal and interest, principal prepayment and loan payoffs collected which apply to the mortgage and note held by the Credit Union less CU NATIONAL's servicing fee. CU NATIONAL will be entitled to collect and retain all applicable late fees, bounced check charges, overline account fees assessed and any other applicable fees obtained in the course of servicing loans for the Credit Union pursuant to its ownership in the loan servicing rights.
- (iii) CU NATIONAL's remittance to the Credit Union shall be by electronic funds transferred or by check on the twentieth (20<sup>th</sup>) calendar day of each month or on a certain date as otherwise agreed upon by the parties.
- (iv) CU NATIONAL shall keep full and complete records pertaining to each loan, the collection made and disbursements made for the distribution of principal, interest, principal prepayment or loan payoffs. During the period of this Agreement, CU NATIONAL shall give reasonable access to all books and records pertain to the applicable mortgage loan to the Credit Union or their authorized representative.

22. The Agreement did not authorize CU National to sell any Picatinny loans or to execute allonges to notes, assignments of mortgages, or any other agreements on Picatinny's behalf.

23. From on or about July 1, 1999 through December 31, 2008, CU National provided Picatinny with a monthly trial balance. The monthly trial balance identified each of the Picatinny loans that Picatinny funded and that CU National held in Picatinny's portfolio (hereinafter "Picatinny loans"). The monthly trial balance identified each Picatinny loan by a loan number assigned by CU National, the name of the Picatinny member, current principal

balance due, the term of the loan, maturity date, current escrow balance maintained by CU National, property address and original loan amount.

24. CU National's trial balance as of December 31, 2008 reflected that it was then servicing approximately 281 Picatinny loans with an aggregate balance of \$47,244,364.70. A copy of the CU National trial balance as of December 31, 2008 is attached as Exhibit B.

#### **CU National's Failure to Pay The January and February 2009 Remittances**

25. The January and February 2009 monthly remittance of all principal and interest payments, principal prepayments, and loan payoff arising from the Picatinny loans was due from CU National on or before January 20, 2009 and February 20, 2009, respectively. CU National had not paid either remittance and offered no explanation for its failure to do so. The total amount of the January and February 2009 remittances is approximately \$800,000.

#### **Defendants' Refusal To Reveal Their Fraud**

26. From time to time, Picatinny sent messengers to CU National to pick up files on which CU National provided underwriting services in connection with its Loan Production Services under the Agreement.

27. On January 27, 2009, Picatinny's messenger arrived at CU National's place of business. Upon arrival, the messenger noticed that police and other law enforcement officials had encircled the entire building in which CU National was located. When the messenger approached the building, she was told by law enforcement officials that no one was permitted to leave CU National or enter its business premises. The Picatinny messenger also saw law enforcement officials exiting the building with documents obtained from CU National's office. Law enforcement officials asked Picatinny's messenger whether she worked for CU National or U.S. Mortgage; she responded that she worked for Picatinny and was there to pick up

loan files. Law enforcement officials responded "not today" and that she should leave the premises.

28. Upon learning that information, Picatinny attempted to reach CU National over the telephone and by e-mail to determine why law enforcement officials had cordoned off CU National's premises. No one, however, answered Picatinny's calls or e-mail.

29. On January 28, 2009, Picatinny continued to make calls to CU National to determine why law enforcement officials shut down CU National's operations on January 27. Although CU National answered Picatinny's calls at that time, it did not provide any information as to why law enforcement officials had shut down CU National's operations on January 27.

30. On January 29, 2009, Robert Tort, Vice President National Sales of U.S. Mortgage, sent an e-mail to Bill Darling, the Chief Executive Officer of Picatinny, in which he falsely explained that law enforcement's shutdown of CU National's operations was unrelated to criminal conduct by CU National or U.S Mortgage:

Bill:

Phil asked that I follow up with you regarding the week's events at CU National Mortgage.

In response to what I am sure are a lot of questions about what happened earlier this week, we are able to inform you that our company was served with a federal document search warrant seeking specific records. This action temporarily shut down our computer system to allow the search to take place and interfered with our ability to serve your members. We apologize for this inconvenience; all systems are back up and working properly.

The company cooperated during the search and will continue to cooperate in the investigation. I want to emphasize that neither US Mortgage Corporation and CU National Mortgage are not targets of the investigation. We are open for business and are actively conducting business.

At this time we request your patience and urge you to continue to rely upon our continued commitment of all of our valued employees to serve your members faithfully

If you should have any additional questions please don't hesitate to contact myself or Phil directly.

(A copy of Mr. Tort's e-mail dated January 29, 2009 is attached as Exhibit C).

31. Mr. Tort's response was, as Picatinny learned, untrue. Before Mr. Tort wrote this e-mail, the United States Attorney's office for the District of New Jersey had advised CU National that McGrath, the President and Chief Executive Officer of U.S Mortgage, had sold several million dollars in loans in Picatinny's and other federal credit unions' portfolios to Fannie Mae without Picatinny's or the other federal credit unions' knowledge or authorization.

32. In a further effort to keep Picatinny in the dark about the massive fraud it perpetrated upon Picatinny, on January 30, 2009, Phil Scialabba, another officer of U.S Mortgage, sent Keith McCarthy, a Picatinny officer the following e-mail:

Keith,

We have recently become aware that the servicing system which generates your monthly remittance reports contains errors. We have been actively working to identify the extent of these errors, and to correct them. This is delaying the delivery of your January monthly reports and payments. We apologize for this problem and the delay it has caused, however we assure you that we are working diligently to resolve the matter and will of course pay the amounts due to you, with accrued interest from the date these funds were due to you, within a few days. Once again we apologize for this situation and appreciate your patience as we correct the matter. Should you have any questions, please contact Andrew Hallajian at 973-244-7100, extension 1479.

A copy of Mr. Scialabba's e-mail dated January 30, 2009 is attached as Exhibit D).

33. On that same day, Picatinny sent CU National a letter answering CU National's questions as to the factual and legal basis for its setoff against CU National's accounts and requesting that CU National immediately identify all loans that CU National may have sold to Fannie Mae or another party:

To date, CU National has not identified the specific loans owned by Picatinny Federal Credit Union that CU National sold (or attempted to

sell) to Fannie Mae. Picatinny Federal Credit Union hereby demands that CU National identify each such loan by loan number and borrower without further delay.

Moreover, under the Credit Union Support Services and Correspondent Mortgage Lending Agreement as of July 1, 1999 ("Agreement"), CU National agreed to "keep full and complete records pertaining to each Mortgage Loan" and to provide "reasonable access to all books and records pertaining to the mortgage loan to the Credit Union or its authorized representative." Consistent with CU National's obligations under this Agreement, Picatinny Federal Credit Union further demands that CU National produce all books and records relating to CU National's sale and/or assignment or attempted sale or assignment of all loans that Picatinny Federal Credit Union maintained in its portfolio.

In addition, as I advised you during our conversation, CU National has not made the remittance required by section (a)(iii) of the Loan Servicing section of the Agreement due on or before January 20, 2009. Picatinny Federal also demands that CU National make this payment immediately.

(A copy of the letter dated January 30, 2009 from Picatinny's counsel to Andrew Hallajian, CU National's associate general counsel, is attached as Exhibit E).

34. In breach of its obligations under the Agreement, CU National did not identify any loans that it sold to Fannie Mae without Picatinny's knowledge or authorization, did not provide Picatinny with access to any of its books and records, and did not pay the January 2009 remittance.

#### **Picatinny Confirms The Fraud**

35. Unable to obtain any documents and information from CU National, Picatinny contacted Fannie Mae to determine whether CU National had fraudulently assigned to it Picatinny loans. On February 5, 2009, Fannie Mae confirmed that eight Picatinny loans that CU National reflected on its trial balance as of December 31, 2008 had been assigned to it by CU National and provided the underlying loan documents.

36. To assign these loans without Picatinny's knowledge or authorization, CU National prepared an allonge to the notes and assignments of mortgages in favor of U.S

Mortgage, which then indorsed the notes and assigned them to Fannie Mae. As a purported Assistant Vice President of Picatinny, Michael J. McGrath, the President and Chief Executive Officer of U.S. Mortgage, executed the allonges and assignments to U.S. Mortgage. The total outstanding amount of these eight loans exceeded \$2 million. A copy of these fraudulently indorsed allonges and assignments are attached collectively as Exhibit F.

37. At no time was Mr .McGrath an Assistant Vice President of Picatinny (or an officer, director or employee thereof) or authorized to execute allonges or assignments on behalf of Picatinny.

#### **Picatinny Retains A New Servicer And Terminates The Agreement**

38. Picatinny immediately began searching for a new servicer to provide the loan production services and servicing that CU National was required to provide, but had stopped faithfully providing, under the Agreement.

39. Although defendants' fraud was one reason why Picatinny was searching for a new servicer, another was Picatinny's concern that several members of Picatinny who had obtained loans through Picatinny that were serviced by CU National would not have their loans properly serviced and payments properly credited.

40. Before Picatinny came to terms with a new service provider, on February 9, 2009, U.S Mortgage advised Picatinny by e-mail that it would no longer be able to process loans in the pipeline and that it would be "in [Picatinny's] and your Members' best interests to find immediately an alternate service provider to meet the needs of loans that are currently in process." A copy of U.S. Mortgage's e-mail dated February 9, 2009 is attached as Exhibit G.

41. Because this e-mail evidenced another material breach of the Agreement by CU National and U.S. Mortgage, on February 10, 2009, Picatinny sent CU National a letter declaring that CU National had materially breached the Agreement and demanding that CU

National turn over to Picatinny or its new servicer all of the Picatinny loan files and related documents and information. Picatinny further advised that, if the loan files and related documents and information were not turned over by February 13, 2009, Picatinny would take all actions necessary to protect its interests, including the filing of an order to show cause. A copy of Picatinny's counsel's letter dated February 10, 2009 is attached as Exhibit H.

**Defendants' Refusal To Turn Over Picatinny's Loan Files**

42. When Picatinny had not received a response from CU National as of February 12, it called Andrew Hallajian, CU National's associate general counsel. Mr. Hallajian advised Picatinny that CU National was in the process of gathering all of the requested files and related documents and information but would not know until the next day when the files would be available to be turned over.

43. On February 13, 2009, Picatinny called Mr. Hallajian who advised that he was no longer able to speak with Picatinny about the turn over of the files and that Picatinny should speak with CU National's and U.S Mortgage's criminal defense counsel, Robert Hanna.

44. Picatinny immediately called Mr. Hanna who advised that he had no problem with the release of the requested original loan files and related documents and information provided that the Assistant United States Attorney authorized their release. Picatinny promptly obtained the consent of the Assistant United States Attorney on the condition that Picatinny arrange for its new servicer to agree in writing to be bound by any federal grand jury subpoenas served upon CU National and U.S Mortgage.

45. Picatinny quickly drafted an agreement for its new servicer's signature, arranged for its execution, and delivered it that same day to the Assistant United States Attorney and Mr. Hanna.

46. After providing that fully executed agreement to Mr. Hanna, Picatinny received a letter from Andrew Liput, general counsel of U.S Mortgage, in which U.S Mortgage finally acknowledged at least some of the fraud that defendants had perpetrated upon Picatinny. Mr. Liput's letter stated in pertinent part:

We regret to inform you that we have discovered that our servicing system has been producing erroneous servicing portfolio reports to your credit union. The exact time period in question is still under investigation. At this point in our continuing investigation we believe that the actual number of loans were [sic] have held for servicing for you are 228 loans totaling \$34,174,179.09. A trial balance as of today is attached with complete details.

Any loan not on this trial balance you believe you owned appears to have been sold without your authority to Fannie Mae and the sales proceeds were subsequently diverted. At this point in our investigation we believe that 40 loans were sold without your authorization. This it appears that a total of \$9,491,133.85 in sales proceeds were diverted. Please provide us with a detailed listing of the loans you feel are missing from the enclosed trial balance so we can cross reference your records with our and verify the information.

The reason that you were unable to detect this event was the creation of duplicate servicing records that provided for servicing payments to both your credit union and Fannie Mae.

(A copy of Mr. Liput's letter is attached as Exhibit I).

47. Picatinny has compared the U.S Mortgage trial balance as of February 12, 2009 with Picatinny's own funding records and determined that U.S. Mortgage has grossly understated the number of loans sold without Picatinny's knowledge or authorization. According to Picatinny's records, there are 58 loans that should be, but are not, in its loan portfolio held by CU National and the total dollar amount outstanding on those loans is \$14,104,384.14. A spreadsheet identifying each of the loans that defendants sold without Picatinny's knowledge or authorization is attached as Exhibit J.

48. Instead of releasing the original files and related documents and information as its criminal counsel had agreed earlier that day, late in the afternoon on February

13, 2009, a new attorney for CU National and U.S Mortgage contacted Picatinny's counsel and advised that, contrary to the agreement Picatinny reached a few hours earlier with CU National's criminal counsel, CU National and U.S Mortgage would not be releasing the requested original loan files and related documents and information. Counsel further advised that CU National and U.S. Mortgage were attempting to sell them and the accompanying servicing rights to a new servicer.

49. Stunned that CU National and U.S. Mortgage would to attempt to sell servicing rights that were derived from a contract that they unquestionably breached in several material respects, Picatinny explained that, under well-settled New Jersey law, CU National's and U.S. Mortgage's material breaches relieves Picatinny from further performance and results in CU National's and U.S Mortgage's loss of the servicing rights acquired thereunder. Without offering any authority to the contrary, U.S. Mortgage (through counsel) continued to demand payment for the servicing rights or the right to sell them to a party of U.S. Mortgage's choosing, and retain the proceeds for itself. Picatinny rejected these demands and does not know who, if anyone, is currently servicing its loans.

50. Before filing this action, Picatinny contacted Fannie Mae to determine whether it would indorse the allonges and execute assignments conveying the notes and mortgages underlying the Picatinny loans sold without Picatinny's knowledge or authorization to Picatinny. Fannie Mae refused.

### **FIRST COUNT**

#### **(Material Breach of Contract)**

51. It repeats and realleges each of the allegations contained in paragraphs 1 through 50 of the Verified Complaint as if fully set forth herein.

52. The actions of defendants CU National and U.S. Mortgage in selling Picatinny loans to Fannie Mae without Picatinny's knowledge or authority constitute a material breach of the Agreement, including, but not limited to, subsection (a)(i) of the Loan Servicing section under which CU National agreed to "service the loans in accordance with the same practices that prudent mortgage servicers would follow who service mortgage loans of the same type, or, if applicable, in accordance with the Credit Union's policies and procedure manual, regardless of when the loans were produced or when the CU NATIONAL acquired its servicing rights to the loans."

53. The failure of CU National and U.S. Mortgage to pay to Picatinny the January and February 2009 remittances, which is estimated to be approximately \$800,000, constitute a second material breach of the Agreement, including, but not limited to, subsections (a)(ii) and (iii) of the Loan Servicing section under which CU National agreed to pay the monthly principal and interest, principal prepayments and loan payoffs which apply to the Picatinny loans minus CU National's servicing fee on or before January 20, 2009.

54. The actions of CU National and U.S. Mortgage in failing to make available for Picatinny's inspection all books and records pertaining to each of the Picatinny loans that it sold without Picatinny's knowledge or authorization to Fannie Mae constitute a third material breach of the Agreement, including, but not limited to, subsection (a)(iv) of the Loan Servicing section under which CU National agreed that it "shall give reasonable access to all books and records pertaining to the applicable mortgage loan to the Credit Union or their authorized representative."

55. The actions of CU National and U.S. Mortgage on February 9, 2009 terminating effective immediately its loan production and servicing of loans then in process constitute a fourth material breach of the Agreement.

56. As a direct and proximate result of these material breaches, Picatinny has sustained substantial compensatory and consequential damages, together with the loss of good will and the probable loss of members arising from defendants' breaches.

WHEREFORE, Picatinny demands judgment in its favor and against defendants U.S. Mortgage and CU National for: (a) a preliminary and permanent injunction: (i) compelling the release and turnover to Picatinny of all original files, documents, reports and other information relating to each of the Picatinny loans to Picatinny or its new servicer; (ii) compelling an accounting of the Picatinny loans that were sold to Fannie Mae; and (iii) compelling U.S. Mortgage to segregate, account for and turnover to Picatinny or its new servicer all funds currently held by U.S. Mortgage that relate in any way to loans to Picatinny's members; (b) granting Picatinny relief from stay for "cause" pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested; (c) converting this case to one under chapter 7 pursuant to 11 U.S.C. §1112(b); and (d) for such other relief as is just and proper.

Picatinny reserves its right to seek compensatory damages, including, but not limited to, the amount outstanding on each of the loans that they sold to Fannie Mae, which is no less than \$14,104,384.18, and the January and February 2009 remittances, consequential damages, interest, costs of suit and other relief in this or another appropriate forum.

## **SECOND COUNT**

### **(Conversion)**

57. It repeats and realleges the allegations contained in paragraphs 1 through 56 of the Verified Complaint as if fully set forth herein.

58. By indorsing Picatinny's name on allonges to notes and assignments of mortgages in connection with at least 58 Picatinny loans or causing its name to be indorsed,

purporting to transfer title to the Fannie Mae without Picatinny's knowledge or authorization, and retaining the proceeds of the sale of those loans, defendants CU National, U.S. Mortgage, McGrath and John Does 1-20 wrongfully assumed and exercised a right of ownership over Picatinny's property to the exclusion of Picatinny.

59. The actions of CU National and U.S. Mortgage constitute conversion of Picatinny's property and were undertaken willfully and wantonly and with a reckless disregard to the rights of and consequences to Picatinny.

WHEREFORE, Picatinny demands judgment in its favor and against defendants U.S Mortgage and CU National for: (a) a preliminary and permanent injunction: (i) compelling the release and turnover to Picatinny of all original files, documents, reports and other information relating to each of the Picatinny loans to Picatinny or its new servicer; (ii) compelling an accounting of the Picatinny loans that were sold to Fannie Mae; and (iii) compelling U.S. Mortgage to segregate, account for and turnover to Picatinny or its new servicer all funds currently held by U.S. Mortgage that relate in any way to loans to Picatinny's members; (b) granting Picatinny relief from stay for "cause" pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested; (c) converting this case to one under chapter 7 pursuant to 11 U.S.C. §1112(b); and (d) for such other relief as is just and proper.

Picatinny reserves its right to seek compensatory damages, including, but not limited to, the amount outstanding on each of the loans that they sold to Fannie Mae, which is no less than \$14,104,384.18, and the January and February 2009 remittances, consequential damages, interest, costs of suit and other relief in this or another appropriate forum.

### **THIRD COUNT**

#### **(Fraud)**

60. It repeats and realleges the allegations contained in paragraphs 1 through 59 of the Verified Complaint as if fully set forth herein.

61. Defendants CU National and U.S. Mortgage represented or caused to be represented to Picatinny on CU National's monthly trial balances that loans that they had sold to Fannie Mae without Picatinny's knowledge or authorization were still in Picatinny's loan portfolio.

62. By way of example only, the December 31, 2008 trial balance that defendants prepared or caused to be prepared and provided to Picatinny reflects that each of the 58 Picatinny members' loans listed on the spreadsheet attached as Exhibit G are still in Picatinny's portfolio when, according to the trial balance that defendants provided as of February 12, 2009, reveals they are not.

63. These affirmative representations on the monthly trial balances were false, material, and intended to induce Picatinny to rely on the information contained therein.

64. Picatinny reasonably and justifiably relied upon the trial balances received from defendants in determining those loans that remained in its portfolio.

65. As a direct and proximate result of its reasonable and justifiable reliance upon defendants' representations in the trial balance reports and their non-disclosures, Picatinny was unable to discover that defendants had sold Picatinny's loans and received the proceeds thereof without Picatinny's knowledge or authorization.

WHEREFORE, Picatinny demands judgment in its favor and against defendants U.S Mortgage and CU National for: (a) a preliminary and permanent injunction: (i) compelling the release and turnover to Picatinny of all original files, documents, reports and other

information relating to each of the Picatinny loans to Picatinny or its new servicer; (ii) compelling an accounting of the Picatinny loans that were sold to Fannie Mae; and (iii) compelling U.S. Mortgage to segregate, account for and turnover to Picatinny or its new servicer all funds currently held by U.S. Mortgage that relate in any way to loans to Picatinny's members; (b) granting Picatinny relief from stay for "cause" pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested; (c) converting this case to one under chapter 7 pursuant to 11 U.S.C. §1112(b); and (d) for such other relief as is just and proper.

Picatinny reserves its right to seek compensatory damages, including, but not limited to, the amount outstanding on each of the loans that they sold to Fannie Mae, which is no less than \$14,104,384.18, and the January and February 2009 remittances, consequential damages, interest, costs of suit and other relief in this or another appropriate forum.

#### **FOURTH COUNT**

##### **(Injunctive and Related Relief)**

66. It repeats and realleges the allegations contained in paragraphs 1 through 65 of the Verified Complaint as if fully set forth herein.

67. Bankruptcy Code §105(a) provides in relevant part that "[t]he court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title."

68. Picatinny seeks preliminary and permanent injunction compelling U.S. Mortgage to release and turnover all original files, documents, reports and other information relating to each of the Picatinny loans to Picatinny or its new servicer, an accounting of the Picatinny loans that were sold to Fannie Mae, the turnover of all related funds and such other relief as the Court deems just and proper.

69. Picatinny will suffer irreparable harm if the injunction does not issue.
70. Picatinny has demonstrated a reasonable probability of success.
71. The public interest is served by the issuance of a preliminary injunction.

WHEREFORE, Picatinny demands judgment in its favor and against defendants U.S Mortgage and CU National for: (a) a preliminary and permanent injunction: (i) compelling the release and turnover to Picatinny of all original files, documents, reports and other information relating to each of the Picatinny loans to Picatinny or its new servicer; (ii) compelling an accounting of the Picatinny loans that were sold to Fannie Mae; and (iii) compelling U.S. Mortgage to segregate, account for and turnover to Picatinny or its new servicer all funds currently held by U.S. Mortgage that relate in any way to loans to Picatinny's members; (b) granting Picatinny relief from stay for "cause" pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested; (c) converting this case to one under chapter 7 pursuant to 11 U.S.C. §1112(b); and (d) for such other relief as is just and proper.

Picatinny reserves its right to seek compensatory damages, including, but not limited to, the amount outstanding on each of the loans that they sold to Fannie Mae, which is no less than \$14,104,384.18, and the January and February 2009 remittances, consequential damages, interest, costs of suit and other relief in this or another appropriate forum.

SAIBER LLC  
Attorneys for Plaintiff  
Picatinny Federal Credit Union

By: /s/Vincent F. Papalia

Dated: March 3, 2009

### **VERIFICATION**

1. I am the Chief Executive Officer of Picatinny Federal Credit Union.
2. I have read the Verified Complaint and state that the information contained therein is true to the best of my knowledge and belief and documents and information that Picatinny Federal Credit Union maintains and relies upon in the regular course of its business.
3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

  
\_\_\_\_\_  
BILL DARLING

Dated: February 27, 2009

# **EXHIBIT A**

## **CREDIT UNION SUPPORT SERVICES AND CORRESPONDENT MORTGAGE LENDING AGREEMENT**

This Agreement is entered into as of the 1st day of July 1999, between **CU NATIONAL MORTGAGE, LLC**, a New Jersey corporation having an office at 19D Chapin Road, Pine Brook, New Jersey 07058 (hereinafter known as "**CU NATIONAL**"), and **PICATINNY FEDERAL CREDIT UNION**, a Federal credit union having an office at 100 Mineral Spring Drive, Office Quarters #120, Dover, NJ 07801 (hereinafter known as "**Credit Union**"), (hereinafter also collectively known as "**the parties**").

### **Background**

**CU NATIONAL** will provide Loan Production Services to the Credit Union on either a service-retained or service-released basis. **CU NATIONAL** will provide Home Equity Loan Production Services and Loan Servicing. As a value added feature to **CU NATIONAL's** loan production service, **CU NATIONAL** will also provide Associated Program Services. Associated Program Services can be described as, but not limited to, the following: set-up services, marketing services, operation consultation, cross-selling credit union services and transparent delivery of services). For purposes of this Agreement, the term Loan Production Services include the following services as may be required for a particular real estate loan:

1. Counseling the Credit Union's member on obtaining real estate financing from their Credit Union.
2. Taking information from the member and filling out the application;
3. Analyzing the prospective member's income and debt and pre-qualifying the prospective member to determine the maximum mortgage that the prospective member can afford;
4. Educating the prospective member in the home buying and financing process, advising the member about the different types of loan products available, and demonstrating how closing costs and monthly payments could vary under each

- producer;
5. Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process;
  6. ~~Initiating/ordering VOEs (verifications of employment) and VODs (verifications of deposits);~~
  7. Initiating/ordering request for mortgage and other loan verifications;
  8. Initiating/ordering appraisals;
  9. ~~Initiating/ordering inspections or engineering reports;~~
  10. Providing disclosures (truth-in-lending, good faith estimate, others) to the member;
  11. Assisting the member in understanding and clearing credit problems;
  12. Maintaining regular contact with the member, realtor, and lender between the application and closing to apprise them of the status of the application and gather any additional information as needed;
  13. Ordering/preparing legal and closing documents;
  14. Obtaining a determination of the secured property's flood plain status; and,
  15. Scheduling and participating in the loan closing.

**I**

**LOAN PRODUCTION SUPPORT SERVICES**

As the parties agree, The Credit Union will refer mortgage loans to CU NATIONAL but will retain the mortgage loans and engage CU NATIONAL to provide the following Loan Production Services for the mortgage program offered by the Credit Union

a. **Authorization.** Credit Union shall inform CU NATIONAL of a member's need for mortgage financing being offered by the Credit Union for the purchase or refinance of said member's property. The member contacts CU NATIONAL to obtain mortgage financing directly from the Credit Union. Credit Union shall permit CU NATIONAL reasonable access for counseling, pre-qualifying the member, taking member's

application on behalf of the Credit Union and permit CU NATIONAL to perform its other related support services for the Credit Union to extend real estate financial services.

b. Prequalification Counseling. Upon contact by a member for mortgage financing, a CU NATIONAL Mortgage Representative will call or visit the member and identify and explain the availability of the Credit Union's mortgage programs. CU NATIONAL shall provide a detailed explanation of the various types of mortgage financing available from the Credit Union including the interest rate and other terms and conditions of the mortgage loan. The Representative shall analyze the Credit Union member's financial position and collateral from the information supplied by the member and determine a reasonable mortgage amount the member can afford and is pre-qualified to obtain from the Credit Union's available programs. CU NATIONAL shall use its expertise in providing the Credit Union member with a full range of mortgage products and services made available through the Credit Union by CU NATIONAL. These products and services are made available through the Credit Union or by way of CU NATIONAL's approved secondary market vendor status. CU NATIONAL shall utilize its staff of residential mortgage professionals to extend these counseling services to pre-qualify the member for an appropriate mortgage program.

c. Loan Application. Once CU NATIONAL pre-qualifies the member, the Mortgage Representative shall complete the loan application either in person or by telephone on behalf of the Credit Union. The Mortgage Representative shall obtain all information and documentation necessary to process the member's mortgage request. Any additional disclosure documentation or forms required pursuant to statute and regulation shall be provided to the member after completion of the application and mailed or delivered to the member in three business days. This documentation includes those disclosures required of a real estate financial services provided as required by Federal, State, or Secondary Market standards relative to the individual member real estate financial services request.

d. Loan Processing. CU NATIONAL shall monitor each application to

assure that expeditious and efficient processing occurs. CU NATIONAL shall process each application in a manner consistent with secondary market practices and it shall assist the Credit Union in making mortgage loans in the amounts requested by its members and in relation to each member's creditworthiness, ~~secondary market and/or Credit Union's own~~ regate standards, as the parties agree. The processing services by CU NATIONAL shall include, but not be limited to, complete documentation of the loan application, an analysis of all financial and collateral data, and underwriting on behalf of the Credit Union. In fulfilling CU NATIONAL's responsibilities to the Credit Union as set forth in this Agreement, CU NATIONAL shall act as the Credit Union's agent and shall be authorized to receive, transmit, and otherwise process the member's confidential financial information provided through the loan application process. The Credit Union authorizes CU NATIONAL to have its member sign any and all necessary documentation authorizing the release of confidential information concerning its application being processed by CU NATIONAL in furtherance of its obligations as set forth in this Agreement. Where loans processed by CU NATIONAL are to be held in the portfolio of the Credit Union, CU NATIONAL shall process these loans in compliance with the underwriting guidelines and documentation standards of the Credit Union. Credit Union agrees to provide CU NATIONAL with a copy of its underwriting guidelines which shall be attached hereto as Schedule "A" and updated and renewed on an ongoing basis in accordance with this Agreement. In the event, Credit Union does not possess real estate policies and procedures manuals, CU NATIONAL will supply the Credit Union with Secondary Market information relative to their extension of residential mortgage financial services.

e. Lending Decision. CU NATIONAL shall consult with the Credit Union on its findings relative to the mortgage loan. The Credit Union shall be presented with a summary of the member's loan request on CU NATIONAL's Uniform Underwriting and Transmittal Summary Form (i.e.: FNMA 1077), which shall be electronically transmitted, hand delivered or mailed to the Credit Union for review and final disposition. At that time,

the Credit Union shall advise CU NATIONAL of its decision to deny or approve the mortgage loan. If the Credit Union confirms its denial, CU NATIONAL shall prepare the adverse action notice to the members for the Credit Union's endorsement and CU NATIONAL's remittance of the adverse action notice to the member. If the Credit Union agrees to approve the loan, Credit Union shall also provide CU NATIONAL with its decision whether the Credit Union will fund and retain the loan ("Portfolio Loans") or to fund and sell the loan to a secondary market buyer ("Sold Loans").

f. Closing Services. CU NATIONAL will schedule closing at the reasonable convenience of the members and advise the Credit Union of members intent to close the mortgage loan no less than two (2) business days prior thereto, unless otherwise agreed to by the parties. CU NATIONAL shall close the mortgage loan on behalf of the Credit Union, record the appropriate documents and set up the loan for servicing [see Loan Servicing Section of this Agreement]. The Credit Union shall receive copies of all mortgage loan documentation it demands on an ongoing pre-established basis with CU NATIONAL.

2. Consideration paid to CU NATIONAL for Loan Production Services.

A. Loan Production Services.

(i) Servicing assigned to CU NATIONAL. The Credit Union shall pay CU NATIONAL Sixty-Five (65) B.P. ( $\$100,000.00 \times 65 \text{ B.P.} = \$650.00$ ) of the original principal balance as consideration for Loan Production Services when the real estate loan is transferred, sold or assigned to CU NATIONAL for loan servicing. These fees are due and payable at the time of issuance of a Credit Union's final commitment to the member.

(ii) Servicing Not Assigned to CU NATIONAL. The Credit Union shall pay CU NATIONAL One Hundred Twenty-Five (125) B.P. ( $\$100,000.00 \times 125 \text{ B.P.} = \$1,250.00$ ) of the original loan amount as compensation for its services when the real estate loan is transferred, sold or assigned to CU NATIONAL for loan servicing. The fee is due and payable at time of the issuance of the final commitment to the Credit Union member.

B. Change in Fees. CU NATIONAL may change the fees for the Loan

Production Services and Associated Program Services upon ninety (90) days written notice.

**3. Consideration Paid by CU NATIONAL for the Credit Union's Mortgage Servicing Rights on Residential Mortgage Loans.**

a. The parties acknowledge that the mortgage servicing rights for the loans have value and that the Credit Union is free to retain and service the mortgages on its own or sell the mortgage servicing rights to a third party loan service. By assigning the servicing rights to CU NATIONAL, for the consideration set forth herein, the Credit Union acknowledges and understands that by transferring the servicing rights of the mortgage loans to CU NATIONAL, it surrenders all control over the servicing of these mortgage loans, unless the Credit Union exercises a first refusal to repurchase said servicing rights pursuant to this Agreement in Section . If those rights are not exercised and CU NATIONAL sells the servicing to a third party, the Credit Union's right to repurchase the mortgage servicing rights shall terminate.

b. The parties acknowledge that the combination of the discounted loan production fees for the loans and the Associated program Services provided to the Credit Union at no cost are valuable consideration to the Credit Union and constitute consideration at least equal in value to the Credit Union as the value of the mortgage servicing rights transferred to CU NATIONAL.

**II**

**HOME EQUITY LOANS**

**1. Home Equity Support Services Provided:**

a. Home Equity Loan Production Services. CU NATIONAL shall assist the Credit Union in the ampliation, underwriting, counseling, processing and closing of the home equity loans as the Credit Union shall require. CU NATIONAL shall produce and underwrite the home equity loans made by the Credit Union under the terms of this Agreement and in accordance with the Credit Union's policies and procedures manual. In the event the Credit Union does not have internal policies and procedures relative to counseling,

underwriting and closing home equity loans (fixed rate/term and credit lines), CU NATIONAL shall assist the Credit Union in drafting and adopting an internal policy and procedures manual. All provision of the Credit Union policies and procedure manual may be amended and supplemented from time to time. The Credit Union will be solely responsible for providing CU NATIONAL with internally revised policy and procedural changes as they occur. The Credit Union hereby indemnifies and holds harmless CU NATIONAL for any loss sustained as a result of the Credit Union's failure to accurately advise CU NATIONAL in a timely manner of any changes to the Credit Union's internal policies and procedures must be effectively communicated to CU NATIONAL via overnight courier or certified mail effective upon receipt.

#### Loan Servicing.

(1) CU NATIONAL shall service the home equity loans in accordance with the same practices that prudent home equity servicers would follow who service home equity loans of the same type, or, if applicable, in accordance with the Credit Union's policies and procedures manual, regardless of when the home equity loan was produced or when CU NATIONAL acquired its servicing rights to the home equity loan(s). CU NATIONAL shall service the home equity loans made by the Credit Union under the terms of this Agreement and in accordance with the Credit Union's policies and procedures manual. In the event the Credit Union does not have internal policies and procedures relative to servicing home equity loans (fixed rate/term and credit lines), CU NATIONAL shall assist the Credit Union in drafting and adopting an internal policy and procedures manual. All provisions of the Credit Union policies and procedures manual may be amended and supplemented from time to time. The Credit Union will be solely responsible for providing CU NATIONAL with internally revised policy and procedural changes as they occur. The Credit Union hereby indemnifies and holds harmless CU NATIONAL for any loss sustained as a result of the Credit Union's failure to accurately advise CU NATIONAL in a timely manner of any changes to the Credit Union's internal policies and procedures manual. All notices of change to the Credit Union's internal

policies and procedures must be effectively communicated to CU NATIONAL via overnight courier or certified mail effective upon receipt.

(ii) CU NATIONAL shall require the Credit Union to facilitate funding of checks utilized by the member to draw down on approved home equity line credit accounts. In no event shall CU NATIONAL be required to fund draw requests for member home equity lines of credit or fixed rate home equity loans. The parties acknowledge and agree that under any condition CU NATIONAL shall not be construed as the lender.

(iii) CU NATIONAL shall remit to the Credit Union all principal and interest, principal prepayment and home equity payoff collected which apply to the home equity mortgage and now held by the Credit Union less CU NATIONAL's servicing fee. CU NATIONAL will be entitled to collect and retain all applicable late fees, bounced check charges, overdraft account fees assessed and any other applicable fees obtained in the course of servicing home equity loans for the Credit Union pursuant to its ownership in the home equity servicing rights.

(iv) CU NATIONAL's remittance to the Credit Union shall be by electronic funds transferred or by check on the twentieth (20) calendar day of each month, or on a certain date as otherwise agreed upon by the parties.

(v) CU NATIONAL shall keep full and complete records pertaining to each home equity loan, the collection made and disbursements made for the distribution of principal, interest, principal prepayment or home equity loan payoffs. During the term of this Agreement, CU NATIONAL shall give reasonable access to all books and records pertaining to the applicable home equity accounts to the Credit Union or their authorized representative.

(vi) CU NATIONAL agrees to service each home equity loan on behalf of the Credit Union continuously from the date such home equity loan has been closed or such servicing duties are requested by the Credit Union at which time CU NATIONAL acquired the home equity servicing rights. CU NATIONAL's servicing duties shall continue

until one of the following has occurred:

(a) All principal and interest on each home equity loan serviced has been paid in full; or in the case of a home equity line of credit account, the account has been closed in accordance with the home equity line of credit agreement endorsed by the member with the Credit Union; or

(b) All home equity loans have been liquidated in accordance with the Credit Union home equity policies and procedures manual, as the case may be, and final disposition of any property acquired by foreclosure or by deed in lieu of foreclosure; or

(c) CU NATIONAL has sold the servicing to a third party pursuant to the Credit Union's right of first refusal.

c. Associated Program Services. CU NATIONAL shall provide the Associated Program Services set forth in Section 5 to the Home Equity Loan Program.

2. **Consideration Paid to CU NATIONAL for Home Equity Support Services.**

a. Home Equity Loan Production Services. CU NATIONAL shall be compensated for counseling, processing, underwriting and, if required, closing the home equity loan as follows:

(i) CU NATIONAL shall charge the Credit Union Eighty (80) BPs of the approved principal balance amount per home equity loan when the approved principal balance is \$50,000 or above on New Jersey residents.

(ii) CU NATIONAL will charge the Credit Union Eighty (80) BPs of the approved principal balance amount per home equity loan when the approved principal balance is \$50,000 or above, plus the cost of the member applicant's appraisal and property report, on all Non-New Jersey residence.

(iii) CU NATIONAL shall charge the Credit Union \$450.00 per home equity loan approved which have an approved principal balance of \$49,999 and below on New Jersey residence.

(iv) CUNATIONAL shall charge the Credit Union \$450.00 per home equity loan approved which have an approved principal balance of \$49,999 or below, plus the cost of the member applicant's appraisal and property report, on all Non-New Jersey residence.

(v) CUNATIONAL shall charge the Credit Union \$75.00 plus cost of the appraisal and property report, on each member home equity loan, regardless of amount of the applied principal balance, when the home equity loan is rejected or withdrawn, after CUNATIONAL has facilitated all necessary documentation and applied vendor services (i.e. appraisal and/or property report) to provide home equity services.

(vi) CUNATIONAL be paid for servicing the home equity loans on a monthly basis. Such compensation shall be the product of the outstanding principal balance of all such loans at the beginning of each month at the rate of 87.5 BPs ( $\frac{8}{8}$ ) divided by 12. The amount earned shall be deducted from the principal and interest payment remitted to CUNATIONAL and/or the Credit Union monthly. The servicing fee is subject to change upon thirty (30) days notice. The change in fees will apply only to loans that are not yet being serviced by CUNATIONAL. Fees for loans that are being serviced by CUNATIONAL as of the date of the notice will not change.

b. Associated Program Services. The services provided by CUNATIONAL under the Associated Program Services (Sec Section ) are uniquely suited to meet the Credit Union's needs and are services requiring additional resources of CUNATIONAL that are not customarily offered by other loan service providers. CUNATIONAL agrees to provide these services in partial consideration for the Credit Union's mortgage servicing rights. Credit Union acknowledges that the value of these services equal at least One Hundred Fifty (150) basis point for each loan.

c. Change in Fees. CUNATIONAL may change the fees for the Home Equity Loan Production Services and Associated Program Services upon ninety (90) days written notice.

3. Consideration Paid by CUNATIONAL for the Credit Union's Mortgage

### **Servicing Rights on Home Equity Loans.**

a. The Credit Union sells its servicing rights to CU NATIONAL on the home equity loans. The parties acknowledge that the mortgage servicing rights for home equity loans have value and that the Credit Union could retain and service the mortgages on its own or sell the mortgage servicing rights to a third party loan servicer. The Credit Union acknowledges that the consideration paid to CU NATIONAL for the services rendered herein is discounted in relation to the value the Credit Union receives. By selling the servicing rights to CU NATIONAL, for the consideration set forth herein, the Credit Union acknowledges and understands that by transferring the servicing rights of the mortgage loans to CU NATIONAL, it surrenders all control over the servicing of these mortgage loans, unless the Credit Union exercises a first refusal to repurchase said servicing rights pursuant to Section 3 of the Agreement. If those rights are not exercised and CU NATIONAL sells the servicing to a third party, the Credit Union's right to repurchase the mortgage servicing rights shall terminate.

b. The parties acknowledge that the combination of the discounted loan production fees for the loans and the Associated Program Services provided to the Credit Union at no cost are valuable consideration to the Credit Union and constitute consideration at least equal in value to the Credit Union as the value of the mortgage servicing rights transferred to CU NATIONAL.

### **III**

#### **CORRESPONDENT LENDING.**

In consideration of the mutual promises and covenants hereinafter set forth, CU NATIONAL shall provide the following correspondence mortgage lending and associated services (hereinafter referred to as "CU NATIONAL's Services") for the benefit of the Credit Union to extend real estate financial services to its members. The Credit Union will refer its members desiring mortgage secured loans to CU NATIONAL who will locate lenders that will provide mortgage loans to its members. The Credit Union will have the option of purchasing

2. mortgage loans at closing on a service-released basis.

a. General. The Credit Union will refer all members requesting mortgage loan to CU NATIONAL. The Credit Union will not be performing any services and will not be paid a fee for the referral. The Credit Union will not acquire any ownership rights in the mortgage loan by virtue of the referral. CU NATIONAL will perform all Loan Production Services to close the loan. CU NATIONAL will underwrite to secondary market standards and price the loan to sell in the secondary market. CU NATIONAL is not required to write to secondary market standards if the Credit Union is advised by CU NATIONAL that a loan does not meet secondary market standards and the Credit Union commits to purchasing the loan for its portfolio. The Credit Union may predetermine their loan portfolio by designing a pricing and risk strategy program.

b. Credit Union's Option to Purchase. CU NATIONAL will advise the Credit Union in writing by overnight mail service when it makes a preliminary determination that the member qualifies for the mortgage loan and the terms of the loan ("Preliminary Determination"). The Credit Union has an option to purchase the loan at closing by providing CU NATIONAL written notice of the exercise of the option within ten (10) days from CU NATIONAL's Preliminary Determination to the Credit Union. The failure to timely exercise this option will result in forfeiture of this option. Thereafter, CU NATIONAL may sell the mortgage loan to any lender or fund the loans itself.

c. Option Price. The Credit Union may purchase the loan at closing by paying to CU NATIONAL the par value of the loan, reasonable expenses incurred by CU NATIONAL that are not reimbursed by the member and a broker and loan production services fee of Sixty-Five (65) Basis Points (B.P.) ( $\$100,000.00 \times 65 \text{ B.P.} = \$6500.00$ ).

d. Service Retained. CU NATIONAL will sell the mortgage loans service retained, i.e. CU NATIONAL will own the mortgage servicing and service the loans sold to the Credit Union or other lenders. CU NATIONAL will service loans sold to the Credit Union as set forth in this Agreement.

### LOAN SERVICING

a. CU NATIONAL shall diligently perform all duties that are necessary or incidental to the servicing of all Mortgage Loans on behalf of the Credit Union or its approved designee. In the performance of its servicing duties, CU NATIONAL shall comply with all provisions of the secondary market standards, rules, regulations as promulgated from time to time by the FNMA or FHLMC. Where not inconsistent with the FNMA or FHLMC rules and regulations, CU NATIONAL will service the loans as follows:

(i) CU NATIONAL shall service the loans in accordance with the same practices that prudent mortgage servicers would follow who service mortgage loans of the same type, or, if applicable, in accordance with the Credit Union's policies and procedure manual, regardless of when the loans were produced or when CU NATIONAL acquired its servicing rights to the loans.

(ii) CU NATIONAL shall remit to the Credit Union all principal and interest, principal prepayment and loan payoffs collected which apply to the mortgage and note held by the Credit Union less CU NATIONAL's servicing fee. CU NATIONAL will be entitled to collect and retain all applicable late fees, bounced check charges, overline account fees assessed and any other applicable fees obtained in the course of servicing loans for the Credit Union pursuant to its ownership in the loan servicing rights.

(iii) CU NATIONAL's remittance to the Credit Union shall be by electronic funds transferred or by check on the twentieth (20th) calendar day of each month or on a certain date as otherwise agreed upon by the parties.

(iv) CU NATIONAL shall keep full and complete records pertaining to each loan, the collection made and disbursements made for the distribution of principal, interest, principal prepayment or loan payoffs. During the period of this Agreement, CU NATIONAL shall give reasonable access to all books and records pertaining to the applicable mortgage loan to the Credit Union or their authorized representative.

b. CU NATIONAL agrees to service each Mortgage Loan on behalf of the

Credit Union continuously from the date such Mortgage Loan closed or such servicing rights are transferred to CU NATIONAL by the Credit Union. CU NATIONAL's servicing responsibilities shall continue until one of the following has occurred.

(i) All principal and interest on each Mortgage Loan serviced has been paid in full; or

(ii) All Mortgage Loans have been liquidated and final disposition of any property acquired foreclosure or by deed in lieu of foreclosure; or

(iii) CU NATIONAL servicing rights are terminated in accordance with this Agreement whereby CU NATIONAL's servicing rights shall be purchased by Credit Union or any third party.

c. CU NATIONAL shall keep full and complete records pertaining to each Mortgage Loan, the collection made and disbursements made for the distribution of principal, interest or payment of taxes and insurance. During the period of the term of this Agreement, CU NATIONAL shall give reasonable access to all books and records pertaining to the mortgage loan to the Credit Union or its authorized representative.

d. Consideration Paid to CU NATIONAL to Provide Real Estate Loan Servicing. For loans CU NATIONAL services on behalf of the Credit Union, the Credit Union shall pay servicing fees in accordance with FNMA fee schedules. The current fees for fixed rate mortgages and variable rate mortgages is one-quarter (1/4) point. The servicing fee is subject to change in accordance with changes in the FNMA fee schedules and upon thirty (30) days notice. The change in fees will apply only to loans that are not yet being serviced by CU NATIONAL. Fees for loans that are being serviced by CU NATIONAL as of the date of the notice will not change. The Loan Servicing fees for Home Equity Loans are set forth in this Agreement.

e. The Home Equity Loans shall be serviced as provided in this Section 2 except as may be modified by the terms of Addendum "B".

## 2. The Credit Union's Right of First Refusal of Mortgage Servicing Rights

IF CU NATIONAL has obtained an offer by a third party to purchase the mortgage servicing rights, CU NATIONAL shall provide the Credit Union with thirty (30) days written notice of said sale providing complete details of said transaction including purchase price, terms, conditions, and purchaser. The Credit Union shall notify CU NATIONAL within the said thirty (30) days notice period of its election to repurchase its servicing rights from CU NATIONAL according to the same terms and conditions of the proposed sale by CU NATIONAL to the third party. In the event the Credit Union elects to repurchase said mortgage servicing rights, CU NATIONAL shall deliver the same within thirty (30) days of the effective date of the election in exchange for the consideration set forth in the offer.

If the Credit Union does not provide timely written notice of its election to exercise its right of first refusal, it shall be deemed waived and CU NATIONAL shall be entitled to immediately proceed with its proposed sale to the third party. Effective immediately upon said sale, the right of first refusal shall extinguish and no right shall exist between the Credit Union and the said third party purchaser of the servicing rights from CU NATIONAL. If the said sale does not close upon the same material terms as set forth in the notice to the Credit Union within ninety (90) days after the termination of the thirty (30) day notice period, then the Credit Union's right of first refusal is reinstated and CU NATIONAL must provide another notice to sell the mortgage servicing rights to a third party. The method of servicing cannot continue to be warranted by CU NATIONAL after a sale to the third party servicer. This right of first refusal applies to both closed-end residential mortgage loans and home equity loans.

### **3. Secondary Market Sale Services**

If the Credit Union desires to sell loans it owns to the secondary market, CU NATIONAL will assist the Credit Union in these sales. If CU NATIONAL is servicing the loans sold to the secondary market, the Credit Union recognized that CU NATIONAL owns the mortgage servicing rights and will continue to service the mortgage loans sold to the

secondary market investor.

#### **ASSOCIATED PROGRAM SERVICES**

CU NATIONAL agrees to provide these services to the Credit Union without fee for loans that the Credit Union transfers the servicing right to CU NATIONAL in partial consideration for the Credit Union's mortgage servicing rights. Credit Union will pay CU NATIONAL a one-time fee of One Hundred Fifty (150) basis point for each loan closed but not serviced by CU NATIONAL. The services provided by CU NATIONAL under the Associated Program Services Section are uniquely suited to meet the Credit Union's needs and are services requiring additional resources of CU NATIONAL that are not customarily offered by other loan service providers.

a. Set-up Services for Mortgage Program. CU NATIONAL will provide the following services to assist the Credit Union in initiating the mortgage support services program:

- (i) Financial analysis of the Credit Union records to determine which mortgage programs best serve the Credit Union's members.
- (ii) Advise Credit Union on risk factors and income/expense potential.
- (iii) Advise as to which secondary market products best serve their members and the Credit Union.
- (iv) Analyze and develop introduction of marketing of mortgage products to the Credit Union's membership.
- (v) Produce Credit Union's specific and real estate specific application disclosure documents.
- (vi) Design and production of real estate services application kit.
- (vii) Heighten Credit Union member awareness of real estate financial services through specialized marketing materials.

- (viii) Consult with Credit Union on real estate rate structure and objectives.
- (ix) Design and produce a real estate services rate sheet based on financial goals and objectives of Credit Union.
- (x) Set up toll free number for Credit Union member usage.
- (xi) Counsel CU NATIONAL's staff on Credit Union background and expectations.
- (xii) Perform Credit Union staff training (if applicable).
- (xiii) Set-up Federal, State and NCUA reporting systems and controls.
- (xiv) Set-up credit reporting computer information.
- (xv) Set-up internal computer for extension of services to facilitate complete systems support processes through servicing.
- (xvi) Connect Credit Union to web page (if applicable).
- (xvii) As an option service, CU NATIONAL will provide servicing information on loans being serviced for the Credit Union in computer upload and download form.

b. Marketing. Credit Union and CU NATIONAL each agree to market mortgage services to the Credit Union's entire membership by direct mail at least one time per calendar year. The costs for the respective mailings shall be borne by the respective CU NATIONAL will make available to the Credit Union its marketing services at a cost commensurate with the Credit Union's choice of marketing media, supplies, design, production and agreed upon services. The Credit Union and CU NATIONAL shall confer as to the eventual choice of marketing media and timeliness of marketing member services.

c. Operational Consultation. CU NATIONAL will provide on-going consultation and advise to the Credit Union on how to improve the Mortgage Loan Program.

d. Cross-Sell of Mortgage Applicants. CU NATIONAL shall, at the Credit Union's discretion, attempt to cross-sell other Credit Union financial services at the time the

mortgage application is being processed by CU NATIONAL as it relates to financial products disclosed on the member's mortgage application. Brochures, newsletters, flyers and any other marketing material utilized to cross-sell Credit Union services shall be provided by the Credit Union to CU NATIONAL at its sole cost and expense. CU NATIONAL is not responsible to maintain a supply of Credit Union marketing materials but shall advise when additional materials are needed. CU NATIONAL shall not request or be entitled to any additional compensation for obtaining additional Credit Union accounts beyond the services described in this Agreement.

c. Transparency of Services. It is critical that CU NATIONAL provide its services to the Credit Union members in such a manner that highlights the Credit Union's involvement and reduces CU NATIONAL's involvement in the eyes of the member. During the loan production and loan servicing process for loans the Credit Union elects to purchase, the Credit Union's name should be used (unless regulations require otherwise) in contacts with the member to enhance the connection with the Credit Union and the Credit Union's image with the member.

f. Secondary Market Sales. CU NATIONAL shall not charge a fee to Credit Union for loans sold into the secondary market. CU NATIONAL shall be entitled to keep all premiums obtained from the secondary market investor on loans sold by Credit Union through CU NATIONAL.

g. Associated Program Services. CU NATIONAL will provide the Associated Program Services without additional fee to the Credit Union as part of its loan production support services. The Credit Union recognizes that the Associated program Services are significant value added services and are not customarily provided by other service providers for a fee or without a fee.

h. Change in Fees. CU NATIONAL may change the fees for the Broker and Loan Production Services, Secondary Market Sales and Associated Program Services upon ninety (90) days written notice.

7. **Disclaimer.** CU NATIONAL makes no representation or warranty to the Credit Union or its members as to the effect that this Agreement and the consummation of the transaction contemplated hereby may have upon the Credit Union's foreign, federal, state or local tax liabilities.

8. **Severability.** In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

9. **Amendments; Joint and Several Obligations.** The terms of this Agreement may not be voided, amended, altered or waived except by a written instrument signed by all parties.

10. **Limitation of Liability.** The responsibility of CU NATIONAL hereunder shall consist solely of the duties and responsibilities described in this Agreement and such responsibility shall terminate upon closing of all mortgages or mortgage loans serviced in accordance with the terms hereof. Notwithstanding any provision contained herein to the contrary, CU NATIONAL shall not have any liability or responsibility to any person for anything done or omitted to be done hereunder, except as a result of its own negligence or willful misconduct. In the event of negligence or willful misconduct on the part of CU NATIONAL involving a particular loan, Credit Union may request the purchase of such loan by CU NATIONAL and CU NATIONAL shall purchase said loan within 60 days of the date of said request.

11. **Term and Termination.** The term of this Agreement shall commence as of the day and year first set forth, and shall continue until terminated by either party upon at least ninety (90) days' prior written notice. At the effective termination date, CU NATIONAL shall not be obligated to provide any of the services outlined in this Agreement. However, all obligations of one party to the other existing at the time of termination shall survive the termination of this Agreement.

12. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be sent by certified and regular mail and deemed to have been duly submitted when received by the respective party at the address set forth above, or at such other address as that party may specify to the other by written notice. All other communication shall be made at the discretion of each of the parties commensurate with the gravity/importance of the communication.

Notices to CU NATIONAL shall be address and sent to:

Dennis J. Fitzpatrick, President/CEO  
CU NATIONAL MORTGAGE  
P. O. Box  
19D Chapin Road  
Fair Brook, NJ 07058

Notice to Credit Union shall be addressed and sent to:

Stephen J. Lardiere, General Manager  
PICATINNY FEDERAL CREDIT UNION  
100 Mineral Spring Drive  
Office Quarters #120  
Dover, NJ 07901

13. **Governing Law.** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New Jersey without reference to conflicts of law.

14. **Application, Enforcement and Modification of this Agreement.** If in any judicial proceeding a Court shall refuse to enforce all of the provisions of this Agreement, any unenforceable provision shall be deemed eliminated from the Agreement for the purpose of such proceeding as is necessary to permit the remainder of the Agreement to be enforced in such proceeding. Credit Union understands and agrees that CU NATIONAL has an unconditional right to assign, transfer, sell, hypothecate or otherwise dispose of its interest in the servicing rights it has acquired from Credit Union. CU NATIONAL shall give Credit Union written notice within ninety (90) days of its intent to transfer from mortgage servicing

rights as described herein. This agreement constitutes the entire understanding of the parties and supersedes any prior Agreement, written or oral, enforced between or among any of the parties hereto relating to the matters set forth herein. This Agreement may be amended only in writing signed by the parties. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the successors and permitted assigns of each party. This Agreement does not create a joint venture or partnership between the Credit Union and CU NATIONAL. CU NATIONAL and the Credit Union shall maintain strict and total separation of their businesses from the businesses of each other, including separation of records, and shall conduct its businesses at all times so as not to lead to confusion between CU NATIONAL's business and the business conducted by the Credit Union.

15. **Dispute Resolution.** The parties agree that any controversy arising out of or relating to this Agreement or any breach thereof, shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. The arbitration hearing shall be conducted by a single arbitrator to be appointed by the American Arbitration Association and shall be conducted in New Jersey. The aggrieved party shall submit a notice to the other of its dispute and shall give proper and ample notice to the other of its interest in pursuing arbitration to settle said dispute. The parties shall be jointly and equally responsible for the costs and expenses related to the arbitration or other alternative dispute resolution process selected by and agreed to by the parties.

16. **Governmental Authorities; Laws and Severability.** The terms and provisions of this Agreement are expressly made subject to applicable federal and state statutes, laws, and rules and regulations promulgated thereunder, as amended from time to time, and the acts and actions of the Investors and their rules and regulations, as amended from time to time. Any rule, regulation or administrative policy of the Investors or any governmental agency having jurisdiction which relates to the transfer of the Servicing Rights to Servicer shall be deemed to be incorporated herein, and shall supersede the terms of this Agreement, unless such incorporation shall materially impair the contemplated benefits to be received by the parties

pursuant to this Agreement, in which event the parties shall renegotiate the terms and conditions hereof to reflect a fair allocation of the economic benefits contemplated hereby. In the event any provision of this Agreement is deemed by a court of competent jurisdiction to be in violation of any of the above, such provision shall be of no force or effect, and this Agreement shall continue as though such superseded provision was not contained in this Agreement.

17. **Further Assurances.** Credit Union shall at any time and from time to time, upon the reasonable request of CU NATIONAL or its representatives, execute, acknowledge, deliver or perform all such further acts, deeds, assignments, transfer conveyances and assurances as may be required for the better vesting and confirming to CU NATIONAL as its successors and assigns of title to the Servicing Rights or as shall be necessary to effect the transactions provided for in this Agreement.

18. **Assignability of Agreement.** The parties recognize and agree that CU NATIONAL, Inc., from time to time, may take the form of a different legal entity, whether partnership, corporation or Limited Liability Company, etc. In the event CU NATIONAL selects to change its corporate structure or ownership interest, CU NATIONAL, shall be entitled to assign this Agreement to the new entity provided said entity remains in control and ownership of substantially the same principals of CU NATIONAL, at the time this Agreement is executed. The exercise of this provision by CU NATIONAL shall not be undertaken to circumvent in any way the contractual obligations it has under this Agreement.

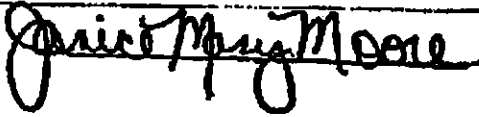
19. **Non-Exclusivity of Agreement.** The parties recognize and agree that the relationship between CU NATIONAL and PICATINNEY FEDERAL CREDIT UNION is a non-exclusive one. Although the parties are bound to this agreement involving the loans serviced thereunder, PICATINNEY is not obligated to utilize only the services of CU NATIONAL but is entitled to transact with other entities of its choosing for loans which do not fall under this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

Executed the day and year first above written.

ATTEST:

CUNATIONAL MORTGAGE, LLC



By:

  
Michael S. McGrath, Jr.

Title: Managing Member

ATTEST:

PICATINNY FEDERAL CREDIT UNION



By:

  
Stephen J. Lardiere

Title: General Manager

# EXHIBIT B

# PICATINNY TRIAL BALANCE -DEC 31 2008

Loan Number	Loan Name	Current Prin Bal	Int	Bank Code	Int Rate
106415	NORMAN, LAWRENCE E.	\$20,302.04	01		150
215001300	MANNING, T	\$106,274.66	01		150
215001528	PERICH, A	\$29,986.89	01		150
215002061	LIBBY, J	\$6,147.25	01		150
301304330	Langan, C	\$88,282.95	01		150
301304751	KAPOOR,D	\$41,335.77	01		150
301305048	VOGEL, J	\$80,862.30	01		150
315002720	LAI/UNG, P	\$72,962.48	01		150
315200011	scherer/manfra, S	\$31,163.06	01		150
315200059	AGUIS-SCHEELER/SCHEELER, M	\$39,859.28	01		150
<b>TOTAL</b>		<b>\$517,176.88</b>			

102041	SCHAFFHAUSER, JOHN J	\$87,418.41	01		150
102046	O'DONNELL, JAMES	\$47,469.60	01		150
105772	BINEF, JOSEPH	\$76,841.65	01		150
106282	DOUGHERTY, STEVEN	\$42,831.21	01		150
106448	ROBINSON, EDWARD	\$44,814.88	01		150
150428	HERMAN, RICHARD	\$18,694.01	01		150
9000267	CRNARICH, LOUIS	\$21,945.92	01		150
9000290	GEISS, DONALD	\$44,655.10	01		150
9000307	McMAHON, JAMES	\$72,369.46	01		150
301303392	Sianipar, H	\$78,767.88	01		150
301303781	OSTUNI, L	\$97,668.58	01		150
301304158	THIESING, A	\$73,502.89	01		150
301304202	NEMETH, P	\$84,198.53	01		150
301304272	GIELLA, P	\$144,153.73	01		150
301304493	HEYWARD, K	\$157,600.67	01		150
301305105	ASTROLOGO	\$185,553.08	01		150
301305718	Feuss, J	\$201,458.41	01		150
301305992	CLARK, R	\$75,897.63	01		150
301306511	BASCONE, J	\$138,454.54	01		150
301307381	OLSEN, A	\$122,671.76	01		150
301307405	SZOLLOS, L	\$88,550.07	01		150
301308482	KROPP, W	\$105,350.29	01		150
301308607	Crothers, R	\$151,583.10	01		150
301308622	Benjamin, R	\$293,368.77	01		150
301310279	Cleffi, W	\$194,001.11	01		150
315002941	HUGHES, C	\$106,683.11	01		150
315202816	DePrisco	\$101,805.02	01		150
415003457	AMARA, A	\$83,275.21	01		150
415201231	GRIEG, T	\$99,765.04	01		150
3330004364	SISCO, H	\$243,569.45	01		150
3330004816	CHEN, T	\$176,516.31	01		150
3330005176	WALTER, W	\$118,254.70	01		150
3330005692	BALE, L	\$67,150.86	01		150
<b>TOTAL</b>		<b>\$3,646,840.98</b>			

106360 MUSSONE, JAMES A.	\$130,986.31	01	150
150729 TRAINO, C.	\$64,516.56	01	150
150745 ROTTINGER, P.	\$64,632.74	01	150
9000164 ZUNIGA, RENATO	\$55,945.60	01	150
9000191 FAGERTY, STANLEY M.	\$36,532.49	01	150
215000861 TESTA, R	\$137,683.02	01	150
215001288 MILLER, L	\$130,383.86	01	150
215001291 CLARK, W	\$142,494.56	01	150
215001334 KUHNLE, W	\$141,117.99	01	150
215001880 PAIVA, R	\$34,108.91	01	150
215001928 ENGELMANN, G	\$122,106.43	01	150
215002256 HURLEY, F	\$79,312.35	01	150
301304149 SCHUESSLER, M	\$75,848.92	01	150
301305426 WHITE, S	\$109,427.10	01	150
315002604 LEONARD, S	\$110,394.29	01	150
3330000615 PITTENGER, T	\$135,181.79	01	150
3330003512 CLYNE, G	\$476,873.64	01	150
<b>TOTAL</b>	<b>\$2,027,546.56</b>		
106057 MC CAFFERTY, FRANCIS X.	\$26,984.21	01	150
106168 DEWALD, ANGELA M.	\$99,361.53	01	150
106777 RAMNATH, NAGARAJ	\$88,162.24	01	150
107043 BAKER, FRANKLIN P.	\$85,141.88	01	150
107157 LOPRETE, ROCCO G.	\$160,572.21	01	150
150783 BLODGETT, R.	\$126,819.03	01	150
150799 JACKSON, D.	\$95,130.18	01	150
9000114 SCHULZ, GARRISON	\$45,253.18	01	150
9000188 MAKSIMOW, VICTOR	\$94,743.61	01	150
9000210 KUSMA, ROBERT	\$134,036.07	01	150
9000248 SHIPOSH, JOSEPH	\$21,125.75	01	150
9000275 KELLY, STEPHEN	\$58,396.01	01	150
9000277 KNAUER, HAROLD	\$74,912.26	01	150
9902910 CARTER, CARL	\$21,772.44	01	150
215000816 PIORKOWSKI, J	\$95,153.52	01	150
215001033 BEVELOCK, J	\$124,174.82	01	150
215001206 KRAJEWSKI, J	\$212,713.58	01	150
215001252 DAMAVARAPU, R	\$259,357.72	01	150
215001348 JONES, K	\$246,856.84	01	150
215001418 CHIEFA, M	\$213,054.83	01	150
215001500 RYDEN, L	\$127,757.60	01	150
215001527 KANTENWEIN, R	\$114,390.51	01	150
215001579 SHUPE, H	\$137,309.37	01	150
215001618 FARRO, B	\$168,756.20	01	150
215001660 WILSUSEN, E	\$191,713.76	01	150
215001935 LEVINSON, S	\$181,935.08	01	150
215001954 PETERS, T	\$329,848.26	01	150
215001965 SAUVAGEAU, M	\$273,673.86	01	150
215002081 HABAL, A	\$219,665.20	01	150
215002096 OLIVO, G	\$230,977.32	01	150
215002114 REUTER, S	\$55,000.63	01	150
301003982 PUTTBACH, F	\$139,981.08	01	150

301304064 SLEDGESKI, L	\$145,291.40 01	150
301304081 LANNON, B	\$96,923.85 01	150
301304249 HERBST, D	\$50,312.01 01	150
301304512 HOLLEY, W	\$111,541.58 01	150
301305877 Laurie, G	\$268,280.78 01	150
301306138 Kukel, J	\$186,711.32 01	150
301306214 Quenault	\$143,621.03 01	150
301306810 HAMILTON, R	\$236,567.00 01	150
301307024 Sullivan, D	\$207,924.44 01	150
301307077 CALFEE	\$83,970.06 01	150
301307347 MCMANUS	\$90,841.45 01	150
301307592 ZEIER/RESOTKA-ZEIER	\$184,152.09 01	150
301307759 Lattuca, D	\$101,720.04 01	150
301307859 Musgrave, D	\$214,770.48 01	150
301308057 Tillyer, M	\$128,695.21 01	150
301308096 CALVERT, R	\$91,545.83 01	150
301308577 THORESEN, D	\$158,298.82 01	150
301308649 Donnelly, J	\$243,826.90 01	150
301308720 TRAUGER, S	\$166,313.79 01	150
301308957 KUPERUS, C	\$187,662.54 01	150
301309005 DELIMA, C	\$333,385.31 01	150
301309108 GONZALEZ, J	\$238,801.12 01	150
301309409 Perciballi, C	\$145,576.96 01	150
301309441 STANK, W	\$135,984.26 01	150
301310009 Van Sanders/Szolllosy, A	\$236,996.88 01	150
301310043 Drake, S	\$313,454.82 01	150
301310534 SWEENEY, P	\$22,606.55 01	150
301310876 COSME, J	\$269,591.73 01	150
315001570 ROSARIO, E	\$238,303.02 01	150
315002182 MALONEY, M	\$120,092.74 01	150
315002395 GOLL, C	\$226,758.57 01	150
315002408 KIRKPATRICK, A	\$100,820.71 01	150
315002418 VAN DYKE, H	\$267,325.07 01	150
315002419 LONGO, C	\$256,972.39 01	150
315002664 GARCIA, G	\$163,145.74 01	150
315002669 POTTER, B	\$96,238.19 01	150
315002708 ERVEY, R	\$197,058.03 01	150
315002834 SANLUIS, N	\$121,631.36 01	150
315002870 MCCAFFERTY, R	\$317,368.31 01	150
315002942 CARLUCCI, D	\$295,717.51 01	150
315002951 SAMPSON, B	\$193,521.65 01	150
315002967 HEREDIA, J	\$201,954.02 01	150
315003046 KRUGER, J	\$128,714.28 01	150
415200258 BARNES, S	\$158,390.54 01	150
3330000099 LALUMIA, M	\$180,770.72 01	150
3330000341 SHASA-ROBILE, H	\$241,855.83 01	150
3330000431 COLON, N	\$397,525.59 01	150
3330000819 ALESANDRO, R	\$403,358.82 01	150
3330000877 CAULFIELD, JR, M	\$197,584.12 01	150
3330000887 FRIEDMAN, M	\$293,348.04 01	150
3330000898 MCALISTER, D	\$376,635.47 01	150
3330000992 MCGRATH, J	\$353,512.66 01	150

3330001233	PASTRANA, J	\$222,484.20	01	150
3330001410	LUTZ, J	\$347,810.04	01	150
3330001700	CISZEWSKI, R	\$330,460.69	01	150
3330001896	MARKSON, M	\$125,612.22	01	150
3330001919	CASSIDY, R	\$137,349.94	01	150
3330002030	HOPLER, M	\$213,614.39	01	150
3330002101	SHAPIRO, B	\$243,507.81	01	150
3330002175	GRUBER, K	\$332,661.40	01	150
3330002216	ABULMAGD, T	\$366,182.85	01	150
3330002274	DIPPEL, JR, E	\$244,820.74	01	150
3330002295	COFFMAN, D	\$223,257.59	01	150
3330002345	SCHIMPF, D	\$254,787.24	01	150
3330002397	MUTNICK, N	\$152,491.21	01	150
3330002748	KUKEL, J	\$189,146.01	01	150
3330002764	BINTER, E	\$221,126.47	01	150
3330002804	BONTE, M	\$239,937.69	01	150
3330002928	OLSEN, T	\$350,736.24	01	150
3330003095	SABA, JR.	\$217,115.45	01	150
3330003136	CUOMO, K	\$187,940.45	01	150
3330003243	LYONS, T	\$212,809.54	01	150
3330003506	HYPES, P	\$205,272.66	01	150
3330003592	STANLICK	\$152,152.01	01	150
3330003597	VILLANOVA, P	\$289,047.16	01	150
3330003642	MANSER, M	\$230,333.28	01	150
3330003754	GORMAN, JR, P	\$363,588.89	01	150
3330004359	SCOTT, E	\$314,158.25	01	150
3330004404	HORNING, D	\$163,909.66	01	150
3330004513	STOVER, J	\$215,329.07	01	150
3330004529	SALAZAR, JR, G	\$176,280.34	01	150
3330004602	BERTA, P	\$173,732.50	01	150
3330004650	CARRERO, M	\$193,444.59	01	150
3330004771	KIMBALL, D	\$305,270.34	01	150
3330004845	JOENS, T	\$175,392.39	01	150
3330004895	ARMIGER, P	\$244,465.53	01	150
3330004959	ROUNSAVILLE, K	\$296,140.59	01	150
3330005103	PAYNE, R	\$223,531.12	01	150
3330005226	ZLOTNICK, S	\$278,669.91	01	150
3330005254	PROSSER, N	\$231,814.47	01	150
3330005273	FIGRELLO, J	\$245,755.10	01	150
3330005369	HERRERA, L	\$328,000.00	01	150
3330005404	WEED, J	\$304,361.59	01	150
3330005439	FLYNN, M	\$227,045.91	01	150
3330005457	FEBUS, D	\$239,000.00	01	150
3330005704	ERNYEY, JR, S	\$182,000.00	01	150
TOTAL		\$25,351,249.94		

301004322	ADAMS, J	\$209,978.99	01	150
301310653	Murtaugh, J	\$297,481.04	01	150
3330000085	LOHNINGER, K	\$228,320.47	01	150
TOTAL		\$735,780.50		

1330 WILSON, WILLIAM E.

\$106,407.06 01

150

215001145	BUCCI, J	\$138,873.45	01	150
301004193	QUILES, D	\$171,128.48	01	150
301004240	POHL, J	\$284,385.94	01	150
301303610	WARREN, W	\$45,572.57	01	150
301305087	MOZESON, S	\$275,501.85	01	150
301305375	PARSONS, D	\$262,304.55	01	150
301305489	Shiposh, J	\$157,998.15	01	150
301305587	MAGGIO, M	\$223,796.93	01	150
301305712	MONGIOVI, M	\$216,763.19	01	150
301306008	Riccardi/Writt, E	\$235,603.93	01	150
301306038	Moran, W	\$165,464.08	01	150
301306151	VAN SCHAICK, R	\$207,393.81	01	150
301306185	FOX, M	\$153,708.90	01	150
301306374	HELBO, J	\$120,046.19	01	150
301306681	Elliott, L	\$148,276.94	01	150
301306690	Kosonocky, A	\$280,634.76	01	150
301306739	CRYAN, C	\$143,435.47	01	150
301306763	Kosonocky, N	\$340,822.84	01	150
301306841	MILLER, R	\$164,674.06	01	150
301307005	MACKINSON, D	\$20,608.95	01	150
301308086	Sarullo, S	\$141,892.60	01	150
301308245	GALGANO, V	\$305,351.87	01	150
301308262	Harrison, J	\$78,088.35	01	150
301308415	DEWALD, D	\$221,406.87	01	150
301309408	Stenkamp, B	\$242,803.25	01	150
315002745	CYTRON, S	\$51,496.22	01	150
315202858	WEISMAN, M	\$223,867.54	01	150
3330000330	MAGNOTTI, L	\$196,587.04	01	150
3330000395	MITHWANI, M	\$238,732.69	01	150
<b>TOTAL</b>		<b>\$5,553,626.53</b>		

9000187	JOSS, MARVIN	\$95,162.60	01	150
9901859	NUNES-VAIS, BRIAN K.	\$129,858.89	01	150
9901870	BETZ, KENNETH T.	\$129,659.40	01	150
301004202	Chavan, L	\$91,951.76	01	150
301304221	CHAVKIN, M	\$214,490.43	01	150
301304550	COPPINGER, K	\$80,098.24	01	150
301305026	HESS, M	\$174,898.80	01	150
301305216	Shaw, J	\$177,748.63	01	150
301305467	Johnson, S	\$63,372.68	01	150
301305469	Yalamanchili, S	\$138,257.74	01	150
301305522	MATIJCIO, P	\$228,006.82	01	150
301305526	ROGERS, R	\$304,558.48	01	150
301305828	Stapp/Tiseo, J	\$227,860.36	01	150
301305903	Elghandour, R	\$269,499.42	01	150
301305933	Serafin, R	\$239,853.63	01	150
301305986	Hamfeldt, M	\$152,719.20	01	150
301305995	HAMFELDT, J	\$160,211.07	01	150
301306096	Lindstedt, S	\$184,700.74	01	150
301306121	Turnbull/Cooper-Turnbull, V	\$365,266.92	01	150
301306298	GOMEZ, N	\$142,648.50	01	150
301306578	Mico, M	\$310,009.96	01	150

301307911 BRELVI, I	\$296,830.80	01	150
301307942 CORCELLA, A	\$250,317.43	01	150
301308015 YOUSEF, A	\$119,015.74	01	150
301308077 LUTE, H	\$243,250.71	01	150
301308186 Nguyen, Y	\$212,850.69	01	150
301308226 Dinburg, S	\$204,278.89	01	150
301308301 BACINSKY, P	\$153,265.62	01	150
301308308 Rossy, F	\$293,775.92	01	150
301308547 Hiringer, J	\$75,473.12	01	150
301308598 CICCIA, J	\$215,508.71	01	150
301308797 DIPIERNO	\$274,046.91	01	150
301309251 Churchman, B	\$228,754.59	01	150
301309328 BARTON, A	\$132,161.38	01	150
301309839 Tolliver, D	\$291,410.30	01	150
301310603 Pizza, A	\$339,162.39	01	150
315003478 LOMBARDI, C	\$110,181.58	01	150
315202457 GOLDMAN, J	\$84,312.98	01	150
3330005185 LILLY, J	\$212,716.22	01	150
<b>TOTAL</b>	<b>\$7,618,148.25</b>		

9000060 HARDICK	\$32,572.98	01	150
9000081 BELMONT, ROBERT	\$47,094.63	01	150
9000107 GILLEN, RAYMOND	\$72,143.11	01	150
9000109 GLASS, LEON	\$107,133.87	01	150
9000126 KRAFT, JOSEPH	\$58,709.35	01	150
9000166 EGAN, HAROLD	\$72,772.64	01	150
9000200 MARTOCCI, JOSEPH	\$17,209.98	01	150
9000273 DAVE, PARITOSH	\$93,428.86	01	150
9000301 WONG, BRIAN	\$41,169.81	01	150
9000303 CARROLL, JOSEPH	\$77,214.76	01	150
9000312 DAVIS, JOSHUA	\$36,946.69	01	150
9901504 YOUSEF, AMIN	\$125,748.95	01	150
9901524 YUEN, HARVARD	\$85,317.40	01	150
9901604 EKSTROM, OKE	\$85,948.66	01	150
9901653 HOCKENBERRY, PATRICK O.	\$81,204.16	01	150
9901659 CICCOLELLA, MATTHEW J.	\$7,495.31	01	150
9902165 MORGAN, RICHARD	\$77,327.51	01	150
9902204 BAUER, JEREMY	\$83,246.71	01	150
3330000324 DONAHUE, B	\$134,741.33	01	150
3330000407 DAVIEAU, P	\$202,268.55	01	150
<b>TOTAL</b>	<b>\$1,537,685.26</b>		

3330005616 LANDA, J	\$226,300.00	01	150
<b>TOTAL</b>	<b>\$226,300.00</b>		

<b>TOTAL</b>	<b>\$9,381,133.51</b>		
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Inv Group Code	Term in Months	Maturity Date	Current Bal	Street
000	120	12/1/2011	\$1,625.30	154 RANDOLPH AVE
000	120	11/1/2012	\$3,042.22	29 BROMLEY ROAD
000	120	12/1/2012	\$2,148.53	10 MOUNTAIN TRAIL
000	120	1/1/2013	\$1,752.22	2 KELLY DRIVE
000	120	6/1/2014	\$2,216.03	77 MUDTOWN ROAD
000	120	6/1/2014	\$1,626.15	14 HEATHERWOOD COURT
000	120	8/1/2014	\$727.70	8 WESTVIEW DRIVE
000	120	3/1/2013	\$1,901.91	23 KATHRYN DRIVE
000	120	4/1/2013	\$3,121.83	108 West Valley Brook Road
000	120	5/1/2013	\$1,886.25	103 RICHARD STREET
			\$20,045.14	

001	180	7/1/2016	\$2,235.32	199 BEARFORT ROAD
001	180	9/1/2016	\$936.43	25 HIGH STREET
001	180	11/1/2016	\$1,849.79	625 MONTGOMERY STREET
001	180	12/1/2016	\$2,245.15	14 BELL TERRACE
001	180	1/1/2017	\$1,472.42	610 PINE LANE
001	180	5/1/2017	\$20.17	44 BURGUNDY A
001	180	11/1/2013	\$1,550.02	16 VALLEY VIEW DRIVE
001	180	3/1/2014	\$1,329.83	121 EAST SHAWNEE TRAIL
001	180	6/1/2014	\$1,543.94	28 GREENWOOD DRIVE
001	180	4/1/2019	\$1,291.31	22 PENN AVENUE
001	180	5/1/2019	\$1,676.83	10 HAMPTON DOWNES ROAD
001	180	5/1/2019	\$1,403.41	28 ALGONQUIAN TERRACE
001	180	5/1/2019	\$3,581.19	20 JACOBS ROAD
001	180	5/1/2019	\$2,824.69	78 NORTH WATCHUNG DRIVE
001	180	6/1/2019	\$694.12	1 MEADOWLARK COURT
001	180	8/1/2019	\$479.55	37 HANCE STREET
001	180	8/1/2019	\$2,028.80	208 Maryland Avenue
001	180	10/1/2019	\$876.27	393 LITTLE WALKER ROAD
001	180	10/1/2019	\$1,559.78	7 TAMARACK ROAD
001	180	2/1/2020	\$1,324.66	9 FIELD LANE
001	180	2/1/2020	\$1,889.04	22 EVERMENT ROAD
001	180	6/1/2020	\$4,019.28	51 CORNHOLLOW ROAD
001	180	6/1/2020	\$1,787.43	8 ARLINGTON DRIVE
001	180	6/1/2020	\$4,168.33	12 Donna Lee Court
001	180	12/1/2020	\$2,045.14	5 HICKORY DRIVE
001	180	11/1/2018	\$1,304.33	140 ORBEN DRIVE
001	180	12/1/2018	\$1,229.08	459 BROWN TRAIL
001	180	5/1/2019	\$2,375.71	205 FAIRWAY LANE
001	180	6/1/2019	\$2,686.21	1006 COUNTY ROUTE 619
001	180	5/1/2023	\$1,771.68	3 VALLEY VIEW AVENUE
001	180	8/1/2023	\$2,486.96	239 RAYMOND BOULEVARD
001	180	9/1/2023	\$2,615.35	5511 BERKSHIRE VALLEY ROAD
001	180	12/1/2023	\$1,580.00	409 ROUTE 206
			\$60,882.22	

002	240 1/1/2022	\$1,360.75	113 MINNISINK ROAD
002	240 8/1/2022	\$1,391.78	402 WINONA LAKES
002	240 7/1/2022	\$718.45	2 SUNRISE UNIT 7
002	240 7/1/2017	\$1,700.75	20 TANBARK LANE
002	240 1/1/2018	\$1,456.67	72 MOUNT HOPE AVENUE
002	240 9/1/2022	\$2,476.02	26 WAWAYANDA ROAD
002	240 12/1/2022	\$715.69	8 JOHN STREET
002	240 1/1/2023	\$1,997.55	6 JOAN DRIVE
002	240 11/1/2022	\$2,985.28	13 MARC DRIVE
002	240 1/1/2023	\$1,499.96	36 MOUNTAINSIDE AVENUE
002	240 1/1/2023	\$1,377.79	20 PULASKI DRIVE
002	240 1/1/2023	\$1,746.12	35 MOUNTAIN ROAD
002	240 5/1/2024	\$1,738.27	10 SAND HILL ROAD
002	240 8/1/2024	\$1,071.59	8 OLD CREAMERY ROAD
002	240 3/1/2023	\$1,280.71	12 SHAWNEE PARKWAY
002	240 5/1/2026	\$1,302.72	28 YATES AVENUE
002	240 12/1/2027	\$7,112.88	122 LAKESIDE DRIVE

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\$81,932.98

003	360 11/1/2031	\$593.86	233 A NORTH LAKE SHORE
003	360 12/1/2031	\$1,358.58	38 HILLSIDE AVE
003	360 6/1/2032	\$2,565.15	76 MUNSONHURST ROAD
003	360 2/1/2032	\$1,014.13	4 HIDDEN GLEN ROAD
003	360 1/1/2032	\$2,301.55	9 CATAN DRIVE
003	360 8/1/2032	\$1,896.43	35 EDITH PLACE
003	360 8/1/2032	(\$555.76)	6 WATERLOO ROAD
003	360 8/1/2027	\$1,372.52	110 WOODY LANE
003	360 11/1/2027	\$508.73	10 DELBAR DRIVE
003	360 5/1/2028	\$2,077.48	22 PEARY DRIVE
003	360 7/1/2028	\$1,245.72	14 MEKEEL DRIVE
003	360 12/1/2028	\$620.58	37 ROOSEVELT WAY
003	360 12/1/2028	\$1,036.18	44 OVERLOOK DRIVE
003	360 2/1/2030	\$72.46	515 FLAT SWAMP ROAD
003	360 9/1/2032	\$968.11	226 FAIRVIEW AVE
003	360 12/1/2032	\$1,775.58	95 GOLDFINCH PLACE
003	360 1/1/2033	\$1,602.41	77 HOPE ROAD
003	360 12/1/2032	\$3,192.59	14 CANTERBURY LANE
003	360 11/1/2032	\$1,858.12	22 HEMINGWAY DRIVE
003	360 11/1/2032	\$1,910.96	311 RIVER AVE
003	360 12/1/2032	\$2,053.32	37 LEONARD TERRACE
003	360 2/1/2033	\$1,167.81	78 TAMARACK ROAD
003	360 2/2/2033	\$891.92	3224 FRANKLIN LANE
003	360 1/1/2033	\$1,559.38	88 PEASE AVENUE
003	360 12/1/2032	\$2,011.27	2 ISLAND TRAIL
003	360 1/1/2033	\$2,252.22	76 YACHT CLUB DRIVE
003	360 1/1/2033	\$3,432.12	1 GLENBROOK LANE
003	360 12/1/2032	\$1,918.94	11 BERTRAND ISLAND ROAD
003	360 1/1/2033	\$2,638.65	39 FIELD ROAD
003	360 2/1/2033	\$2,416.76	83 POSSAGHI ROAD
003	360 1/1/2033	\$844.09	17 MASON AVENUE
003	360 2/1/2034	\$1,363.15	316 HUDSON AVENUE

003	360 6/1/2034	\$1,119.92	12 JAMES STREET
003	360 5/1/2034	\$1,269.20	209 CLERMONT AVENUE
003	360 6/1/2034	\$1,871.85	1021 BELMONT AVENUE
003	360 6/1/2034	\$1,456.20	5 DOREMUS LANE
003	360 9/1/2034	\$1,486.87	23 HICKORY DRIVE
003	360 8/1/2034	\$2,920.87	846 AMWELL ROAD
003	360 3/1/2035	\$1,175.02	22 DIAMOND DRIVE
003	360 1/1/2035	\$2,029.58	3 BRIDLE WAY
003	360 1/1/2035	\$2,254.15	350 BELVIDERE AVENUE
003	360 3/1/2035	\$925.51	99 KENNEDY ROAD
003	360 1/1/2035	\$995.21	426 BROWN TRAIL
003	360 2/1/2035	\$644.80	140 Cynthia Drive
003	360 4/1/2035	\$766.01	329 Rose Marie Lane
003	360 7/1/2035	\$1,569.03	27 BARN OWL DRIVE
003	360 5/1/2035	\$1,079.69	8 JOHN STREET
003	360 6/1/2035	\$506.86	2925 Berkley Drive
003	360 6/1/2035	\$1,402.55	6 SUSSEX STREET
003	360 11/1/2036	\$3,487.17	25 CROWNVIEW COURT ,
003	360 8/1/2035	\$1,941.47	302 GREGG STREET
003	360 9/1/2035	\$1,839.85	294 COUNTY ROAD 565
003	360 7/1/2035	\$2,708.35	32 DALRYMPLE ROAD
003	360 11/1/2035	\$1,853.68	19 CRESTMONT DRIVE
003	360 9/1/2035	\$1,041.40	54 BURLINGTON COURT
003	360 10/1/2035	\$1,283.47	328 CENTER STREET
003	360 10/1/2035	\$1,576.59	1 PATHFINDER TRAIL
003	360 1/1/2036	\$1,205.60	230 HAMILTON AVENUE
003	360 1/1/2036	\$282.55	1203 SPRING HILL ROAD
003	360 2/1/2036	\$1,315.67	806 EAST BALDWIN STREET
003	360 3/1/2033	\$2,682.58	206 WOODS WALK
003	360 3/1/2033	\$2,270.99	26 NAVAJO WAY
003	360 2/1/2033	\$4,554.57	15 SANFORD ROAD
003	360 3/1/2033	\$1,596.34	414 LEISURE LOOP
003	360 2/1/2033	\$2,790.27	6 CONCORD ROAD
003	360 2/1/2033	\$2,539.73	4 MACKENZIE LANE
003	360 3/1/2033	\$2,079.75	40 SERPENTINE ROAD
003	360 4/1/2033	\$0.00	6 HILLSIDE COURT
003	360 3/1/2033	\$735.61	4 DUKE OF GLOUCESTER STREET
003	360 4/1/2033	\$1,588.50	443 E MCFARLAN STREET
003	360 4/1/2033	\$2,183.64	55 OVERLOOK TERRACE
003	360 3/1/2033	\$3,021.41	212 SOUTH BROOKSIDE DRIVE
003	360 4/1/2033	\$3,458.42	10 WYNNEWOOD ROAD
003	360 4/1/2033	\$1,400.36	7 ALAN LANE
003	360 5/1/2033	\$1,679.23	17 PAUL DRIVE
003	360 5/1/2034	\$1,942.13	51 FAIRVIEW AVENUE
003	360 3/1/2036	\$924.43	30 DEERFIELD WAY
003	360 4/1/2036	\$1,209.84	15 ORCHARD ST.
003	360 5/1/2036	\$2,237.13	173 GROVE AVENUE
003	360 6/1/2036	\$2,295.77	141 KINNELON ROAD
003	360 7/1/2036	\$1,334.31	10 LOYOLA COURT
003	360 7/1/2036	\$1,064.97	68 KIRKWOOD AVENUE
003	360 7/1/2036	\$1,854.10	17 NEW ROW ROAD
003	360 7/1/2036	\$2,942.56	7 SLEEPY HOLLOW ROAD

003	360 9/1/2036	\$2,048.15	RR2 BOX 20150 TANITE ROAD
003	360 10/1/2036	\$2,182.91	6 CARLA COURT
003	360 11/1/2036	\$2,142.35	31 VERNON STREET
003	360 12/1/2036	\$931.03	2308 FRANKLIN LANE
003	360 2/1/2037	\$1,992.28	266 HANDLE ROAD K
003	360 1/1/2037	\$134.54	705 West Queen Creek Rd. 1203
003	360 1/1/2037	\$424.28	35 OXFORD ROAD
003	360 2/1/2037	\$1,874.18	11 PHILIP TERRACE
003	360 2/1/2037	\$2,029.09	247 RIVER ROAD -- UNIT 4
003	360 3/1/2037	\$1,842.37	1 OLD WOOD LANE
003	360 4/1/2037	\$1,578.60	244 ROUTE 661
003	360 3/1/2037	\$1,126.96	52 RIDGEDALE AVENUE F
003	360 3/1/2037	\$916.40	55 UPPER RAINBOW TRAIL
003	360 6/1/2037	\$3,084.36	167 BLOOMINGDALE ROAD
003	360 7/1/2037	\$1,419.53	12 LAUREN LANE
003	360 7/1/2037	\$1,491.94	4 RIDGE ROAD
003	360 9/1/2037	\$2,004.64	26 WEST GATE DRIVE
003	360 11/1/2037	\$1,486.29	24 SUNDANCE TERRACE
003	360 9/1/2037	\$1,393.53	126 BROOKLYN ROAD
003	180 9/1/2022	\$2,178.91	34 MOUNTAIN HEIGHTS DRIVE
003	360 11/1/2037	\$2,957.03	568 DELL PLACE
003	240 11/1/2027	\$1,640.05	845 BERKSHIRE VALLEY ROAD
003	360 11/1/2037	\$2,056.03	133 FAIRWAY DRIVE WEST
003	360 12/1/2037	\$2,166.71	324 W. DEWEY AVENUE
003	360 12/1/2037	\$1,991.71	20 SIGNAL HILL TRAIL
003	360 8/1/2038	\$2,974.98	80 SOUTH HILLSIDE AVENUE
003	360 5/1/2038	\$2,630.98	25B ROBYN LANE
003	360 5/1/2038	\$1,396.02	86 STOCKTON COURT
003	360 7/1/2038	\$837.64	322 RICHARD MINE ROAD, UNIT A9
003	360 6/1/2038	\$0.00	43 SAMMIS AVENUE
003	360 6/1/2038	\$1,070.88	20 EAST STERLING STREET
003	360 7/1/2038	\$1,454.39	19 MIRROR PLACE
003	360 7/1/2038	\$2,117.24	5397 BUCK SETTLEMENT ROAD
003	360 8/1/2038	\$591.28	143 MINE HILL ROAD
003	360 8/1/2038	\$2,379.06	96 WEST SHAWNEE TRAIL
003	360 10/1/2038	\$1,205.22	86 WILDER STREET
003	360 9/1/2038	\$3,665.45	178 WEST LAKE SHORE DRIVE
003	360 12/1/2036	\$2,043.01	125 MARNE ROAD
003	360 12/1/2038	\$2,566.20	42 Washington Street
003	360 12/1/2038	\$2,135.76	13 Maxwell Court
003	360 11/1/2038	\$3,208.40	282 KERRS CORNER ROAD
003	360 11/1/2038	\$2,037.76	122 Farview Road
003	360 1/1/2039	\$564.16	539 WEST VALLEY VIEW AVENUE
003	360 1/1/2039	669.05	266 North Main Street

\$216,333.09

004	360 10/1/2035	\$1,651.40	3 WILLIAMS TRAIL
004	360 1/1/2036	\$818.55	58 SOUTH CHERRY ROAD
004	360 2/1/2036	\$1,094.17	400 EAST RANDOLPH AVENUE 17

\$3,564.12

005	360 5/1/2030	\$1,887.48	9 LAMBERT ROAD
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005	360 1/1/2033	\$4,157.34	41 NOMAHEGAN DRIVE
005	360 12/1/2034	\$1,457.07	49 MUSCONETCONG AVENUE
005	360 5/1/2035	\$2,241.00	86 CHESTERFIELD-CROSSWICKS ROAD
005	360 4/1/2034	\$674.34	103 RIDER ROAD
005	360 8/1/2034	\$1,644.41	61 SUNSET TRAIL
005	360 11/1/2034	\$2,579.28	27 MEREDITH DRIVE
005	360 8/1/2034	\$2,340.98	38 BROCK LANE
005	360 8/1/2034	\$2,347.52	122 TOMAHAWK COURT
005	360 9/1/2034	\$1,044.58	16 WIND MEADOW TRAIL
005	360 11/1/2034	\$1,682.37	9A PARK STREET
005	360 9/1/2034	\$2,172.04	30 SLOPE DRIVE
005	360 10/1/2034	\$2,209.61	3 SPINNAKER WAY
005	360 10/1/2034	\$1,838.71	38 ROWE STREET
005	360 11/1/2034	\$2,496.18	287 HILLOCK COURT
005	360 5/1/2035	\$2,937.24	7 OAK LANE UNIT A-3
005	360 11/1/2034	\$713.91	8 MAPLE LANE
005	360 10/1/2034	\$1,244.58	43 CARDINAL LANE
005	360 12/1/2034	\$1,972.05	28 MARCY AVENUE
005	360 12/1/2034	\$56.67	2 TOPAZ LANE
005	360 12/1/2034	\$1,006.11	39 WEST BERTRAND ROAD
005	360 5/1/2035	\$1,602.19	44 STATE STREET
005	360 5/1/2035	\$2,285.33	122 DOGWOOD WAY
005	360 6/1/2035	\$0.00	48 Pitman Place
005	360 6/1/2035	\$1,469.70	3 VALLEY FIELD ROAD
005	360 9/1/2035	\$1,213.94	2 WISCONSIN AVENUE
005	360 3/1/2033	\$3,908.35	95 BRIARCLIFF ROAD
005	360 1/1/2034	\$131.59	36 SEVEN PINES AVENUE, UNIT# 2
005	360 4/1/2036	\$0.00	2H BLACK WALNUT LANE
005	360 4/1/2036	\$3,556.50	318 CENTER VALLEY COURT
		\$52,871.07	

006	360 1/1/2028	\$1,227.76	21 GLENSIDE DRIVE
006	360 10/1/2029	\$2,502.00	19 WEST HANOVER AVENUE
006	360 10/1/2029	\$2,782.09	20 1/2 MOUNTAIN AVENUE
006	360 3/1/2035	\$1,708.20	LOT 389, SECTION 2D, SWALLOW COUR
006	360 8/1/2034	\$732.33	250 VISTA DRIVE
006	360 7/1/2034	\$788.11	197 EASTWOOD DRIVE
006	360 9/1/2034	\$324.75	208 RIVER WALK DRIVE
006	360 7/1/2034	\$144.81	11 CATON TERRACE
006	360 7/1/2034	\$1,328.65	665 REBA ROAD
006	360 8/1/2034	\$2,728.15	924 PRESCOTT AVENUE
006	360 7/1/2034	\$1,327.62	35 FLETCHER PLACE
006	360 7/1/2034	\$742.15	201 EAST OCEAN DRIVE, Building 3 Unit 11
006	360 9/1/2034	\$529.35	59 Colby Court Unit B
006	360 11/1/2034	\$326.13	9 LACKLAND AVENUE
006	360 9/1/2034	\$3,168.92	2 PHEASANT RUN ROAD
006	360 9/1/2034	\$1,237.08	32 TROON TERRACE
006	360 9/1/2034	\$1,683.98	504 BROOKLYN MOUTAIN ROAD
006	360 9/1/2034	\$1,516.34	16 Audrey Place
006	360 7/1/2035	\$2,870.05	85 TIMBERHILL DRIVE
006	360 11/1/2034	\$1,667.09	115 MAIN STREET
006	360 11/1/2034	\$1,735.31	12 OLD MIDDLETOWN ROAD

006	360 3/1/2035	\$2,400.54	31 FOREST DRIVE
006	360 3/1/2035	\$2,240.76	18 UTE AVENUE
006	360 4/1/2035	\$1,698.70	159 MONROE TRAIL
006	360 4/1/2035	\$2,075.22	51 SOUTH FRANKLIN STREET
006	360 8/1/2035	\$1,646.30	2 WOOD DUCK COURT
006	360 5/1/2035	\$1,111.99	20 South Midland Avenue, Unit H-5
006	360 7/1/2035	\$1,181.14	55 KADEL DRIVE
006	360 8/1/2035	\$1,599.38	175 PENN AVENUE
006	360 9/1/2035	\$3,692.70	11 HARMONY LANE
006	360 8/1/2035	\$450.36	53 MASON AVE
006	360 7/1/2035	\$1,098.68	111 Edgewood Road
006	360 12/1/2035	\$1,352.97	20 PROSPECT CIRCLE
006	360 9/1/2035	\$1,198.53	129 VERMONT TRAIL
006	360 9/1/2035	\$2,850.62	54 Oakwood Avenue
006	360 12/1/2035	\$0.00	152 CEDAR AVENUE
006	360 9/1/2033	\$522.62	10 BUCCANEER BEND
006	360 11/1/2033	\$3,583.82	143 WEST LAKESHORE DRIVE
006	360 9/1/2038	\$3,950.80	16 SEPTEMBER CIRCLE

\$63,726.00

007	360 5/1/2026	\$1,345.64	31 COYKENDALL ROAD
007	360 7/1/2026	\$1,299.71	15 GARDEN AVENUE
007	360 5/1/2027	\$730.92	7388 SYLVAN DRIVE
007	360 3/1/2027	\$2,738.16	1361 ROUTE 57
007	360 5/1/2027	\$1,152.62	2428 GOLDKEY ESTATES
007	360 8/1/2027	\$1,098.08	21 HIGHLAND AVENUE
007	180 4/1/2013	\$1,018.38	501 ROSETO AVENUE
007	360 12/1/2028	\$2,174.06	6 HOAGLAND COURT
007	180 6/1/2014	\$973.85	27 QUAIL COURT
007	360 6/1/2029	\$2,224.91	317 GLEN ROAD
007	360 7/1/2029	\$549.00	741 BRAMBLE LANE N.E.
007	360 9/1/2029	\$1,060.98	3 GLENSIDE DRIVE
007	360 8/1/2029	\$1,756.57	699 SOUTH BEVERWYCK ROAD
007	360 9/1/2029	\$219.62	39 WILLOW DRIVE
007	360 11/1/2029	\$1,060.41	47 WEST SHORE TRAIL
007	360 10/1/2029	\$3,455.52	19 CHELSEA DRIVE
007	360 11/1/2029	\$1,071.50	1 MORGAN TERRACE
007	360 11/1/2029	\$960.00	41 EAST SHAWNEE TRAIL
007	360 5/1/2036	\$1,018.95	13235 DELL PLACE UNIT:235
007	360 4/1/2036	\$1,723.66	26 WEST MOHAWK DRIVE

\$27,632.54

008	360 1/1/2039	\$1,248.64	3333 BENNINGTON COURT
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\$1,248.64

City	State	ZIP	Orig. Ins. Amt.
MINE HILL	NJ	07803	\$67,000.00
Montville	NJ	07045	\$239,000.00
VERNON TWP.	NJ	07462	\$125,000.00
ROXBURY TWP	NJ	07876	\$102,000.00
WANTAGE TOWNSHIP	NJ	07461	\$145,000.00
ROCKAWAY	NJ	07866	\$68,500.00
HANOVER TWP (WHIPPANY)	NJ	07981	\$130,000.00
TOWNSHIP OF HANOVER / WHIPPANY	NJ	07981	\$150,000.00
WASHINGTON TOWNSHIP AKA CALIFON	NJ	07830	\$140,000.00
ROCKAWAY TOWNSHIP / DOVER	NJ	07801	\$79,750.00
			\$1,246,250.00

WEST MILFORD	NJ	07480	\$139,000.00
MT. OLIVE TOWNSHIP	NJ	07828	\$75,000.00
ELIZABETH	NJ	07202	\$120,000.00
STROUDSBURG	PA	183601810	\$68,500.00
HUNTER	NY	12442	\$69,000.00
DEL RAY BEACH	FL	33484	\$27,750.00
MINE HILL	NJ	07803	\$50,000.00
JEFFERSON	NJ	07885	\$96,000.00
JEFFERSON	NJ	07438	\$150,000.00
DOVER	NJ	07801	\$103,500.00
NEWTON	NJ	07860	\$133,700.00
JEFFERSON TOWNSHIP	NJ	07885	\$121,500.00
ROCKAWAY TOWNSHIP	NJ	07866	\$110,650.00
HAWTHORNE	NJ	07506	\$190,000.00
JACKSON TOWNSHIP	NJ	08527	\$205,000.00
WHARTON	NJ	07885	\$233,950.00
Lake Hopatcong	NJ	07849	\$255,450.00
SHOHOLA	PA	18458	\$95,000.00
MOUNT OLIVE (BUDD LAKE)	NJ	07828	\$175,000.00
DENVILLE TOWNSHIP	NJ	07834	\$152,000.00
ROCKAWAY	NJ	07885	\$109,000.00
SUCCASUNNA(ROXBURY TWP)	NJ	07876	\$130,000.00
DENVILE TOWNSHIP	NJ	07834	\$182,000.00
Denville	NJ	07834	\$358,500.00
EAST STROUDSBURG	PA	18301	\$225,000.00
MOUNT ARLINGTON BOROUGH	NJ	07850	\$142,000.00
HOPATCONG BOROUGH	NJ	07843	\$135,000.00
NEPTUNE	NJ	07753	\$150,000.00
NEWTON	NJ	07860	\$140,000.00
RANDOLPH	NJ	07869	\$250,000.00
PARSIPPANY	NJ	07054	\$180,000.00
OAK RIDGE	NJ	07438	\$120,000.00
MONTAGUE	NJ	07827	\$68,000.00
			\$4,760,500.00

JEFFERSON TOWNSHIP	NJ	07849	\$168,000.00
EAST STROUDSBURG	PA	18302	\$80,000.00
VERNON	NJ	07462	\$80,000.00
TANNERSVILLE	PA	18372	\$93,750.00
DOVER	NJ	07801	\$75,000.00
WARWICK	NY	10990	\$170,000.00
JEFFERSON TWP	NJ	07849	\$160,000.00
BYRAM TWP./STANHOPE	NJ	07874	\$177,000.00
WANTAGE TWP.	NJ	07461	\$175,000.00
HARDYSTON	NJ	07460	\$42,500.00
JEFFERSON TWP / OAK RDG.	NJ	07438	\$150,000.00
Hopatcong	NJ	07843	\$100,000.00
STANHOPE	NJ	07874	\$92,750.00
Andover	NJ	07860	\$125,850.00
JEFFERSON	NJ	07885	\$140,500.00
NEWTON	NJ	07860	\$145,000.00
ROCKAWAY	NJ	07866	\$490,500.00

**\$2,465,850.00**

MONTAGUE	NJ	07827	\$48,000.00
NETCONG	NJ	07857	\$110,000.00
FRANKLIN	NJ	07416	\$97,600.00
WASHINGTON TOWNSHIP	NJ	07853	\$93,500.00
FLANDERS	NJ	07836	\$177,000.00
MINE HILL	NJ	07803	\$138,000.00
MT. OLIVE TWP./BUDD LAKE	NJ	07828	\$102,400.00
HAMPTON TWP	NJ	07822	\$58,000.00
BUDD LAKE	NJ	07828	\$111,200.00
VERNON TWP	NJ	07461	\$160,000.00
SUCCASUNNA	NJ	07876	\$35,000.00
MOUNT ARLINGTON	NJ	07856	\$86,000.00
INDEPENDENCE	NJ	07840	\$100,000.00
BLOUNTS CREEK	NC	27814	\$24,400.00
HAMPTON TWP.	NJ	07860	\$104,000.00
HACKETTSTOWN/ALLAMUCHY TWP.	NJ	07840	\$137,000.00
BLAIRSTOWN TWP	NJ	07825	\$240,000.00
MANSFIELD TWP. / HACKETTSTOWN	NJ	07840	\$285,000.00
ROXBURY/Ledgewood	NJ	07852	\$270,000.00
POINT PLEASANT BEACH	NJ	08742	\$240,000.00
Roseland	NJ	07068	\$140,000.00
BYRAM TWP	NJ	07821	\$125,000.00
ROCKAWAY	NJ	07866	\$150,000.00
Verona	NJ	07044	\$183,500.00
JEFFERSON TOWNSHIP	NJ	07885	\$210,000.00
JEFFERSON (Lake Hopatcong)	NJ	07849	\$198,750.00
Mendham	NJ	07945	\$362,000.00
MT. ARLINGTON / ROXBURY TWP.	NJ	07856	\$300,000.00
CLIFTON	NJ	07013	\$255,000.00
HAMPTON / NEWTON	NJ	07860	\$252,000.00
NEWTON	NJ	07860	\$60,000.00
HOPATCONG BOROUGH	NJ	07843	\$150,000.00

DOVER	NJ	07801	\$154,400.00
STROUDSBURG	PA	18360	\$104,000.00
NORTH HALEDON	NJ	07508	\$54,000.00
MONTAGUE	NJ	07827	\$119,900.00
BOROUGH OF STANHOPE	NJ	078742807	\$284,400.00
HILLSBOROUGH	NJ	08844	\$210,000.00
LAKE HOPATCONG	NJ	07849	\$152,000.00
WANTAGE TOWNSHIP	NJ	07461	\$250,000.00
WASHINGTON BOROUGH	NJ	07882	\$220,000.00
ANDOVER	NJ	07821	\$88,500.00
HOPATCONG	NJ	07843	\$96,000.00
HACKETTSTOWN	NJ	07840	\$193,500.00
East Stroudsburg	PA	18301	\$107,065.00
ALLAMUCHY TWP. (HACKETTSTOWN)	NJ	07840	\$229,900.00
KENVIL/ROXBURY TOWNSHIP	NJ	07847	\$135,000.00
Rocky Mount	NC	27803	\$98,000.00
TOWN OF NEWTON	NJ	07860	\$166,500.00
SPARTA	NJ	07871	\$250,000.00
STROUDSBURG	PA	18360	\$175,000.00
WANTAGE	NJ	07461	\$206,706.00
FRANKFORD TWP. (BRANCHVILLE)	NJ	07826	\$350,000.00
ROCKAWAY TOWNSHIP	NJ	07801	\$250,000.00
HAMBURG	NJ	07419	\$153,000.00
LANDING (Roxbury Twp)	NJ	07850	\$150,000.00
WHARTON	NJ	07885	\$248,000.00
CLIFTON	NJ	07011	\$325,000.00
PORTAGE	PA	15946	\$23,750.00
HACKETTSTOWN	NJ	07840	\$279,200.00
HAMILTON	PA	18360	\$260,000.00
Rockaway	NJ	07866	\$133,500.00
MOUNT OLIVE / BUDD LAKE	NJ	07828	\$250,000.00
Milford	PA	18337	\$110,000.00
RANDOLPH	NJ	07869	\$310,000.00
JEFFERSON	NJ	07438	\$285,000.00
Ringwood	NJ	07456	\$178,000.00
East Stroudsburg	PA	18301	\$105,000.00
FREDON	NJ	07860	\$215,000.00
Dover	NJ	07801	\$167,500.00
Nutley	NJ	07110	\$350,000.00
Sparta	NJ	07871	\$322,700.00
Livingston	NJ	07039	\$220,000.00
Mine Hill	NJ	07803	\$220,000.00
Succasunna / Roxbury Twp	NJ	07876	\$140,000.00
HIGH BRIDGE	NJ	08829	\$170,000.00
SCOTRUN	PA	18355	\$187,000.00
ROCKAWAY	NJ	07866	\$250,000.00
VERONA	NJ	07044	\$410,000.00
KINNELON	NJ	07405	\$415,000.00
HOPATCONG	NJ	07843	\$207,000.00
HAMBURG	NJ	07419	\$301,500.00
ROCKAWAY TWP AKA HIBERNIA	NJ	07842	\$387,000.00
BYRAM AKA ANDOVER	NJ	07821	\$365,000.00

STROUDSBURG	PA	18360	\$226,400.00
ROCKAWAY TWP	NJ	07866	\$360,000.00
WOODBRIIDGE TOWNSHIP	NJ	07077	\$338,530.00
ROCKAWAY TOWNSHIP	NJ	07866	\$128,800.00
WEST DOVER	VT	05356	\$141,000.00
CHANDLER	AZ	85248	\$218,000.00
EAST BRUNSWICK	NJ	08816	\$249,000.00
SUSSEX	NJ	07461	\$340,000.00
PISCATAWAY	NJ	08854	\$375,250.00
HAMPTON TOWNSHIP	NJ	07860	\$249,950.00
FRELINGHUYSEN TOWNSHIP	NJ	07846	\$228,000.00
MORRISTOWN	NJ	07960	\$260,000.00
PARSIPPANY AKA DENVILLE	NJ	07834	\$156,000.00
SHICKSHINNY	PA	18655	\$195,000.00
VERNON TOWNSHIP	NJ	07461	\$225,000.00
STANHOPE BOROUGH	NJ	07874	\$244,000.00
VERNON TOWNSHIP	NJ	07418	\$356,400.00
HARDYSTON	NJ	07419	\$220,000.00
STANHOPE	NJ	07874	\$190,500.00
BYRAM	NJ	07871	\$224,750.00
STANHOPE	NJ	07874	\$208,000.00
WHARTON	NJ	07885	\$156,500.00
EAST STROUDSBURG	PA	18301	\$292,600.00
JEFFERSON TWP AKA WHARTON	NJ	07885	\$233,000.00
SPARTA	NJ	07871	\$367,900.00
SUCCASUNNA	NJ	07876	\$315,000.00
TOBYHANNA TOWNSHIP	PA	18347	\$165,050.00
PARSIPPANY TROYHILLS	NJ	07950	\$216,900.00
WHARTON	NJ	07885	\$180,000.00
DOVER	NJ	07801	\$175,000.00
WHARTON	NJ	07885	\$194,650.00
OAK RIDGE	NJ	07438	\$306,850.00
BATH	NY	14810	\$176,300.00
HACKETTSTOWN	NJ	07840	\$245,700.00
WHARTON	NJ	07885	\$297,500.00
HILLSIDE	NJ	07205	\$224,000.00
ROCKAWAY TOWNSHIP	NJ	07866	\$280,000.00
HOPATCONG	NJ	07843	\$232,000.00
ROXBURY	NJ	07850	\$246,000.00
MORRISTOWN	NJ	07960	\$328,000.00
BLAIRSTOWN	NJ	07825	\$305,000.00
ROCKAWAY	NJ	07866	\$227,500.00
HACKETTSTOWN	NJ	07840	\$239,000.00
WHARTON	NJ	07885	\$182,000.00

\$26,573,401.00

HOPATCONG	NJ	07843	\$295,520.00
JEFERSON TOWNSHIP	NJ	07849	\$313,200.00
MINE HILL	NJ	07803	\$240,000.00

\$848,720.00

BLAIRSTOWN TOWNSHIP	NJ	07825	\$134,000.00
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WESTFIELD	NJ	07090	\$153,500.00
HOPATCONG	NJ	07843	\$185,000.00
Trenton	NJ	08620	\$303,000.00
SHOHOLA	PA	18458	\$50,000.00
TOWNSHIP OF DENVILLE	NJ	07834	\$300,000.00
SPARTA TOWNSHIP	NJ	07871	\$284,050.00
HACKETTSTOWN/ MT. OLIVE TWP	NJ	07840	\$200,000.00
BELLE MEAD	NJ	08502	\$251,200.00
HARDYSTON	NJ	07460	\$235,600.00
ROSELAND BORO	NJ	07068	\$260,000.00
DOVER	NJ	07801	\$174,300.00
JEFFERSON TOWNSHIP (LAKE HOPATC	NJ	07849	\$225,000.00
BLOOMFIELD	NJ	07003	\$188,000.00
BUSHKILL	PA	18324	\$130,000.00
East Stroudsburg	PA	18301	\$159,200.00
PARSIPPANY-TROY HILLS TOWNSHIP	NJ	07034	\$303,900.00
NEWTON/HAMPTON TOWNSHIP	NJ	07860	\$155,900.00
SPRINGFIELD	NJ	07081	\$368,100.00
JEFFERSON TWP (LAKE HOPATCONG)	NJ	07849	\$178,000.00
MOUNT ARLINGTON	NJ	07856	\$120,000.00
BOROUGH OF WASHINGTON	NJ	07882	\$152,000.00
TWP OF ALLAMUCHY	NJ	07846	\$327,200.00
Twp of Parsippany-Troy Hills	NJ	07878	\$83,800.00
NEWTON(Andover Twp)	NJ	07860	\$244,600.00
LAKE HOPATCONG	NJ	07849	\$257,300.00
Mountain Lakes	NJ	07046	\$173,000.00
CAMBRIDGE	MA	02140	\$250,000.00
WEST MILFORD	NJ	07480	\$205,000.00
EAST STROUDSBURG	PA	18301	\$270,360.00
			<b>\$6,322,040.00</b>

BUDD LAKE	NJ	07828	\$116,250.00
BOROUGH OF MORRIS PLAINS	NJ	07950	\$150,000.00
BOROUGH OF MENDHAM	NJ	07945	\$150,000.00
BUSHKILL	PA	18324	\$101,500.00
CEDAR KNOLLS	NJ	07927	\$232,000.00
GREENTOWN	PA	18426	\$87,000.00
SIMPSONVILLE	SC	29681	\$200,000.00
CALDWELL	NJ	07006	\$195,000.00
MOUNT ARLINGTON	NJ	07856	\$80,000.00
ENDICOTT	NY	13760	\$149,800.00
Parsippany-Troy Hills Township	NJ	07878	\$247,500.00
KEY COLONY BEACH	FL	33051	\$330,000.00
WHITE TOWNSHIP	NJ	07823	\$247,000.00
PISCATAWAY TOWNSHIP	NJ	08854	\$287,900.00
LIBERTY TOWNSHIP	NJ	07838	\$276,550.00
ANNANDALE	NJ	08801	\$165,300.00
HOPATCONG	NJ	07843	\$173,850.00
Dover	NJ	07801	\$199,500.00
FRANKLIN TOWNSHIP	NJ	08823	\$385,500.00
STANHOPE	NJ	07874	\$160,000.00
ROCKAWAY TOWNSHIP	NJ	07866	\$333,700.00

ROXBURY	NJ	07876	\$320,000.00
PARSIPPANY	NJ	07034	\$268,000.00
HOPATCONG	NJ	07843	\$127,000.00
LAMBERTVILLE	NJ	08530	\$260,000.00
HACKETTSTOWN	NJ	07840	\$225,450.00
Township of Kearny	NJ	07032	\$225,400.00
MOUNT ARLINGTON BOROUGH	NJ	07858	\$200,000.00
DOVER	NJ	07801	\$315,000.00
MANSFIELD TOWNSHIP (HACKETTSTOV	NJ	07840	\$220,000.00
NEWTON	NJ	07860	\$232,750.00
Linden	NJ	07036	\$290,700.00
SUSSEX	NJ	07461	\$239,200.00
HOPATCONG	NJ	07843	\$140,000.00
Mine Hill	NJ	07803	\$310,000.00
MAYWOOD	NJ	07607	\$358,000.00
PLACIDA	FL	33946	\$123,000.00
ROCKAWAY TOWNSHIP	NJ	07866	\$100,500.00
EAST STROUDSBURG	PA	18301	\$213,750.00

\$8,437,100.00

WANTAGE TWP.	NJ	07461	\$53,000.00
WHARTON	NJ	07885	\$58,000.00
SANFORD	FL	32771	\$87,500.00
PORT MURRAY	NJ	07865	\$130,000.00
MILFORD	PA	18337	\$69,000.00
STANHOPE	NJ	07874	\$99,000.00
BANGOR	PA	18013	\$43,500.00
BRIDGEWATER	NJ	08807	\$160,000.00
HARDYSTON TOWNSHIP	NJ	07419	\$85,500.00
SPARTA	NJ	07871	\$90,000.00
ORANGEBURG	SC	29115	\$43,000.00
MOUNT OLIVE TOWNSHIP	NJ	07828	\$148,000.00
PARSIPPANY-TROY TOWNSHIP	NJ	07054	\$175,000.00
WHITE TOWNSHIP	NJ	07823	\$99,800.00
SANDYSTON TOWNSHIP	NJ	07851	\$93,750.00
JEFFERSON TOWNSHIP	NJ	07438	\$135,000.00
ROXBURY TOWNSHIP	NJ	07885	\$100,000.00
JEFFERSON TOWNSHIP	NJ	07058	\$95,400.00
STANHOPE	NJ	07874	\$139,600.00
LITTE EGG HARBOR	NJ	08087	\$210,000.00

\$2,115,050.00

WINTER PARK	FL	32792	\$226,300.00
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\$226,300.00

\$5,086,100.00

Inv. Name	Map Class
PICATINNY FCU - FIXED 10 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 10 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 10 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 10 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 10 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 10 YEAR	CONDOMINIUM
PICATINNY FCU - FIXED 10 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 10 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 10 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 10 YEAR	SINGLE FAMILY RESIDENCE

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

PICATINNY FCU - FIXED 30 YEAR	CONDOMINIUM
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	CONDOMINIUM
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	CONDOMINIUM
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	CONDOMINIUM
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	CONDOMINIUM
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE
PICATINNY FCU - FIXED 30 YEAR	Single Family Dwelling
PICATINNY FCU - FIXED 30 YEAR	SINGLE FAMILY RESIDENCE

[illegible]



PICATINNY FCU - 5/1 ARM	SINGLE FAMILY RESIDENCE
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	CONDOMINIUM
PICATINNY FCU - 5/1 ARM	CONDOMINIUM
PICATINNY FCU - 5/1 ARM	CONDOMINIUM
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	CONDOMINIUM
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	Single Family Dwelling
PICATINNY FCU - 5/1 ARM	SINGLE FAMILY RESIDENCE
PICATINNY FCU - 5/1 ARM	CONDOMINIUM
PICATINNY FCU - 5/1 ARM	CONDOMINIUM
PICATINNY FCU - 5/1 ARM	Single Family Dwelling

PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	PLANNED UNIT DEVELOPMENT
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	SINGLE FAMILY RESIDENCE
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling

PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	CONDOMINIUM
PICATINNY FCU - 7/1 ARM	SINGLE FAMILY RESIDENCE
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	SINGLE FAMILY RESIDENCE
PICATINNY FCU - 7/1 ARM	Single Family Dwelling
PICATINNY FCU - 7/1 ARM	Single Family Dwelling

PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	CONDOMINIUM
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	Single Family Dwelling
PICATINNY FCU - 10/1 ARM	CONDOMINIUM
PICATINNY FCU - 10/1 ARM	Single Family Dwelling

PICATINNY FCU - 1/1 ARM	Single Family Dwelling
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# EXHIBIT C

**James H. Forte**

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**From:** Robert N. Squillante, Esq. [RSquillante@picacreditunion.com]  
**Sent:** Thursday, January 29, 2009 3:18 PM  
**To:** James H. Forte  
**Subject:** FW: Follow-Up

**REDACTED**

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**From:** Bill Darling  
**Sent:** Thursday, January 29, 2009 2:50 PM  
**To:** Robert N. Squillante, Esq.  
**Subject:** FW: Follow-Up

**REDACTED**

---

**From:** Robert Tort [mailto:rtort@usmtg.com]  
**Sent:** Thursday, January 29, 2009 12:42 PM  
**To:** Bill Darling  
**Cc:** Phil Scialabba  
**Subject:** Follow-Up

**Bill:**

Phil asked that I follow up with you regarding the weeks events at CU National Mortgage.

In response to what I am sure are a lot of questions about what happened earlier this week, we are able to inform you that our company was served with a federal document search warrant seeking specific records. This action temporarily shut down our computer system to allow the search to take place and interfered with our ability to serve your members. We apologize for this inconvenience; all systems are back up and working properly.

The company cooperated during the search and will continue to cooperate in the investigation. I want to emphasize that neither US Mortgage Corporation and CU National Mortgage are not targets of the investigation. We are open for business and are actively conducting business.

At this time we request your patience and urge you to continue to rely upon our continued commitment of all of our valued employees to serve your members faithfully

If you should have any additional questions please don't hesitate to contact myself or Phil directly.

Robert

Robert H. Tort  
Vice President National Sales  
CU National Mortgage  
856-489-4527 (o)  
856-669-7988 (c)

**Disclaimer:**

2/19/2009

This message is intended only for the use of the individual or entity to which it is addressed, and may contain information not designed for dissemination to the general public. If you have received this communication in error, please delete it and notify us immediately. The information contained in this e-mail may be proprietary, confidential, privileged or exempt from disclosure under law. If the reader is not the intended recipient, please reply and delete your copy of this message. This email transmission has undergone a strict content analysis for Spam, HTML threats, malicious code, email exploits, and virus/worm activity by GFI MailSecurity/GFI Mail Essentials before being released.

# **EXHIBIT D**

**James H. Forte**

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**From:** Robert N. Squillante, Esq. [RSquillante@picacreditunion.com]  
**Sent:** Friday, January 30, 2009 11:02 AM  
**To:** James H. Forte  
**Subject:** FW: January Servicing Remittance

**REDACTED**

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**From:** Keith B. McCarthy  
**Sent:** Friday, January 30, 2009 10:57 AM  
**To:** Bill Darling; Robert N. Squillante, Esq.  
**Subject:** FW: January Servicing Remittance

**REDACTED**

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**From:** Phil Scialabba [mailto:PScialabba@usmtg.com]  
**Sent:** Friday, January 30, 2009 10:34 AM  
**To:** Keith B. McCarthy  
**Cc:** Andrew Liput; Ronald Carti; Veronica Cassidy  
**Subject:** January Servicing Remittance

Keith,

We have recently become aware that the servicing system which generates your monthly remittance reports contains errors. We have been actively working to identify the extent of these errors, and to correct them. This is delaying the delivery of your January monthly reports and payments. We apologize for this problem and the delay it has caused, however we assure you that we are working diligently to resolve the matter and will of course pay the amounts due to you, with accrued interest from the date these funds were due to you, within a few days. Once again we apologize for this situation and appreciate your patience as we correct the matter. Should you have any questions, please contact Andrew Hallajian at 973-244-7100, extension 1479.

Sincerely,

Phil Scialabba

**Disclaimer:**

This message is intended only for the use of the individual or entity to which it is addressed, and may contain information not designed for dissemination to the general public. If you have received this communication in error, please delete it

2/19/2009

# EXHIBIT E

# Saiber

ATTORNEYS AT LAW

Saiber LLC

One Gateway Center • 13th Floor

Newark, New Jersey • 07102-5311

Tel 973.622.3333 • Fax 973.622.3349

www.saiber.com

New York | Atlantic City | Point Pleasant Beach

WILLIAM F. MADRER \*\*  
DAVID J. D'ALON  
JEFFREY W. LORELL \*  
DAVID R. GROSS \*  
SHAN R. KELLY \*\*  
ARNOLD B. CALMANN \*  
JOAN M. SCHWAB  
JENNIFER DISOMMA \*  
JAMES H. FORTE  
VINCENT F. PAPALIA  
RANDI SCHILLINGER \*\*  
MICHAEL J. GERAGHTY \*  
NINA A. COVIELLO \*  
AGNES I. RYMER \*  
JAMES H. GANNING \*  
NANCY A. WASHINGTON  
MARC C. SINGER \*\*  
SETH E. ZUCKERMAN  
MARC E. WOLIN \*  
DAVID A. COHEN  
JEFFREY SOOS  
DANIELYN T. COLAO \*

SAMUEL S. SAIBER  
GEOFFREY GAULIN  
ALFRED M. WOLIN  
DAVID M. SATZ, JR.  
MORTON GOLDFEIN \*  
DAVID J. SATZ  
NEIGH WEDDYN GROSS  
GUY S. MICHAEL \*  
ROBERT J. CARROLL  
MICHAEL J. WILDES \*  
ROBERT B. NUSSBAUM  
MELISSA A. PROHSEY  
CHRISTINA L. FICHERA \*  
\* MEMBER OF NJ & NY BARS  
\* MEMBER OF NJ & PA BARS  
\* MEMBER OF NJ, NY & CT BARS  
\* CERTIFIED BY THE SUPREME  
COURT OF NEW JERSEY AS A CIVIL  
AND CRIMINAL TRIAL ATTORNEY  
\* CERTIFIED BY THE SUPREME  
COURT OF NEW JERSEY AS A CIVIL  
TRIAL ATTORNEY

JENNIFER R. O'CONNOR  
PAOLA CIAPPINA HENSLEY  
COLIN R. ROBINSON \*  
MARK A. ROWEY  
CARA L. MUGLIACCO  
JACK CHAN \*  
DANIEL N. HANSEN \*  
JEFFREY J. PASEK  
JOHN H. MOORLANDER \*  
ANDREW D. LA FURA \*  
LAUREN M. LIMAUBO  
RINA GRABOTTY \*  
UNA YOUNG KANG \*  
KATHERINE A. ESCANLON \*  
JACOB B. HALPERN  
MICHAEL J. GROSS \*  
SANJAY MANOCHA \*  
MATTHEW A. CATANA \*  
ANTONIO A. GONZALEZ \*  
AMY K. SMITH \*  
JANE JHUN \*  
GERI L. ALLEN  
CHRISTIE R. GARVEY  
CHRISTOPHER J. TURANO

January 30, 2009

Via Telecopy (973-487-3771), Certified Mail/R.R.R.  
and Regular Mail

Andrew H. Hallajian, Esq.

CU National Mortgage, LLC

43 Route 46 East

P.O. Box 838

Pine Brook, New Jersey 07058

Re: Picatinny Federal Credit Union

Dear Mr. Hallajian:

Pursuant to our discussion, I write to confirm that this firm represents Picatinny Federal Credit Union in connection with mortgage loans that it holds in its portfolio and that CU National Mortgage, LLC ("CU National") sold or attempted to sell without Picatinny Federal Credit Union's knowledge or authorization to the Federal National Mortgage Association ("Fannie Mae").

You asked that I provide authority for Picatinny Federal Credit Union's right of setoff against funds that CU National has on deposit and threatened to file an order to show cause seeking the release of these funds. As I previously advised you, Picatinny Federal Credit Union has a contractual and common law right to set off CU National's debt against the funds that CU National has on deposit. The contractual right of set off is found in the Terms and Conditions governing CU National's accounts, which CU National expressly accepted when it executed the signature cards relating to its accounts. On page 6 of the Terms and Conditions, under the heading "RIGHT OF OFFSET," CU National agreed that Picatinny Federal Credit Union has the right to apply as much of the balance in its accounts to satisfy any

Andrew H. Hallajian, Esq.  
January 30, 2009  
Page 2

debt that CU National owes to Picatinny Federal Credit Union. A copy of the cover page of the Terms and Conditions and page 6 thereof are enclosed herewith.

Second, the Supreme Court of New Jersey has recognized that a common law right of set off exists against funds in a customer's account to satisfy, in whole or in part, the customer's indebtedness to the institution holding the funds. In All American Auto Salvage v. Camps Auto Wreckers, 146 N.J. 15 (1996), the Supreme Court addressed whether a bank may deduct a processing fee from a judgment debtor's general deposit account before paying the balance to a levying creditor. Although the bank in All American Auto Salvage did not possess a security interest in the funds in the debtor's account, the Supreme Court held that the bank had a common law to set off the processing fee due and owing from the debtor against the funds in its accounts:

"A bank may apply general deposits to debts due it from a depositor whether such debts consist of a balance on general account or any other indebtedness." 5A Michie, supra, Ch. 9 §119a, at 473. Sometimes, a set off involves separate debts established through independent contracts. See Elsinore Shore, supra, 67 B.R. at 943; Walter v. National City Bank, 42 Ohio St.2d 524, 330 N.E.2d 425, 427 (1975). Here, however, both debts arise from the same source, the deposit account agreement. [The bank] is indebted to [debtors] for the balance of funds in their accounts, and they are obligated to it for the processing fees. . . .

Id. at 24-25.

Like the bank and debtors in All American Auto Salvage, Picatinny Federal Credit Union owes a debt to its customer, CU National, in the amount of the balance of funds in CU National's accounts, and CU National owes a debt to Picatinny Federal Credit Union in the amount of the loans owned by Picatinny Federal Credit Union that CU National improperly sold (or attempted to sell). Therefore, Picatinny Federal Credit Union has the contractual and common law right to set off CU National's indebtedness arising from the loans sold without authorization against the funds in CU National's accounts.

# Saiber

ATTORNEYS AT LAW

Andrew H. Hallajian, Esq.  
January 30, 2009  
Page 3

Now that I have answered your question, I would appreciate answers to mine. To date, CU National has not identified the specific loans owned by Picatinny Federal Credit Union that CU National sold (or attempted to sell) to Fannie Mae. Picatinny Federal Credit Union hereby demands that CU National identify each such loan by loan number and borrower without further delay.

Moreover, under the Credit Union Support Services and Correspondent Mortgage Lending Agreement as of July 1, 1999 ("Agreement"), CU National agreed to "keep full and complete records pertaining to each Mortgage Loan" and to provide "reasonable access to all books and records pertaining to the mortgage loan to the Credit Union or its authorized representative." Consistent with CU National's obligations under this Agreement, Picatinny Federal Credit Union further demands that CU National produce all books and records relating to CU National's sale and/or assignment or attempted sale or assignment of all loans that Picatinny Federal Credit Union maintained in its portfolio.

In addition, as I advised you during our conversation, CU National has not made the remittance required by section (a)(iii) of the Loan Servicing section of the Agreement due on or before January 20, 2009. Picatinny Federal also demands that CU National make this payment immediately.

Be guided accordingly.

Very truly yours,

JAMES H. PORTE

JHF:cr

Enclosure

cc: Dennis J. Fitzpatrick, President/CEO, c/o Phil Scialabba  
(via certified mail/R.R.R. and regular mail)  
Robert Hanna, Esq. (via telecopy and regular mail)

Federal law.

To contact us about privacy, please send written correspondence to:

Picatinny Federal Credit Union  
100 Mineral Springs Drive



\*federal credit union

**Terms and Conditions of Your Account**

**Part 707 Truth and Savings Disclosure**

**Reg CC Funds Availability**

**Reg E Electronic Funds  
Transfer Disclosure**

**Substitute Check Procedure Disclosure**

**Fee Schedule**

**Notice of Your Financial Privacy Rights**

**Picatinny Federal Credit Union**  
100 Mineral Springs Drive  
Dover, NJ 07801-1635  
Phone 973-361-5225  
Fax 973-361-8850

[www.picacreditunion.com](http://www.picacreditunion.com)

withdrawal requirement; or which exceeds any frequency limitations. There is no limitation on the number of withdrawals, which you may make in person, or by mail (via check mailed to the depositor), or at an Automatic Teller Machine, and no limit on the number of transfers in person, which may be made into your account.

**THE NUMBER OF WITHDRAWALS THAT MAY BE MADE BY TELEPHONE AGREEMENT, AUTOMATIC, OR PREAUTHORIZED TRANSFERS, WHETHER THIRD-PARTY TRANSFERS OR TRANSFERS TO ANOTHER OF YOUR ACCOUNTS WITH US, IS LIMITED TO SIX (6) TRANSFERS PER MONTHLY STATEMENT CYCLE.** If more than six (6) transfers are attempted to be made within a monthly statement cycle there may be an excess transaction charge for each such transfer as listed in the Miscellaneous Fee Schedule.

If the transfer limitations are exceeded three times in any 12-month period, the account will be closed pursuant to federal regulations.

A withdrawal shall be deemed made when recorded on our books, which is not necessarily the date you initiated the transaction.

**RIGHT OF OFFSET:** If you are now indebted to us, or if at any time you become indebted to us, we may have the right to apply as much of the balance in your account as may be necessary to satisfy the debt. If the account is a joint account, all owners consent to the application of the full amount on deposit, or any portion thereof, to the payment of any indebtedness to us on the part of any owner, irrespective of the amount of each owner's contribution to the account.

**DISHONORED ITEMS:** If another institution refuses to pay (dishonors) a check or other item, which you deposited or cashed, we will deduct the amount of the check or item from your account, and note the dishonor on your account statement. We may then select either of the following methods for processing checks dishonored for reasons of insufficient or uncollected funds:

Foreign wire transfers (outgoing), each	\$30.00
Annual IRA administrative fees, per year	\$ 8.00
Money Market Accounts	
Balance below \$1000.00 minimum monthly fee	\$10.00
Excessive Share Account Check Withdrawals	
Over first 4, per month	\$2.00 per check
Travelers Cheques, Single signature per \$100	\$1.00
Travelers Cheques, Dual signature per \$100	\$1.50
Gift Checks, each	\$2.50
Purchase money order fee	\$3.00
Certified check, each	\$10.00
Stop payment on bank checks or money orders	\$20.00
Levies and Liens, each	\$25.00
Credit inquiry - verification, each	\$10.00
Invalid address, each month	\$ 5.00
Microfilm of any document, each page	\$ 2.00
Reg D excess transaction fee	\$20.00
Visa Gift Cards	\$2.00

### FREE SERVICES

Starter Checks, first 12 when opening account	FREE
Share Draft, first 25 checks written per month	FREE
Share Draft-No minimum balance requirement	
Share Draft-No monthly maintenance fee	
Business Accounts first 75 checks written per month	FREE
ATM transactions our machines	FREE
ATM transactions using Allpoint network	FREE
POS transactions	FREE
Home Banking	FREE
MOM - Bank-by-phone service	FREE
Loan by phone	FREE
VISA Credit Card Annual Fee	FREE
Notary Service—Members	FREE
Signature Guarantee	FREE

\*\*Fees subject to change at any time. Not responsible for typographical errors.

### NOTICE OF YOUR FINANCIAL PRIVACY RIGHTS

We do not sell your information. For more than 65 years, members have trusted PFCU with their personal and financial information. Whether you are a current or former member, our practices are the same. Our com-

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Andrew H. Hallajian, Esq.  
CU National Mortgage, LLC  
43 Route 46 East  
P.O. Box 838  
Pine Brook, New Jersey 07058

**2. Article Number**

(Transfer from service label)

7008 0150 0001 6635 3311

PS Form 3811, February 2004

Domestic Return Receipt

102505-02-11-1540

**COMPLETE THIS SECTION ON DELIVERY**
**A. Signature**

X

☐ Agent

☐ Addressee

**B. Received by (Printed Name)**

JE BRYEN

**C. Date of Delivery**

2/3/09

**D. Is delivery address different from item 1?**

☐ Yes

If YES, enter delivery address below: ☒ No

**3. Service Type**

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

**4. Restricted Delivery? (Extra Fee)**

☐ Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Dennis G. Fitzpatrick, Esq.  
c/o Phil Scialla  
CU National Mortgage, LLC  
43 Route 46 East  
P.O. Box 838  
Pine Brook, New Jersey 07058

**2. Article Number**

(Transfer from service label)

7008 0150 0001 6635 3328

PS Form 3811, February 2004

Domestic Return Receipt

102505-02-11-1540

**COMPLETE THIS SECTION ON DELIVERY**
**A. Signature**

X

☐ Agent

☐ Addressee

**B. Received by (Printed Name)**

JE BRYEN

**C. Date of Delivery**

2/3/09

**D. Is delivery address different from item 1?**

☐ Yes

If YES, enter delivery address below: ☒ No

**3. Service Type**

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

**4. Restricted Delivery? (Extra Fee)**

☐ Yes

# EXHIBIT F

# NOTE

ORIGINAL

September 12, 2008  
(Date)

Springfield  
(City)

New Jersey  
(State)

88 WILDER STREET  
HILLSIDE, NJ 07205

(Property Address)

## 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$224,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Plostinny Federal Credit Union, A Federal Credit Union

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

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

## 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 5.7500%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

## 3. PAYMENTS

### (A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on November 01, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on October 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 662, Pine Brook, NJ 07066

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

### (B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,307.21

## 4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1000.1 (FRANCIS)

Form 3200 1/01

GreenDoc®  
Page 1 of 2

MFCD3002

3330005403

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 3399 1/91

MULTISTATE  
ITEM 1049L2 (8/2000)  
MFCD3002

Standard  
Page 2 of 2  
3330005103

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

  
RICHARD S. PAYNE

(Seal)  
Borrower

  
CHERYL D. PAYNE

(Seal)  
Borrower

\_\_\_\_\_  
(Seal)  
Borrower

\_\_\_\_\_  
(Seal)  
Borrower

\_\_\_\_\_  
(Seal)  
Borrower

\_\_\_\_\_  
(Seal)  
Borrower

[Sign Original Only]

MULTISTATE FIXED RATE NOTE--Single Family--Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1046L3 (04/00/00)  
MFC03082

Form 3200 L01

Printed  
Page 3 of 3  
3330005103

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330005103

Borrower(s) RICHARD S. PAYNE, CHERYL D. PAYNE

Property Address: 88 WILDER STREET, HILLSIDE, NJ 07205

Note Amount: 224,000.00

Note Date: September 12, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse


Piscataway Federal Credit Union

Name MICHAEL J. MCGRATH, JR.

Title AVP

US4057

PAY TO THE ORDER OF

WITHOUT RECOURSE  
U.S. MORTGAGE CORPORATION  
  
JOHN KUSKIN  
VICE PRESIDENT

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

**Recording Requested By/Return To:** MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330006183

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of New Jersey, a corporation organized and  
(herein "Assignee"), whose address is  
190 CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated September 12, 2008, made and executed by

RICHARD S PAYNE AND CHERYL D PAYNE, HUSBAND AND WIFE

to and in favor of PICATINNY FEDERAL CREDIT UNION

and given to secure

payment of \$ 224,908.00 } Two Hundred Twenty Four Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. , at page (or as

No. ) of the Records of UNION

County, State of NJ, recorded on , together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on October 8, 2008

Witness

PICATINNY FEDERAL CREDIT UNION

BY:

MICHAEL J. MCGRATH, JR.

AVP

Witness

Attest

Seal:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey, COUNTY OF Morris

I CERTIFY THAT ON October 8, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON  
(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY MARIA CAVALLINZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2013

US4289

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014. PINE BROOK, NJ 07058

Loan Number: 3330008103

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of

, a corporation organized and  
(herein "Assignee"), whose address is

3900 Washington Avenue NW, Washington, DC 20016

a certain Mortgage dated September 12, 2008, made and executed by

RICHARD S PAYNE AND CHERYL D PAYNE, HUSBAND AND WIFE

to and in favor of US Mortgage Corp.

and given to secure

payment of , ( 224,000.00

) Two Hundred Twenty Four Thousand

(Include the Original Principal Amount and Maturity Date of Note(s))

which Mortgage is of record in Book, Volume, or Liber No.

, at page

(or as

No.

) of the

Records of UNION

County, State of NJ

, recorded on

, together with the note(s) and obligations therein

described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on October 6, 2008

Witness

US Mortgage Corp.

BY:

JOHN KUSKIN

AVP

Witness

Asset

Seal:

This Instrument Prepared By:

address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON October 6, 2008

PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT

(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT

AS

OF

US Mortgage Corp.

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

US4290

SUZANNE MARIA CAVALLIERO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-23-2013

ORIGINAL

NOTE

October 08, 2008  
[Date]

Mt Olive  
[City]

New Jersey  
[State]

282 KERRS CORNER ROAD  
FRELINGHUYSEN AKA BLAIRSTOWN, NJ 07825

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$305,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Piscataway Federal Credit Union, A Federal Credit Union

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 5.7500%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on December 01, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on November 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07068

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

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,779.90

4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 5300 1/03

MULTISTATE  
ITEM 1048.1 (08/09/08)

GreenCheck®  
Page 1 of 3

MFCD9002

3330005404

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

MULTISTATE FIXED RATE NOTE—Single Family—Fixed Rate Mac/Prudential Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1646L2 (000000)  
MFCD3002

Form 3399 1/81

GreenDocs®  
Page 2 of 2  
3330005404

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

  
\_\_\_\_\_  
JOHN L. WEED

(Seal)  
-Borrower

  
\_\_\_\_\_  
CYNTHIA A. WEED

(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1040L3 (10/2000)  
MFCD3002

Form 3300 1/01

Printed  
Page 2 of 3  
3330005404

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330005404

Borrower(s) JOHN L. WEED, CYNTHIA A. WEED

Property Address: 282 KERRS CORNER ROAD, FRELINGHUYSEN AKA BLAIRSTOWN, NJ 07625

Note Amount: 305,000.00

Note Date: October 8, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

\_\_\_\_\_  
Without Recourse

Picatinny Federal Credit Union

\_\_\_\_\_  
Name MICHAEL J. MCGRATH, JR.

Title AVP

US4057

**PAY TO THE ORDER OF**

\_\_\_\_\_  
WITHOUT RECOURSE  
U.S. MORTGAGE CORPORATION  
  
JOHN KUSKIN  
VICE PRESIDENT

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330006404

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of New Jersey, a corporation organized and  
(herein "Assignee"), whose address is  
19D CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated October 8, 2008, made and executed by

JOHN L. WEED AND CYNTHIA A. WEED, HUSBAND AND WIFE.

to and in favor of PICATINNY FEDERAL CREDIT UNION and given to secure

payment of \$ 308,000.00 Three Hundred Five Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 8008, at page 1 (or as

No. 200800323745 of the Records of WARREN

County, State of NJ, recorded on 10/15/2008, together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on November 10, 2008

Witness

Witness

Agent

Seal:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey COUNTY OF Hudson

I CERTIFY THAT ON November 10, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS ATP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

SUZANNE MARIA CAVALLIERO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-23-2013

US4208

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330008484

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of \_\_\_\_\_, a corporation organized and  
(herein "Assignee"), whose address is

3900 Washington Avenue NW, Washington, DC 20016

a certain Mortgage dated October 8, 2008, made and executed by

JOHN L. WEED AND CYNTHIA A. WEED, HUSBAND AND WIFE

to and in favor of US Mortgage Corp.

and given to secure

payment of \$ 305,000.00 ) Three Hundred Five Thousand  
(includes the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 2008, at page 1 (or as

No. 200800323745 ) of the Records of WARREN

County, State of NJ, recorded on 10/16/2008, together with the note(s) and obligations therein  
described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on November 18, 2008

US Mortgage Corp.

BY: 

JOHN KUSKIN

AVP

Witness

Witness


Agent

Seal:

This Instrument Prepared By:  
address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON November 18, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

- (A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS  OF US Mortgage Corp.  
(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

  
NOTARY

US4290

SUZANNE MARIA CAVALLUZZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2013

ORIGINAL

NOTE

October 16, 2008  
(Date)

Verona  
(City)  
122 Farview Road  
ROCKAWAY, NJ 07866

New Jersey  
(State)

(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$227,500.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Piscataway Federal Credit Union, A Federal Credit Union

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 6.0000%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on December 01, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on November 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07058

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

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,363.88

4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
1734 1048.1 (03/2008)

Form 3398 1/01

GrantDocs®  
(Page 3 of 3)

MFC03002

3330005439

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

  
MICHELE B. FLYNN

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1044L3 (06/06/08)  
MFCD3002

Form 5200 1/01

GrandDuct®  
(Page 3 of 3)  
3330005430

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330005439

Borrower(s) MICHELE B. FLYNN

Property Address: 122 Farview Road, ROCKAWAY, NJ 07866

Note Amount: 227,500.00

Note Date: October 15, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse

Picatinny Federal Credit Union

  
Name MICHAEL J. MCGRATH, JR.

Title AVP

U64057

**PAY TO THE ORDER OF**

**WITHOUT RECOURSE**  
**U.S. MORTGAGE CORPORATION**  
  
**JOHN KISKIN**  
**VICE PRESIDENT**

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

This assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

**Recording Requested By/Return To:** MORTGAGE DEPT  
190 CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330008438

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto **US MORTGAGE CORP.**

existing under the laws of **New Jersey**, a corporation organized and  
(herein "Assignee"), whose address is  
190 CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated **October 18, 2008**, made and executed by

**MICHELE B FLYNN, A SINGLE WOMAN**

to and in favor of **PICATINNY FEDERAL CREDIT UNION**

and given to secure

payment of **( 227,500.00 )** Two Hundred Twenty Seven Thousand Five Hundred  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. , at page (or as

No. ) of the Records of **MORRIS**

County, State of **NJ**, recorded on , together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

**TO HAVE AND TO HOLD** the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

**IN WITNESS WHEREOF**, the undersigned Assignor has executed this Assignment of Mortgage on **November 10, 2008**

**PICATINNY FEDERAL CREDIT UNION**

BY: 

**MICHAEL J. MCGRATH, JR.**

**AVP**

  
Witness

Witness

Attest

Seal:

This Instrument Prepared By: **PICATINNY FEDERAL CREDIT UNION**  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF **New Jersey**, COUNTY OF **Harris**

I CERTIFY THAT ON **November 10, 2008**

PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) **WAS THE MAKER OF THIS INSTRUMENT**

(B) **WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT**

AS **AVP** OF **PICATINNY FEDERAL CREDIT UNION**

(C) **EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT**

  
NOTARY

US4286

**RUZANNE MARIA CAVALLUZZO**  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-23-2013

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330005439

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of

, a corporation organized and  
(herein "Assignee"), whose address is

3900 Washington Avenue NW, Washington, DC 20016

a certain Mortgage dated October 18, 2006, made and executed by

MICHELE B FLYNN, A SINGLE WOMAN

to and in favor of US Mortgage Corp.

and given to secure

payment of \$ 227,508.96 ) Two Hundred Twenty Seven Thousand Five Hundred

(Include the Original Principal Amount and Maturity Date of Note(s))

which Mortgage is of record in Book, Volume, or Liber No.

, at page

(or as

No. ) of the

Records of MORRIS

County, State of NJ

, recorded on

, together with the note(s) and obligations therein

described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on November 10, 2008

US Mortgage Corp.

BY: 

JOHN KUSKIN

AVP

Witness

Witness

Attest

Seal:

This Instrument Prepared By:  
address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON November 10, 2008

PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT

(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT

AS  OF US Mortgage Corp.

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE DEITY NAMED IN THIS INSTRUMENT

  
NOTARY

US4290

BUZANNE MARIA CAVALLARO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-21-2016

ORIGINAL

NOTE

November 05, 2008  
[Date]

Ledgewood  
[City]  
125 MARNE ROAD  
HOPATCONG, NJ 07843

New Jersey  
[State]

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$232,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Pleditiny Federal Credit Union, A Federal Credit Union

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 7.1250%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on January 01, 2009. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on December 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07058

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

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,583.03

4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1042L1 (8/2008)

Form 1042 1/01

GreenCheck®  
(Page 1 of 3)

MFCD3002

3330005254

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1044L2 (0000000)  
MFCD3002

Form 3200 1/01

GreenCheck®  
(Page 3 of 3)  
3330005264

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

  
\_\_\_\_\_  
NICOLAS PROSSER (Seal) Borrower

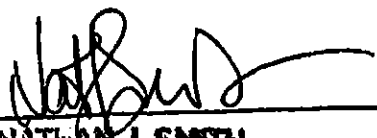
  
\_\_\_\_\_  
KENE PROSSER (Seal) Borrower

\_\_\_\_\_  
(Seal) Borrower

\_\_\_\_\_  
(Seal) Borrower

\_\_\_\_\_  
(Seal) Borrower

\_\_\_\_\_  
(Seal) Borrower

  
\_\_\_\_\_  
NATHAN J. SMITH  
An Attorney At Law  
of Rowe Josey

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1040L2 (080909)  
MFCDS002

Form 3200 1/01

GrantData®  
(Page 3 of 3)  
3330008284

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330006264

Borrower(s) NICOLAS PROSSER, RENEE PROSSER

Property Address: 125 MARNE ROAD, HOPATCONG, NJ 07843

Note Amount: 232,000.00

Note Date: November 5, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse

Picatinny Federal Credit Union

Name MICHAEL J. McGRATH, JR.

Title AVP

US4057

**PAY TO THE ORDER OF**

**WITHOUT RECOURSE  
U.S. MORTGAGE CORPORATION**

  
**JOHN KUSKIN  
V.P. PRESIDENT**

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
190 CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330006264

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of New Jersey, a corporation organized and  
(herein "Assignee"), whose address is  
190 CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated November 5, 2008, made and executed by

NICOLAS PROSSER AND RENEE PROSSER, HUSBAND AND WIFE

to and in favor of PICATINNY FEDERAL CREDIT UNION

and given to secure

payment of \$ 232,808.00 ) Two Hundred Thirty Two Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. , at page (or as

No. ) of the Records of SUSSEX

County, State of NJ, recorded on , together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on November 11, 2008

Witness

Witness

Attest

Seal:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey, COUNTY OF Sussex

I CERTIFY THAT ON November 11, 2008, Personally Came Before Me and Stated to My Satisfaction That This Person

(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT.

NOTARY

US4280

BIZANNE MARIA CAVALLIERO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-23-2013

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE  
The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330008284

### ASSIGNMENT OF MORTGAGE

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

Federal National Mortgage Association

existing under the laws of a corporation organized and  
(herein "Assignee"), whose address is

3900 Washington Avenue NW, Washington, DC 20016

a certain Mortgage dated November 8, 2008, made and executed by

NICOLAS PROSSER AND RENEE PROSSER, HUSBAND AND WIFE

to and in favor of US Mortgage Corp.

and given to secure

payment of \$ 232,000.00 ) Two Hundred Thirty Two Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. , at page (or as

No. ) of the Records of SUSSEX

County, State of NJ, recorded on , together with the note(s) and obligations therein  
described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on November 11, 2008

US Mortgage Corp.

BY John Kuskin  
JOHN KUSKIN

AVP

Witness

Witness

Attest

Seal

This Instrument Prepared By:  
address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON November 11, 2008

PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT

(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF US Mortgage Corp.

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

US4280

NOTARY PUBLIC  
STATE OF NEW JERSEY  
COMMISSION EXPIRES 1-22-2013

ORIGINAL

## NOTE

November 21, 2008  
[Date]Flanders  
[City]New Jersey  
[State]42 Washington Street  
ROXBURY, NJ 07850

[Property Address]

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$246,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Picatinny Federal Credit Union, A Federal Credit Union

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

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

**2. INTEREST**

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 8.0000%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

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

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

I will make my monthly payment on the 1st day of each month beginning on January 01, 2009. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on December 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07058

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

**(B) Amount of Monthly Payments**

My monthly payment will be in the amount of U.S. \$1,474.90

**4. BORROWER'S RIGHT TO PREPAY**

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fixed Rate/Variable Rate UNIFORM INSTRUMENT

Form 3200 1/01

MULTISTATE  
ITEM 1400L (050400)GrowthDoc®  
(Page 1 of 2)

MFCD3002

3330005273

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

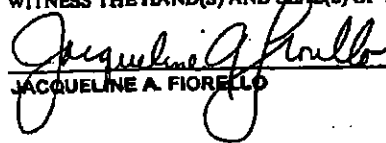
this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

  
JACQUELINE A. FIORELLO

(Seal)  
Borrower

(Seal)  
Borrower

(Seal)  
Borrower

(Seal)  
Borrower

(Seal)  
Borrower

(Seal)  
Borrower

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family —Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1648L3 (808006)  
MFCD3902

Form 3289 1/01

GreatDent®  
Page 3 of 3  
3330008273

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330005273

Borrower(s) JACQUELINE A. FIORELLO

Property Address: 42 Washington Street, ROXBURY, NJ 07850

Note Amount: 246,000.00

Note Date: November 21, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse

Picalinny Federal Credit Union

Name MICHAEL J. MCGRATH, JR.

Title AVP

US4057

**PAY TO THE ORDER OF**

**WITHOUT RECOURSE  
U.S. MORTGAGE CORPORATION**

  
**JOHN KUSKIN  
VICE PRESIDENT**

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

**Recording Requested By/Return To:** MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330005273

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of **New Jersey**, a corporation organized and  
(herein "Assignee"), whose address is  
19D CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated November 21, 2008, made and executed by  
JACQUELINE A FIORELLO, A SINGLE WOMAN

to and in favor of PICATINNY FEDERAL CREDIT UNION and given to secure

payment of \$ ( 244,000.00 ) Two Hundred Forty Six Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 21108, at page 1288 (or as

No. 2008033013 ) of the Records of MORTGAGES

County, State of NJ, recorded on 12/2/2008, together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 18, 2008

Witness

Witness

Attest

Seal:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey, COUNTY OF Hudson

I CERTIFY THAT ON December 18, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON  
(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

US4228

SUZANNE MARIA CAVALLUZZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2012

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330065273

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of

, a corporation organized and  
(herein "Assignee"), whose address is

3900 Wisconsin Avenue NW, Washington, DC 20016

a certain Mortgage dated November 21, 2006, made and executed by

JACQUELINE A FIORELLO, A SINGLE WOMAN

to and in favor of US Mortgage Corp.

and given to secure

payment of \$ ( 246,000.00 ) Two Hundred Forty Six Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 21180, at page 1290 (or as


No. 2908083013 ) of the Records of MORRIS

County, State of NJ, recorded on 12/02/2006, together with the note(s) and obligations therein  
described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 16, 2006

US Mortgage Corp.

BY:   
JOHN KUSKIN  
AVP

Witness

Witness

Attest

Seal:

This Instrument Prepared By:  
address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON December 16, 2006  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

- (A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS OF US Mortgage Corp.  
(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

  
NOTARY

SUZANNE MARIA CAVALLUZZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-23-2013

US4290

# NOTE

November 14, 2008  
[Date]

Morristown  
[City]  
13 Maxwell Court  
MORRISTOWN, NJ 07960

[Property Address]

ORIGINAL

## 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$328,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Piscataway Federal Credit Union, A Federal Credit Union

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

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

## 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 5.8750%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

## 3. PAYMENTS

### (A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on January 01, 2009. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on December 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07058

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

### (B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,940.25

## 4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
(FORM 1004.1 (08/2008))

Form 3200 1/01

GrandDeer®  
Page 1 of 2

MFGD3002

3330005369

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

MULTISTATE FIXED RATE NOTE—Single Family—Fixed Rate/Flexible Rate UNIFORM INSTRUMENT

MULTISTATE  
ITEM 104013 (09/0000)  
MPCD3002

Form 3206 1/01

Printed  
Page 2 of 3  
3330005360

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

Lauren Herrera (Seal)  
LAUREN W. HERRERA -Borrower

RAYMOND A. HERRERA (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

Ray C. King  
WITNESS AS TO GUTH

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 16-1613 (01/01/00)  
MFC03002

Form 3200 1/01

GreatStart  
Page 3 of 3  
3330005360

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330006369

Borrower(s) LAUREN W. HERRERA, RAYMOND A. HERRERA

Property Address: 13 Maxwell Court, MORRISTOWN, NJ 07960

Note Amount: \$26,000.00

Note Date: November 14, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse

Picatinny Federal Credit Union

  
Name MICHAEL J. MCGRATH, JR.

Title AVP

US4057

**PAY TO THE ORDER OF**

**WITHOUT RECOURSE**  
**U.S. MORTGAGE CORPORATION**  
  
**JOHN KUSKIN**  
**VICE PRESIDENT**

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
180 CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330805368

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
180 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of New Jersey, a corporation organized and  
(herein "Assignee"), whose address is  
180 CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated November 14, 2008, made and executed by

LAUREN W HERRERA AND RAYMOND A HERRERA, WIFE AND HUSBAND

to and in favor of PICATINNY FEDERAL CREDIT UNION

and given to secure

payment of \$ 328,000.00 ) Three Hundred Twenty Eight Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 21187, at page 0882 (or as

No. 2008081423 ) of the Records of MORRIS

County, State of NJ, recorded on 11/20/2008, together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 16, 2008

Witness

Witness

Agent

Sent:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey, COUNTY OF Morris

I CERTIFY THAT ON December 16, 2008, Michael J. McGrath, Jr.  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON  
(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

SUZANNE MARIA CAVALLUZZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2013

US4289

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

**Recording Requested By/Return To:** MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330005388

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of

, a corporation organized and  
(herein "Assignee"), whose address is

3900 Wisconsin Avenue NW, Washington, DC 20016

a certain Mortgage dated November 14, 2008, made and executed by

LAUREN W HERRERA AND RAYMOND A HERRERA, WIFE AND HUSBAND

to and in favor of US Mortgage Corp.

and given to secure


payment of \$ 328,000.00 } Three Hundred Twenty Eight Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 21187, at page 0032 (or as

No. 2099001423 ) of the Records of MORRIS

County, State of NJ, recorded on 11/29/2008, together with the note(s) and obligations therein  
described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 18, 2008

  
\_\_\_\_\_  
Witness

US Mortgage Corp.

BY:   
JOHN KUSKIN

AVP

\_\_\_\_\_  
Witness


\_\_\_\_\_  
Attest

Seal:

This Instrument Prepared By:  
address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON December 18, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

- (A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS  OF US Mortgage Corp.  
(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT.

  
NOTARY

SUZANNE MARIA CAVALLUZZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2013

US4290

# NOTE

# ORIGINAL

December 01, 2008  
[Date]

Dover  
[City]

New Jersey  
[State]

636 WEST VALLEY VIEW AVENUE  
HACKETTSTOWN, NJ 07840

[Property Address]

## 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$238,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Picatinny Federal Credit Union, A Federal Credit Union

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

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

## 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 5.8750%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

## 3. PAYMENTS

### (A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on February 01, 2009. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on January 01, 2039, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07068

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

### (B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,413.78

## 4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1040LJ (200008)

Form 3200 1/01

GreenCheck®  
(Page 1 of 3)

MFCD3002

3330005457

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 104412 (08/09/05)  
MFCD3002

Form 3300 1/01

GreenSheet  
Page 2 of 2  
3330005457

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

Deborah A. Ferus (Seal) Joseph Townsend (Seal)  
DEBORAH A. FERUS -Borrower JOSEPH TOWNSEND -Borrower

\_\_\_\_ (Seal) \_\_\_\_ (Seal)  
-Borrower -Borrower

\_\_\_\_ (Seal) \_\_\_\_ (Seal)  
-Borrower -Borrower

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1844LJ (08/00/02)  
MFCD3002

Form 3289 (01)

Printed  
Page 3 of 3  
3330005457

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330005457

Borrower(s) DEBORAH A. FEBUS, JOSEPH TOWNSEND

Property Address: 539 WEST VALLEY VIEW AVENUE, HACKETTSTOWN, NJ 07840

Note Amount: 239,000.00

Note Date: December 1, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse


Picatinny Federal Credit Union

  
Name MICHAEL J. MCGRATH, JR.

Title AVP

US4057

**PAY TO THE ORDER OF**

**WITHOUT RECOURSE**  
**U.S. MORTGAGE CORPORATION**  
  
**JOHN KUSKIN**  
**VICE PRESIDENT**

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
180 CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330006467

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of New Jersey, a corporation organized and  
(herein "Assignee"), whose address is  
180 CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated December 1, 2008, made and executed by

DEBORAH A FEBUS, UNMARRIED AND JOSEPH TOWNSEND, UNMARRIED

to and in favor of PICATINNY FEDERAL CREDIT UNION and given to secure

payment of \$ 239,000.00 ) Two Hundred Thirty Nine Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. , at page (or as

No. ) of the Records of WARREN

County, State of NJ, recorded on , together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 16, 2008

Witness

Witness

Attest

Seal:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey, COUNTY OF Hudson

I CERTIFY THAT ON December 16, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

SUZANNE MARIA CAVALLITTO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2013

US4286

RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

Recording Requested By/Return To: MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330908487

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of

, a corporation organized and  
(herein "Assignee"), whose address is

3900 Wisconsin Avenue NW, Washington, DC 20016

a certain Mortgage dated December 1, 2008, made and executed by

DEBORAH A FEBUS, UNMARRIED AND JOSEPH TOWNSEND, UNMARRIED

to and in favor of US Mortgage Corp.

and given to secure

payment of \$ ( 230,800.00 ) Two Hundred Thirty Nine Thousand  
(include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. , at page (or as

No. ) of the Records of WARREN

County, State of NJ, recorded on , together with the note(s) and obligations therein  
described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 16, 2008

US Mortgage Corp.

BY: 

JOHN KUSKIN

AVP

Witness

Witness

Attest

Seal:

This Instrument Prepared By:  
address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON December 16, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

- (A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS OF US Mortgage Corp.  
(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

US4280

  
SUZANNE MARIA CAVALLIERE  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2011

ORIGINAL

NOTE

August 27, 2008  
[Date]

Totowa  
[City]

New Jersey  
[State]

178 WEST LAKE SHORE DRIVE  
ROCKAWAY TOWNSHIP, NJ 07866

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$280,000.00 / (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Picatinny Federal Credit Union, A Federal Credit Union

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 6.5000%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payment on the 1st day of each month beginning on October 01, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on September 01, 2038, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at PO Box 682, Pine Brook, NJ 07058

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

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$1,769.80

4. BORROWER'S RIGHT TO PREPAY

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

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE—Single Family—Fixed Rate/Variable Rate UNIFORM INSTRUMENT

MULTISTATE  
ITEM 10-001 (000000)

Form 3200 3/01

Grant/Deed  
Page 1 of 2

MFCD3002

3330005226

## 5. LOAN CHARGES

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

## 6. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.0000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

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

### (C) Notice of Default

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

### (D) No Waiver By Note Holder

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

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

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

## 7. GIVING OF NOTICES

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

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

## 8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

## 9. WAIVERS

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

## 10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 333 1/01

MULTISTATE  
ITEM 104812 (200005)  
MFCD3002

GreenCheck®  
(Page 2 of 2)  
3330008226

this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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

Borrower has executed and acknowledges receipt of pages 1 through 3 of this Note.

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

✓ DR. STEVEN ZLOTNICK

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

[Sign Original Only]

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

MULTISTATE  
ITEM 1048L3 (08/2004)  
MFCD3002

Form 320 1/01

OneScan®  
Page 3 of 3  
3330006226

**ALLONGE TO PROMISSORY NOTE**

**LOAN INFORMATION**

Loan Number: 3330005228

Borrower(s) DR. STEVEN ZLOTNICK

Property Address: 178 WEST LAKE SHORE DRIVE, ROCKAWAY TOWNSHIP, NJ 07866

Note Amount: 280,000.00

Note Date: August 27, 2008

Pay to the order of:  
U.S. MORTGAGE CORPORATION

Without Recourse

Piscataway Federal Credit Union

  
Name MICHAEL J. MCGRATH, JR.

AVP

Title

US4057

**PAY TO THE ORDER OF**

**WITHOUT RECOURSE  
U.S. MORTGAGE CORPORATION**

  
**JOHN KUSKIN  
VICE PRESIDENT**

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

**Recording Requested By/Return To:** MORTGAGE DEPT.  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330005228

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
100 MINERAL SPRINGS ROAD, DOVER, 07801  
does hereby grant, sell, assign, transfer and convey, unto US MORTGAGE CORP.

existing under the laws of New Jersey, a corporation organized and  
(herein "Assignee"), whose address is  
19D CHAPIN ROAD, PINE BROOK, NJ 07058

a certain Mortgage dated August 27, 2008, made and executed by  
DR. STEVEN ZLOTNICK, A SINGLE MAN

to and in favor of PICATINNY FEDERAL CREDIT UNION and given to secure

payment of \$ ( 280,000.00 ) Two Hundred Eighty Thousand  
(Include the Original Principal Amount and Maturity Date of Note(s))  
which Mortgage is of record in Book, Volume, or Liber No. 21161, at page 1728 (or as  
No. 2008068848 ) of the Records of MORRIS

County, State of NJ, recorded on 9/8/2008, together with the note(s) and obligations  
therein described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 22, 2008

Witness

Witness

Attest

Seal:

This Instrument Prepared By: PICATINNY FEDERAL CREDIT UNION  
address: 100 MINERAL SPRINGS ROAD, DOVER, 07801

STATE OF New Jersey, COUNTY OF Monmouth

I CERTIFY THAT ON December 22, 2008  
PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT  
(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT  
AS AVP OF PICATINNY FEDERAL CREDIT UNION

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

NOTARY

US4289

SUZANNE MARIA CAVALIERO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2015

**RPL 275- ASSIGNMENT OF MORTGAGE CLAUSE**

The assignee is not acting as a nominee of the mortgagor and that the mortgage continues to secure a bona fide obligation

**Recording Requested By/Return To:** MORTGAGE DEPT  
19D CHAPIN ROAD, PO BOX 2014, PINE BROOK, NJ 07058

Loan Number: 3330006228

**ASSIGNMENT OF MORTGAGE**

For Value Received, the undersigned holder of a Mortgage (herein "Assignor") whose address is  
19D Chapin Road, Pine Brook, New Jersey 07058  
does hereby grant, sell, assign, transfer and convey, unto

**Federal National Mortgage Association**

existing under the laws of \_\_\_\_\_, a corporation organized and  
(herein "Assignee"), whose address is

3900 Wisconsin Avenue NW, Washington, DC 20016

a certain Mortgage dated August 27, 2008, made and executed by

**DR. STEVEN ZLOTNICK, A SINGLE MAN**

to and in favor of US Mortgage Corp.

and given to secure

payment of \$ ( 280,000.00 )

Two Hundred Eighty Thousand

(Include the Original Principal Amount and Maturity Date of Note(s))

which Mortgage is of record in Book, Volume, or Liber No. 21181, at page 1728

(or as

No. 2008045648 ) of the

Records of MORRIS

County, State of NJ

, recorded on 08/06/2008

, together with the note(s) and obligations therein

described and the money due and to become due thereon with interest, and all rights accrued or to accrue under such Mortgage

TO HAVE AND TO HOLD the same unto Assignee, its successor and assigns, forever, subject only to the terms and conditions of  
the above-described Mortgage.

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment of Mortgage on December 23, 2008

  
Witness

US Mortgage Corp.

BY: 

JOHN KUSKIN

AVP

Witness

Attest

Seal:

This Instrument Prepared By:

address: 19D Chapin Road, Pine Brook, NJ 07058

STATE OF NEW JERSEY, COUNTY OF MORRIS

I CERTIFY THAT ON December 23, 2008

PERSONALLY CAME BEFORE ME AND STATED TO MY SATISFACTION THAT THIS PERSON

(A) WAS THE MAKER OF THIS INSTRUMENT

(B) WAS AUTHORIZED TO AND DID EXECUTE THIS INSTRUMENT

AS \_\_\_\_\_ OF US Mortgage Corp.

(C) EXECUTED THIS INSTRUMENT AS THE ACT OF THE ENTITY NAMED IN THIS INSTRUMENT

  
NOTARY

US4280

SUZANNE MARIA CAVALLUZZO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 7-22-2013

# EXHIBIT G

**James H. Forte**

---

**From:** Robert N. Squillante, Esq. [RSquillante@picacreditunion.com]  
**Sent:** Monday, February 09, 2009 12:56 PM  
**To:** James H. Forte  
**Subject:** FW: CU NATIONAL  
**Attachments:** PICATINNY.pdf

**REDACTED**

---

**From:** Bill Darling  
**Sent:** Monday, February 09, 2009 12:54 PM  
**To:** Robert N. Squillante, Esq.; Keith B. McCarthy  
**Subject:** FW: CU NATIONAL

**REDACTED**

---

**From:** Ronald Carti [mailto:RCarti@usmtg.com]  
**Sent:** Monday, February 09, 2009 10:32 AM  
**To:** Bill Darling  
**Subject:** FW: CU NATIONAL

Hi Bill,

Phil and I will be calling shortly.

We regretfully inform you that issues have arisen at CU National that are preventing us from effectively processing loans that are currently active in your pipeline. Our warehouse lines of credit that we have previously had used to fund loans that you have slated for sale to the secondary market have been reduced to the point that we can not guarantee their availability at the time of loan closing. We have also lost access to Fannie Mae as a delivery channel on the secondary market, and along with that, have lost our ability to submit loan information to Desktop Underwriter. At this time we feel that it is in your and your Members' best interests to find immediately an alternate service provider to meet the needs of loans that are currently in process. We deeply regret that we have to inform you of this situation, and we felt it imperative that we notify you as quickly as possible.

Just in an effort to be helpful to you, as you are probably aware, there are other service providers in the industry that perform the same functions as CU National. One such provider is Cumanet, which is a CUSO owned by three Credit Unions, and is located in Basking Ridge, NJ. Their Director of Sales is Jill Peterson. You may remember that Jill was the VP of Marketing and National Sales for CU National for a number of years, and is very familiar with the particular needs of our clients. It may be a more seamless transition to your Membership if you explore this possibility. Jill can be reached at 908-860-7171. Again, we express our deepest regret for having to deliver this news to you, and hope that this situation has as minimal an impact on you and your Members as possible.

Regarding any amounts that may be owed to you, we are in the process of reconciling accounts and determining the extent of our assets and liabilities. Would you please furnish us with a detailed accounting of what your records reflect concerning all amounts owed to you including the underlying loan number, borrower name, property address, etc?

We have employed an outside crisis management firm, Nachman Hays Brownstein, Inc., to assist us during this transition, and we or they will be in touch with you once we determine our next steps.

Thank you, and again, we regret having to deliver this message.

2/19/2009

Andrew Liput  
SVP & General Counsel  
US Mortgage Corp.  
"We're All About You!"  
[aliput@usmtg.com](mailto:aliput@usmtg.com)  
Phone 973 244 7100 x1173  
Fax 973 276 5371

Visit Us Online at [www.usmtg.com](http://www.usmtg.com)

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# EXHIBIT H

# Saiber

ATTORNEYS AT LAW

Saiber LLC

One Gateway Center • 13th Floor

Newark, New Jersey • 07102-5311

Tel 973.622.3333 • Fax 973.622.3349

www.saiber.com

New York | Atlantic City | Point Pleasant Beach

WILLIAM F. MADDERE \*\*  
DAVID J. D'ALMA  
JEFFREY M. LOVELL \*  
DAVID R. GROSS \*  
SEAN R. KELLY \*\*  
ARNOLD B. CALAMANN \*  
JOHN M. SCHWAB  
JENNINE DISOMMA \*  
JAMES H. FORTE  
VINCENT P. PAMALLA  
RANDI SCHILLINGER \*\*  
MICHAEL J. GARGANTY \*  
NINO A. COVIELLO \*  
AGNES I. RYBA \*  
JAMES H. GANNINGTO \*  
NANCY A. WASHINGTON  
MARC C. SNIDER \*\*  
SETH E. ZUCKERMAN  
MARC R. WOLIN \*  
DAVID A. COHEN  
JEFFREY SOOS  
DANALYN T. COLAO \*

SAMUEL S. SAIBER  
GEOFFREY GALLUCCI  
ALFRED M. WOLIN  
DAVID M. SATE, JR.  
MORTON GOLDBERG \*  
DAVID J. SATE  
HEIDI WISSEYH GROSS  
GUY S. MICHAEL \*  
ROBERT J. CARROLL  
MICHAEL J. WILDES \*  
ROBERT B. NUSSBAUM  
MAUREA A. PROVOST  
CHRISTINA L. FICHNER \*  
\* MEMBER OF NJ & NY BARS  
\* MEMBER OF NJ & PA BARS  
\* MEMBER OF NJ, NY & CT BARS  
\* COUNSEL OF THE SUPREME  
COURT OF NEW JERSEY AS A CIVIL  
AND CRIMINAL TRIAL ATTORNEY  
\* COUNSEL OF THE SUPREME  
COURT OF NEW JERSEY AS A CIVIL  
TRIAL ATTORNEY

JENNIFER R. O'CONNOR  
PAULA CAPPALIA HENSLLEY  
COLIN R. ROHESON \*  
MARK A. BOWEN  
CARA L. MACLUCCIO  
JACK CHAN \*  
DANIEL H. HAKEN \*  
JEFFREY J. PREE  
JOHN H. NOORLANDER \*  
ANDREW D. LA FURA \*  
LAUREN M. LAMARCO  
RENA GAMBOTTI \*  
LINA YOUNG ZANG \*  
KATHLEEN A. ESCANLON \*  
JAMES B. HALPERN  
MICHAEL J. GROSS \*  
SANJAY MANDCHA \*  
MATTHEW A. CITANIA \*  
ANTONIO A. GONZALEZ \*  
AMY E. SMITH \*  
JANE HUN \*  
CARI L. ALLEN  
CHRISTIE R. GARVEY  
CHRISTOPHER J. TURANO

February 10, 2009

Via Telecopy (973-487-3771), Certified Mail/R.R.R.  
and Regular Mail

Andrew H. Hallajian, Esq.

CU National Mortgage, LLC

43 Route 46 East

P.O. Box 838

Pine Brook, New Jersey 07058

Re: Picatinny Federal Credit Union

Dear Mr. Hallajian:

In my letter dated January 30, 2009, I advised you that Picatinny Federal Credit Union had learned CU National Mortgage, LLC sold or attempted to sell loans in Picatinny's loan portfolio without Picatinny's knowledge or authorization to Fannie Mae. As a result, I demanded that CU National identify the specific loans owned by Picatinny that CU National sold or attempted to sell to Fannie Mae, make its books and records pertaining to each loan available for inspection, and immediately remit the payment required by Credit Union Support Services and Correspondent Mortgage Lending Agreement ("Agreement") that was due on or before January 20, 2009.

CU National has not provided any of the information or documents requested or made the payment required by the Agreement. In addition, it sent an e-mail yesterday to Picatinny advising that, as a result of unstated issues, it can no longer effectively process loans that are currently active in Picatinny's pipeline and requesting that Picatinny find an alternative service provider.

Andrew H. Hallajian, Esq.  
February 10, 2009  
Page 2

You are hereby advised that each of these actions constitutes a material breach of the Agreement and Picatinny shall hold CU National responsible for all damages directly or indirectly arising therefrom. As CU National requested, Picatinny is making arrangements for a new servicer to provide the services that CU National was and is contractually obligated to provide to Picatinny. In connection with its retention of a new servicer, Picatinny hereby demands that CU National make available to be picked up by Picatinny or its new servicer on Friday, February 13 the following documents:

1. The Picatinny trial balance reports as of January 31, 2009 and as of February 13, 2009;
2. The entire file for each of the loans that are identified in CU National's trial balance reports as of December 31, 2008, January 31, 2009 and February 13, 2009;
3. All information maintained in digital or electronic form pertaining to the loans identified in CU National's trial balance reports as of December 31, 2008, January 31, 2009 and February 13, 2009;
4. A report or other document identifying the funds being held in escrow for taxes, insurance or any other reason with respect to each of the loans identified in the Picatinny trial balance reports as of December 31, 2008, January 31, 2009 and February 13, 2009;
5. The entire file for each of the loans that are identified in CU National's Purchase/Refi Master Pipeline Report dated February 9, 2009;
6. All information maintained in digital or electronic form pertaining to the loans identified in CU National's Purchase/Refi Master Pipeline Report dated February 9, 2009; and
7. All documents and information in digital or electronic form concerning loans made to Renee Sotherden, Raymond Vanderhoof and David B. Allen and Karen E. Allen, including, but not limited to, documents and information reflecting the closing and funding of these loans.

# Saiber

ATTORNEYS AT LAW

Andrew H. Hallajian, Esq.  
February 10, 2009  
Page 3

I ask that you confirm in writing that the requested documents and information will be available for Picatinny's retrieval from your offices on Friday, February 13. Please be advised that, if the requested documents and information are not made available by that date, Picatinny shall take all actions necessary to protect its interests, including, but not limited to, the filing of an order to show cause compelling the release of the files and information, and the initiation of an arbitration under the Agreement.

Be guided accordingly.

Very truly yours,

JAMES H. FORTE

JHF:cr

cc: Dennis J. Fitzpatrick, President/CEO, c/o Phil Scialabba  
(via certified mail/R.R.R. and regular mail)  
Robert Hanna, Esq. (via telecopy and regular mail)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

THOMAS J. FITZPATRICK, President  
 NATIONAL MORTGAGE INC.  
 43 ROUTE 4EAST, P.O. BOX 338  
 FINE BROOK, NEW JERSEY 07001

2. Article Number  
 (Transfer from service label)

7008 0150 0001 6635 3342

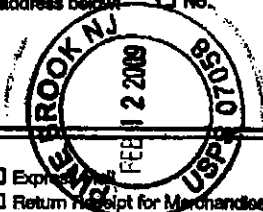
PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature ☒ Agent ☐ Addressee  
 X *[Signature]*

B. Received by (Printed Name) C. Date of Delivery  
 J E BAYEN 4/12/09

D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below:



3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

THOMAS J. FITZPATRICK, President  
 NATIONAL MORTGAGE INC.  
 43 ROUTE 4EAST, P.O. BOX 338  
 FINE BROOK, NEW JERSEY 07001

2. Article Number  
 (Transfer from service label)

7008 0150 0001 6635 3335

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature ☒ Agent ☐ Addressee  
 X *[Signature]*

B. Received by (Printed Name) C. Date of Delivery  
 J E BAYEN 4/13/09

D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Domestic Return Receipt

102595-02-M-1540

# EXHIBIT I

19 D Chapin Road  
P.O. Box 2014  
Fair Brook, NJ 07058  
(973) 244-7180  
(888) 857-2274  
(973) 244-9642 fax

February 12, 2009

Bill Darling, Acting CEO  
Picatinny FCU  
100 Mineral Springs Road  
Dover, NJ 07801

Re: Financial Irregularities in the Sale and Servicing of Loans

Dear Mr. Darling:

We regret to inform you that we have discovered that our servicing system has been producing erroneous servicing portfolio reports to your credit union. The exact time period in question is still under investigation. At this point in our continuing investigation we believe that the actual number of loans were have held for servicing for you are 228 loans totaling \$34,174,179.09. A trial balance as of today is attached with complete details.

Any loan not on this trial balance you believe you owned appears to have been sold without your authority to Fannie Mae and the sales proceeds subsequently diverted. At this point in our investigation we believe that 40 loans were sold without your authorization. Thus it appears that a total of \$9,491,133.85 in sales proceeds were diverted. Please provide us with a detailed listing of the loans you feel are missing from the enclosed trial balance so we can cross reference your records with our and verify the information.

The reason that you were unable to detect this event was the creation of duplicate servicing records that provided for servicing payments to both your credit union as well as Fannie Mae.

We are actively working with the Office of the US Attorney in Newark, NJ and the Departments of Banking of various states, to take appropriate steps to address the problems arising from this situation. We are also keeping NCUA fully informed. These efforts include turning over active pipelines to you for handling through other lenders, and efforts to locate a substitute servicer to acquire servicing rights and to take control of your closed loan files including collecting payments going forward. We are also moving quickly to identify assets that might ultimately be made available to help cover any losses.

Among the steps we have taken to remedy the situation as quickly as possible are the engagement of NachmanHaysBrownstein, Inc. (NHB), a well known crisis management firm, and the appointment of one of its principals as Chief Restructuring Officer to spearhead our efforts.

 **US Mortgage**

Because all of the affected credit unions will likely have similar questions and issues to be resolved, in order to avoid delay and duplication of effort, NHB has designated a member of its case team, Max Markidan ([mmarkidan@nhbteam.com](mailto:mmarkidan@nhbteam.com)) to act as the point person in addressing questions from credit unions, including arranging the turnover of pipelines. NHB will also help to coordinate efforts with Fannie Mae to resolve credit unions' claims regarding loans purchased by Fannie Mae the ownership of which may be in dispute.

Please do not suggest that your members call us or come to our offices to inquire about their mortgages or pending loans. We cannot handle individual inquiries from them, and their attempted calls or visits will simply further delay the process and increase frustration. Max Markidan will coordinate with the credit unions the handling of these matters with you and/or your designated agents (attorneys, substitute servicers and lenders). . If you have counsel they may also wish to contact Bruce Buchler, Esq. of the law firm Lowenstein Sandler ([bbuchler@lowenstein.com](mailto:bbuchler@lowenstein.com)) who has been retained to handle all legal questions and matters for the company.

Please provide us ASAP with email and phone contact information for a point person in your organization so that we may furnish you quickly with additional information as it becomes available. Please email this information to Mr. Markidan at the email address above.

We sincerely apologize for this situation. Please be assured that we are doing everything that we can to refine the exact amount of impact on each credit union, and to address all issues in the best interests of everyone, including you and your members.

Very truly yours,



Andrew Liput  
ALL:br

cc: Howard Brownstein, CRO  
Max Markidan  
Bruce Buchler, Esq.

**CU PAYMENT PROCESSING CENTER**  
**Mortgage Services System**  
**Loan Trial Balance By Bank/Investor/Group**

February 12, 2009

Loan #	Loan Name	Inv Loan #	Due Date	Bk Inv	Grp	Int Rate	Payment Amt	Paid Bal	Tel Bal	Loan Debt Bal	Unapplied Bal	Subsidy Bal
215001300	MANNING, T	215001300	03/01/09	01	150	000	5.12500	2,788.81	104,178.05	340.07	.00	.00
215001528	PERICH, A	215001528	02/01/09	01	150	000	5.12500	2,153.50	28,434.98	788.28	.00	.00
215002051	LIBBY, J	215002051	03/01/09	01	150	000	5.25000	2,610.05	5,078.76	237.43	.00	.00
301304330	Langer, C	301304330	03/01/09	01	150	000	5.50000	2,112.84	87,113.06	1,474.51	.00	.00
301304751	KAPORAD	301304751	03/01/09	01	150	000	4.37500	1,387.85	40,223.55	1,044.82	.00	.00
301305048	WOGEL, J	301305048	02/01/09	01	150	000	5.25000	2,081.28	79,821.28	-202.57	.00	.00
315002720	LAWLING, P	315002720	03/01/09	01	150	000	5.00000	2,234.82	70,353.16	1,582.75	.00	.00
315200011	WORTHINGTON, S	315200011	02/01/09	01	150	000	5.00000	2,474.84	29,807.88	1,162.16	.00	.00
315200059	WAGHS-SCHIELENS	315200059	02/01/09	01	150	000	4.75000	1,428.82	38,489.63	885.93	.00	.00
105415	MORRAN, LAUREN	300000109-15	03/01/09	01	150	000	5.07500	1,408.82	19,018.42	1,225.35	.00	.00
<b>Group Totals:</b>							<b>28,847.14</b>	<b>982,581.30</b>	<b>8,578.74</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
301300362	Shaffer, H	301300362	02/01/09	01	150	001	4.75000	1,167.78	77,778.38	1,064.90	.00	.00
301300781	OSTLUN, J	301300781	03/01/09	01	150	001	5.25000	1,891.23	86,952.33	1,232.77	.00	.00
301304188	THIESING, A	301304188	03/01/09	01	150	001	5.00000	1,484.38	71,510.54	1,044.78	.00	.00
301304692	HEMETT, P	301304692	02/01/09	01	150	001	4.75000	1,879.52	84,198.53	788.86	.00	.00
301304772	GIELLA, P	301304772	02/01/09	01	150	001	5.25000	2,638.52	143,257.03	1,011.28	.00	.00
301304483	HEYWARD, K	301304483	02/01/09	01	150	001	4.82500	2,488.02	156,628.73	-271.37	.00	.00
301305105	ASTROLOGO	301305105	02/01/09	01	150	001	5.75000	3,001.46	184,489.45	-881.87	.00	.00
301305718	FARRA, J	301305718	03/01/09	01	150	001	5.75000	2,706.05	200,302.45	1,159.24	.00	.00
301305892	CLARK, R	301305892	02/01/09	01	150	001	5.50000	1,998.32	75,489.28	1,193.38	.00	.00
301305511	BASCOKE, J	301305511	03/01/09	01	150	001	5.25000	2,418.23	137,853.49	338.67	.00	.00
301307391	CLSEN, A	301307391	02/01/09	01	150	001	5.25000	1,784.38	121,885.68	486.37	.00	.00
301307405	SZOLLOS, L	301307405	03/01/09	01	150	001	5.25000	1,822.07	87,570.28	1,334.62	.00	.00
301308482	KROPP, W	301308482	03/01/09	01	150	001	5.82500	1,890.43	104,773.27	2,517.28	.00	.00
301308607	Crohn, R	301308607	03/01/09	01	150	001	5.37500	2,237.50	149,987.37	1,320.86	.00	.00
301308822	Benjamin, R	301308822	03/01/09	01	150	001	5.50000	4,299.87	281,634.01	2,195.11	.00	.00
301310279	Chen, W	301310279	02/01/09	01	150	001	5.75000	2,545.40	183,083.28	2,722.12	.00	.00
315002941	HUGHES, C	315002941	02/01/09	01	150	001	5.75000	1,855.84	108,015.12	307.18	.00	.00
315202816	Dupless	315202816	02/01/09	01	150	001	5.82500	1,598.33	701,178.18	488.30	.00	.00
415003457	ANARA, A	415003457	03/01/09	01	150	001	4.82500	1,898.15	81,588.70	1,884.82	.00	.00
415201231	GRIEG, T	415201231	03/01/09	01	150	001	4.87500	1,788.75	98,772.32	1,587.48	.00	.00
333004364	SHICO, H	333004364	03/01/09	01	150	001	5.37500	2,527.55	281,634.80	749.12	.00	.00
333004816	CHEN, T	333004816	04/01/09	01	150	001	5.87500	2,135.82	175,038.63	1,803.01	.00	.00
333005176	WALTER, W	333005176	03/01/09	01	150	001	6.00000	1,572.68	117,885.02	1,925.18	.00	.00
333005592	BALE, L	333005592	03/01/09	01	150	001	5.25000	941.84	66,098.01	954.85	.00	.00
333005848	LYON, P	333005848	04/01/09	01	150	001	5.25000	1,488.50	132,093.00	1,630.38	.00	.00

Item Count = 18

## CU PAYMENT PROCESSING CENTER

February 12, 2009

Mortgage Servicer System  
Loan Trial Balance By Bank/Investor/Group

Loan #	Loan Name	Inv Loan #	Due Date	Bk Inv	Grp	Int Rate	Payment Amt	Prin Bal	TTL Bal	Loan Orig Bal	Unapplied Bal	Subsidy Bal
102041	SCHAFFHAUSER, JC	000000000000000000	03/01/09	01	150	001	6.75000	2,333.90	55,807.88	1,080.08	.00	.00
102046	ODONNELL, JAMES	000000000000000000	03/01/09	01	150	001	6.75000	1,251.15	48,675.48	691.06	.00	.00
105772	SINEF, JOSEPH	000000000000000000	03/01/09	01	150	001	6.50000	1,808.23	78,212.55	806.88	.00	.00
106282	DOUGHERTY, STEVEN	000000000000000000	03/01/09	01	150	001	6.12500	1,051.91	42,101.23	3,183.61	.00	.00
106448	ROBINSON, EDWARD	000000000000000000	03/01/09	01	150	001	6.12500	972.00	44,006.67	1,286.54	.00	.00
150428	HERMAN, RICARD	000000000000000000	03/01/09	01	150	001	6.37500	273.15	18,412.23	78.22	.00	.00
9000287	CRIMMICH, LOUIS	000000000000000000	03/01/09	01	150	001	6.50000	1,108.88	21,310.65	1,001.81	.00	.00
9000280	GEISS, DONALD	000000000000000000	03/01/09	01	150	001	6.62500	1,430.29	43,459.13	1,006.07	.00	.00
9000307	McMAHON, JAMES	000000000000000000	03/01/09	01	150	001	6.87500	2,046.93	71,348.30	389.17	.00	.00
Group Totals:							63,238.85	32,748,180.19	38,946.17	0.00	8.00	0.00
Main Count = 34												
150729	TRAIANO, C.	150729 03/01/09	01	150	002	6.37500	\$889.31	\$4,018.16	1,331.22	.00	.00	.00
150745	ROTTINGER, P	150745 03/01/09	01	150	002	6.62500	873.37	64,140.32	487.72	.00	.00	.00
215000861	TESTA, R	215000861 03/01/09	01	150	002	6.37500	1,896.05	136,833.14	1,940.57	.00	.00	.00
215001286	MILLER, L	215001286 03/01/09	01	150	002	8.12500	1,713.51	129,386.63	476.45	.00	.00	.00
215001291	CLARK, W	215001291 03/01/09	01	150	002	5.87500	2,057.86	141,917.52	480.38	.00	.00	.00
215001334	KUHNLE, W	215001334 03/01/09	01	150	002	6.00000	2,054.81	140,659.83	1,554.81	.00	.00	.00
215001880	PAIVA, R	215001880 03/01/09	01	150	002	6.00000	645.30	34,106.91	583.15	.00	.00	.00
215001928	ENGELMANN, G	215001928 03/01/09	01	150	002	5.87500	1,846.33	121,640.38	397.22	.00	.00	.00
215002255	HURLEY, F	215002255 03/01/09	01	150	002	5.87500	1,276.00	78,886.50	1,420.50	.00	.00	.00
301304149	SCHLESSELER, M	301304149 03/01/09	01	150	002	5.12500	1,111.06	75,080.28	1,373.71	.00	.00	.00
301305426	WHITE, S	301305426 03/01/09	01	150	002	5.87500	1,300.29	108,771.67	829.54	.00	.00	.00
315002804	LEONARD, S	315002804 03/01/09	01	150	002	5.87500	1,544.24	109,786.26	469.82	.00	.00	.00
3330003512	CLYNE, G	3330003512 03/01/09	01	150	002	6.50000	4,888.31	475,789.87	6,336.02	.00	.00	.00
106360	MUSCONE, JAMES	000000000000000000	03/01/09	01	150	002	6.37500	1,844.70	130,441.94	417.72	.00	.00
9000164	ZUNIGA, RENATO	000000000000000000	03/01/09	01	150	002	8.25000	1,138.85	55,531.42	2,040.50	.00	.00
9000191	FACEPTY, STRALEY	000000000000000000	03/01/09	01	150	002	7.37500	1,142.56	35,001.11	721.94	.00	.00
Group Totals:							25,873.31	1,902,448.16	21,341.27	639.88	0.00	0.00
Item Count = 16												
150783	BLODGETT, R	150783 03/01/09	01	150	003	6.87500	1,502.17	126,630.04	995.85	.00	.00	.00
150789	JACKSON, D.	150789 12/01/08	01	150	003	6.62500	1,161.53	95,130.76	-1,659.87	.00	.00	.00
215000816	PIOROMSKI, J	215000816 03/01/09	01	150	003	6.37500	1,021.25	84,885.12	627.84	.00	.00	.00
215001033	BEVELLOCK, J	215001033 03/01/09	01	150	003	6.37500	1,487.05	123,876.86	960.94	.00	.00	.00
215001208	KRAEWSKY, J	215001208 03/01/09	01	150	003	5.87500	2,159.31	211,789.59	1,080.74	.00	.00	.00
215001252	DANAVANAPU, R	215001252 03/01/09	01	150	003	5.87500	2,055.06	268,941.61	1,504.08	.00	.00	.00

**CU PAYMENT PROCESSING CENTER**  
**Mortgage Servicing System**  
**Loan Trial Balance By Beneficiary/Group**

February 12, 2009

Loan #	Loan Name	Inv Loan #	Due Date	BS Inv	Grp	Int Rate	Payment Amt	P/In Bal	TU Bal	Loan Orig Bal	Unapplied Bal	Subsidy Bal
215001348	JONES, K	215001348	03/01/09	01	150	003	6.12500	2,500.09	245,083.66	1,182.76	.00	.00
215001418	CHEFA, M	215001418	03/01/09	01	450	003	6.00000	2,076.90	212,105.67	1,633.97	.00	.00
215001500	RYDEN, L	215001500	03/01/09	01	150	003	6.00000	1,466.57	127,525.59	694.23	.00	.00
215001527	KANTENWEIN, R	215001527	03/01/09	01	150	003	5.87500	1,400.41	114,030.87	614.33	.00	.00
215001579	SHUPE, P	215001579	03/01/09	01	150	003	6.00000	1,261.22	135,862.74	571.53	.00	.00
215001618	FARRO, B	215001618	02/01/09	01	150	003	6.37500	2,003.77	169,507.82	427.35	.00	.00
215001654	WHLBSEN, E	215001654	02/01/09	01	150	003	6.00000	2,032.85	181,413.27	882.20	.00	.00
215001654	PETERS, T	215001654	02/01/09	01	150	003	6.25000	3,276.80	329,516.25	1,718.56	.00	.00
215001654	SAUVAGEAU, M	215001654	02/01/09	01	150	003	5.87500	2,708.83	272,802.23	1,609.36	.00	.00
215002021	HABA, A	215002021	03/01/09	01	150	003	6.00000	2,513.94	219,862.93	1,804.89	.00	.00
215002086	OLIVO, G	215002086	02/01/09	01	150	003	6.00000	2,303.45	230,621.34	1,187.89	.00	.00
215002114	REUTER, S	215002114	03/01/09	01	150	003	6.00000	853.68	54,832.52	85.00	.00	.00
215002982	PUTTACH, F	215002982	03/01/09	01	150	003	6.00000	1,450.09	139,581.24	1,139.86	.00	.00
215003064	OLIVO, G	215003064	02/01/09	01	150	003	6.25000	1,280.19	145,097.48	649.31	.00	.00
215003064	SLIDGESKI, L	215003064	02/01/09	01	150	003	5.87500	852.52	96,778.50	1,523.54	.00	.00
215004091	LANNON, B	215004091	02/01/09	01	150	003	5.87500	832.68	50,286.00	1,134.52	.00	.00
215004249	HERBST, D	215004249	02/01/09	01	150	003	5.37500	977.56	111,541.55	724.43	.00	.00
215004512	HOLLEY, W	215004512	02/01/09	01	150	003	6.12500	2,584.91	267,551.38	1,239.60	.00	.00
215005827	Laurie, G	215005827	03/01/09	01	150	003	6.12500	2,016.72	186,403.63	1,582.76	.00	.00
215006138	Kiesel, J	215006138	03/01/09	01	150	003	6.30000	1,316.87	143,364.41	59.08	.00	.00
215006214	Quemati	215006214	02/01/09	01	150	003	6.30000	2,248.85	226,246.35	628.64	.00	.00
215006810	HAWLITON, R	215006810	03/01/09	01	150	003	5.87500	1,853.85	207,347.95	838.96	.00	.00
215007024	Sullivan, D	215007024	02/01/09	01	150	003	5.87500	987.91	83,883.85	448.20	.00	.00
215007077	CAULFEE	215007077	02/01/09	01	150	003	5.87500	1,080.09	90,718.31	239.19	.00	.00
215007247	McMannus	215007247	02/01/09	01	150	003	6.37500	1,081.74	183,893.11	487.32	.00	.00
215007582	ZEIERRESOTKA-ZE	215007582	03/01/09	01	150	003	5.87500	846.49	101,448.72	1,149.93	.00	.00
215007759	Lalaca, D	215007759	03/01/09	01	150	003	5.87500	1,983.14	214,462.01	623.60	.00	.00
215007659	Murgens, D	215007659	03/01/09	01	150	003	6.25000	1,807.84	128,372.51	797.43	.00	.00
215008057	Thayer, M	215008057	03/01/09	01	150	003	6.00000	755.05	91,427.89	760.31	.00	.00
215008068	CALVERT, R	215008068	02/01/09	01	150	003	5.87500	1,633.00	158,081.91	539.03	.00	.00
215008577	THORESEN, D	215008577	03/01/09	01	150	003	5.87500	1,453.44	128,692.84	2,359.72	.00	.00
215008720	TRAUGER, S	215008720	02/01/09	01	150	003	6.62500	1,868.21	185,244.24	1,183.37	.00	.00
215008957	KAPERUS, C	215008957	03/01/09	01	150	003	5.75000	2,228.04	238,412.49	588.95	.00	.00
215009005	DELIHA, C	215009005	02/01/09	01	150	003	5.75000	1,203.55	145,361.65	463.18	.00	.00
215009108	Perchall, C	215009108	03/01/09	01	150	003	5.37500	1,514.08	135,020.38	933.88	.00	.00
215009441	STANK, W	215009441	03/01/09	01	150	003	5.87500	2,012.88	229,886.17	833.36	.00	.00
215010008	Vin Sanders/Stokely	215010008	03/01/09	01	150	003	6.37500	2,784.54	312,726.19	937.10	.00	.00
215016045	Dzuka, S	215016045	03/01/09	01	150	003	6.37500	2,784.54	312,726.19	937.10	.00	.00

**CU PAYMENT PROCESSING CENTER**  
**Hardage Services System**  
**Loan Trial Balance By Bank/Investor/Group**

February 12, 2008

Loan #	Loan Name	Inv Loan #	Due Date	Ac Inv	Grp	Int Rate	Payment Amt	Prin Bal	Yld Bal	Loss Draft Bal	Unapplied Bc	Substidy Bal
30131634	SWEENEY, P	30131634	03/01/08	01	150	003	6.50000	242.23	22,571.11	364.37	.00	.00
315001570	ROSARIO, E	315001570	03/01/08	01	150	003	5.87500	2,141.66	237,696.56	2,090.94	.00	.00
315002182	MALONEY, M	315002182	03/01/08	01	150	003	6.00000	1,406.22	119,892.60	1,215.17	.00	.00
315002265	GILL, C	315002265	03/01/08	01	150	003	6.12500	2,672.19	226,398.93	2,546.90	.00	.00
315002408	KIRKPATRICK, A	315002408	03/01/08	01	150	003	5.87500	968.97	100,504.76	2,324.90	.00	.00
315002418	VAN DYKE, H	315002418	03/01/08	01	150	003	6.00000	2,533.42	286,803.03	1,806.29	.00	.00
315002418	LONCO, C	315002418	02/01/08	01	150	003	6.00000	2,752.33	226,606.85	615.84	.00	.00
315002864	GARCIA, G	315002864	03/01/08	01	150	003	5.87500	1,911.86	162,636.08	1,622.19	.00	.00
315002868	POTTER, B	315002868	03/01/08	01	150	003	5.87500	621.11	90,088.25	.00	.00	.00
315002706	ERVY, R	315002706	02/01/08	01	150	003	5.87500	2,013.06	196,750.95	-1,058.40	.00	.00
315002834	SAMUJS, N	315002834	02/01/08	01	150	003	5.87500	1,604.19	120,813.27	538.30	.00	.00
315002870	MCCAFFERTY, R	315002870	03/01/08	01	150	003	5.82500	2,935.71	316,311.55	896.28	.00	.00
315002942	CARLUCCI, D	315002942	03/01/08	01	150	003	5.87500	3,027.38	294,783.94	2,365.70	.00	.00
315002861	SAMPSON, B	315002861	04/01/08	01	150	003	5.87500	2,048.17	162,765.89	2,192.82	.00	.00
315002967	HEREDIA, J	315002967	02/01/08	01	150	003	5.87500	1,687.85	201,641.37	452.35	.00	.00
315003046	KRUGER, J	315003046	02/01/08	01	150	003	5.87500	1,386.01	128,317.33	786.05	.00	.00
415200258	BARNES, S	415200258	02/01/08	01	150	003	5.50000	1,702.09	157,910.86	1,580.40	.00	.00
333000099	LALLUNA, M	333000099	03/01/08	01	150	003	6.37500	1,506.18	180,367.53	1,570.78	.00	.00
3330005704	EPATY, JR, S	3330005704	03/01/08	01	150	003	5.87500	1,661.65	181,614.44	1,194.10	.00	.00
3330005755	LOPLETE, R	3330005755	03/01/08	01	150	003	5.25000	2,473.33	285,000.00	2,068.55	.00	.00
3330005766	CRYAN, C	3330005766	03/01/08	01	150	002	5.00000	1,216.76	170,000.00	596.32	.00	.00
3330005760	GRUBER, K	3330005760	03/01/08	01	150	003	5.00000	2,618.81	350,000.00	1,478.42	.00	.00
3330005763	PITTINGER, T	3330005763	03/01/08	01	150	003	5.00000	1,311.97	170,000.00	1,348.89	.00	.00
792057	MC CAFFERTY, FRA	792057	03/01/08	01	150	003	6.75000	455.06	26,817.47	302.67	.00	.00
106168	DEWALD, ANGELA A	106168	03/01/08	01	150	003	8.62500	1,415.71	69,205.75	377.22	.00	.00
106777	RAJANATH, ANAGARA	106777	03/01/08	01	150	003	8.75000	1,226.59	69,025.12	1,713.42	.00	.00
107043	BAKER, FRANKLIN F	107043	03/01/08	01	150	003	8.75000	1,323.74	64,086.13	882.13	.00	.00
9008114	SCHULZ, GARRISON	9008114	04/01/08	01	150	003	7.82500	630.49	44,888.94	1,282.67	.00	.00
9001188	MAKSMOW, VICTOR	9001188	03/01/08	01	150	003	7.75000	1,586.91	94,372.89	348.26	.00	.00
9000210	KUSMA, ROBERT	9000210	03/01/08	01	150	003	6.62500	1,788.59	133,465.46	1,502.10	.00	.00
900248	SHPOSH, JOSEPH	900248	03/01/08	01	150	003	7.37500	806.19	20,801.26	890.86	.00	.00
9000273	KE, L.V. STEPHEN	9000273	03/01/08	01	150	005	6.62500	1,012.52	57,762.75	406.89	.00	.00
9000277	KNAUER, HAROLD	9000277	03/01/08	01	150	005	6.62500	1,056.85	74,370.61	665.44	.00	.00
9002810	CARTER, CARL	9002810	02/01/08	01	150	003	7.99000	301.88	21,772.44	58.17	.00	.00
Group Totals:							130,578.92	77,647.84	12,785,782.97	0.09	2,484.00	0.05
301004322	ADAMS, J	301004322	02/01/08	01	150	004	4.87500	1,885.53	209,561.61	795.29	.00	.00
												Item Count = 78
												00

**CU PAYMENT PROCESSING CENTER**  
**Mortgage Servicer System**  
**Loan Trial Balance By Bank/Investor/Group**

February 12 2009

Loan #	Loan Name	Inv Loan #	Due Date	Bk Inv	Grp	Int Rate	Payment Amt	Pmt Bal	Tot Bal	Loan Draft Bal	Unapplied Bal	Subsidy Bal
30130053	Harding, J	30130053	02/01/09	01	150	004	4.37500	2,358.55	287,001.95	.00	.00	.00
Group Totals:							4,048.48	606,463.88	711.88	0.00	0.00	0.00
215001145	BUCCI, J	215001145	02/01/09	01	150	005	4.50000	2,048.22	138,501.84	.00	.00	.00
301004183	CULES, J	301004183	02/01/09	01	150	005	4.00000	1,454.56	170,501.86	.00	.00	.00
301004240	FOHL, J	301004240	02/01/09	01	150	005	4.02500	2,178.42	283,355.71	.00	.00	.00
301303610	WARREN, W	301303610	02/01/09	01	150	005	4.00000	373.57	45,388.03	.00	.00	.00
301303087	MOZESSON, S	301303087	02/01/09	01	150	005	4.00000	2,111.81	274,687.94	.00	.00	.00
301303375	PARSONS, D	301303375	02/01/09	01	150	005	4.00000	2,503.64	281,338.44	.00	.00	.00
301305498	Shrout, J	301305498	02/01/09	01	150	005	4.30000	1,884.45	158,274.88	.00	.00	.00
301305587	MAGGIO, M	301305587	02/01/09	01	150	005	4.00000	1,823.97	215,857.35	.00	.00	.00
301305712	MONIGOM, M	301305712	02/01/09	01	150	005	4.00000	1,884.13	234,690.25	.00	.00	.00
301306306	Riccardi, E	301306306	02/01/09	01	150	005	4.00000	1,964.01	228,525.85	.00	.00	.00
301306328	Moran, W	301306328	02/01/09	01	150	005	4.00000	1,822.72	152,837.25	.00	.00	.00
301306191	VAN SCHWACK, R	301306191	02/01/09	01	150	005	4.00000	1,964.01	228,525.85	.00	.00	.00
301303374	FOX, V	301303374	02/01/09	01	150	005	4.00000	1,311.53	148,211.15	.00	.00	.00
301303687	ELICH, L	301303687	02/01/09	01	150	005	4.00000	2,158.97	275,652.86	.00	.00	.00
301306880	Kozmicki, A	301306880	02/01/09	01	150	005	4.00000	2,708.85	346,227.55	.00	.00	.00
301306841	MILLER, R	301306841	02/01/09	01	150	005	4.00000	1,968.66	154,071.26	.00	.00	.00
301306245	GALLIANO, V	301306245	02/01/09	01	150	005	4.00000	1,322.86	141,386.57	.00	.00	.00
301306282	Hartso, J	301306282	02/01/09	01	150	005	4.00000	2,478.58	304,807.81	.00	.00	.00
301306415	DEVALD, J	301306415	02/01/09	01	150	005	4.00000	1,884.54	220,087.11	.00	.00	.00
301306408	Swank, B	301306408	02/01/09	01	150	005	4.00000	1,915.58	242,403.81	.00	.00	.00
315002745	CYTRON, S	315002745	02/01/09	01	150	005	5.75000	2,086.88	50,836.04	.00	.00	.00
315002858	WEISHMAN, M	315002858	02/01/09	01	150	005	4.87500	1,360.35	222,406.60	.00	.00	.00
3330000330	MAGNOTTI, L	3330000330	02/01/09	01	150	005	5.00000	1,000.48	158,028.13	.00	.00	.00
3330000385	MITHMAN, M	3330000385	02/01/09	01	150	005	5.12500	2,183.38	228,280.21	.00	.00	.00
1330	WILSON, WILLIAM E	000000001330	02/01/09	01	150	005	8.00000	1,311.29	165,481.15	.00	.00	.00
Group Totals:							48,153.28	6,380,394.89	38,832.11	0.00	0.00	0.00
301004202	Chawen, L	301004202	02/01/09	01	150	006	4.50000	855.83	91,782.29	.00	.00	.00
301304221	CHAWON, M	301304221	02/01/09	01	150	006	4.50000	1,495.67	214,119.28	.00	.00	.00
Item Count = 28												

**CU PAYMENT PROCESSING CENTER**  
**Mortgage Servicer System**  
**Loan Title Balance By Bank/Investor/Group**

February 12, 2009

Loan #	Loan Name	Inv Loan #	Due Date	Bk Inv	Grp	Int Rate	Payment Amt	Prin Bal	TD Bal	Loan Draft Bal	Unapplied Bal	Subsidy Bal
301304350	COPPINGER, K	301304350	02/01/09	01	150	006	4.50000	601.57	79,538.36	946.68	.00	.00
301305328	HESS, M	301305328	02/01/09	01	152	006	4.50000	1,212.77	-74,452.07	552.15	.00	.00
301305218	Shaw, J	301305218	02/01/09	01	153	006	4.50000	1,863.71	-77,104.46	216.96	.00	.00
301305467	Johnson, S	301305467	02/01/09	01	153	006	4.50000	1,867.59	83,018.65	990.83	.00	.00
301305469	Yalamanchi, S	301305469	02/01/09	01	150	006	4.50000	1,276.17	-39,017.20	1,655.08	.00	.00
301305522	MATILCIO, >	301305522	02/01/09	01	150	006	4.50000	1,833.10	227,807.80	641.10	.00	.00
301305528	ROGERS, R	301305528	02/01/09	01	150	006	4.50000	1,830.84	303,406.58	1,338.90	.00	.00
301305628	Sampr/Taseo, J	301305628	02/01/09	01	150	006	4.50000	1,787.33	227,480.66	-178.64	.00	.00
301305803	Ephraimour, R	301305803	02/01/09	01	150	006	5.12500	2,182.74	208,621.98	-136.77	.00	.00
301305833	Serafin, R	301305833	02/01/09	01	150	006	4.50000	2,302.83	239,653.47	1,981.23	.00	.00
301305885	Hammel, M	301305885	02/01/09	01	150	006	4.50000	1,128.97	152,417.28	844.91	.00	.00
301305885	HANFELDT, J	301305885	02/01/09	01	150	006	4.50000	1,282.27	159,803.26	1,135.94	.00	.00
301306055	Lluchet, S	301306055	02/01/09	01	150	006	4.50000	1,577.82	164,063.12	1,403.57	.00	.00
301306121	Timbuk/Capover-Tun	301306121	02/01/09	01	150	006	5.12500	3,013.75	364,727.91	1,213.18	.00	.00
301306298	GOAR, N	301306298	02/01/09	01	150	006	4.50000	1,287.76	142,250.00	905.08	.00	.00
301306678	M. G. M	301306678	02/01/09	01	150	006	4.50000	2,395.10	339,481.09	378.95	.00	.00
301306911	BRELY, I	301306911	02/01/09	01	150	006	4.50000	2,498.48	248,889.20	704.44	.00	.00
301307842	CORCELLA, A	301307842	02/01/09	01	150	006	4.50000	1,390.69	248,889.20	704.44	.00	.00
301308015	YOUSEF, A	301308015	02/01/09	01	150	006	4.50000	1,107.83	118,620.64	1,447.05	.00	.00
301308077	LUTTE, H	301308077	02/01/09	01	150	006	4.50000	1,836.25	242,845.52	1,388.38	.00	.00
301308186	Nuygen, Y	301308186	02/01/09	01	150	006	4.75000	1,546.17	212,517.17	853.15	.00	.00
301308228	Dekburg, S	301308228	02/01/09	01	150	006	5.12500	1,750.40	223,587.72	642.85	.00	.00
301308301	BACINSKY, P	301308301	02/01/09	01	150	006	4.75000	1,850.67	192,380.67	872.31	.00	.00
301308308	Rossy, F	301308308	02/01/09	01	150	006	4.82500	2,348.23	292,478.93	1,278.91	.00	.00
301308547	Hilinger, J	301308547	02/01/09	01	150	006	4.82500	2,148.80	72,285.37	2,017.32	.00	.00
301308598	CICCA, J	301308598	02/01/09	01	150	006	4.82500	1,801.17	214,775.20	766.73	.00	.00
301308797	DIPIERNO	301308797	02/01/09	01	150	006	4.75000	2,184.43	273,815.25	1,986.74	.00	.00
301309251	Churchman, B	301309251	02/01/09	01	150	006	5.37500	1,863.53	226,123.54	1,022.23	.00	.00
301309328	BARTON, A	301309328	02/01/09	01	150	006	4.75000	1,281.25	131,954.21	695.04	.00	.00
301309839	Talwar, D	301309839	02/01/09	01	150	006	4.75000	2,408.64	280,946.69	1,837.83	.00	.00
301310603	Pezza, A	301310603	02/01/09	01	150	006	5.12500	1,848.25	336,610.80	.00	.00	.00
31823478	CONRAD, C	31823478	02/01/09	01	150	006	5.62500	1,187.35	109,990.00	-1,001.91	.00	.00
31823457	GOUDMAN, J	31823457	02/01/09	01	150	006	5.62500	1,573.40	83,904.67	1,855.64	.00	.00
3330005165	LELY, J	3330005165	02/01/09	01	150	006	5.00000	1,898.45	212,455.08	4,580.57	.00	.00
9008187	JOSS, MARVIN	9008187	02/01/09	01	150	006	4.50000	1,268.74	94,885.91	860.86	.00	.00
9901859	MUNES-VAIS, BRIAN	9901859	02/01/09	01	150	006	5.50000	1,576.72	129,578.49	1,385.76	.00	.00

**CUPAYMENT PROCESSING CENTER**  
**Mortgage Servicer System**  
**Loan Trial Balance By Bank/Investor/Group**

February 12, 2008

Loan #	Loan Name	Inv Loan #	Due Date	Bk	Inv	Grp	Int Rate	Payment Amt	Prin Bal	Tot Bal	Loan Draft Bal	Unapplied Bal	Subst Bal
9801670	BETZ, KENNETH T.	000009901670	02/01/08	01	150	006	5.50000	1,704.54	129,639.43	307.24	.00	.00	.00
Group Totals:								86,873.82	7,595,460.86	38,298.65	0.00	0.00	0.00
3330000324	DONAHUE, B	3330000324	03/01/09	01	150	007	5.75000	1,247.95	134,402.46	645.85	.00	.00	.00
3330000407	DAVEAU, P	3330000407	03/01/09	01	150	007	5.62500	1,642.84	221,745.83	1,647.88	.00	.00	.00
9000060	HARDICK	000000000000	03/01/09	01	150	007	5.75000	713.07	32,393.80	1,171.19	.00	.00	.00
9000061	BELMONT, ROBERT	000000000000	02/01/05	01	150	007	5.62500	1,003.77	48,963.00	333.94	.00	.00	.00
9000107	GILLEN, RAYMOND	00000000107	02/01/05	01	150	007	5.62500	778.92	71,956.37	981.11	.00	.00	.00
9000109	GLASS, LEON	00000000109	02/01/05	01	150	007	5.75000	1,068.42	105,577.18	1,095.90	.00	.00	.00
9000126	KRAFT, JOSEPH	00000000126	02/01/09	01	150	007	5.62500	844.75	52,691.58	1,383.75	.00	.00	.00
9000166	EGAN, HAROLD	00000000166	02/01/09	01	150	007	5.75000	1,093.74	72,410.72	776.90	.00	.00	.00
9000200	MARTOCCI, JOSEPH	00000000200	02/01/09	01	150	007	4.87500	571.48	18,912.06	1,222.05	.00	.00	.00
9000273	DAVE, PAVITOSH	00000000273	02/01/09	01	150	007	4.00000	1,280.34	82,918.55	1,713.85	.00	.00	.00
9000301	WONG, BRIAN	00000000301	02/01/09	01	150	007	4.50000	1,057.80	40,848.01	347.94	.00	.00	.00
9000303	CARROLL, JOSEPH	00000000303	02/01/09	01	150	007	4.50000	1,277.82	77,064.15	980.64	.00	.00	.00
9000312	DAVIS, JOSEPH	00000000312	02/01/09	01	150	007	4.50000	322.87	35,602.90	-88.80	.00	.00	.00
9001504	YOUSSEF, AMIN	000000001504	02/01/09	01	150	007	4.50000	1,711.76	125,238.53	710.12	.00	.00	.00
9001504	YUEN, HARRY	000000001504	02/01/09	01	150	007	4.50000	1,061.72	82,742.22	1,380.78	.00	.00	.00
9001504	EKSTRON, OKE	000000001504	02/01/09	01	150	007	4.50000	683.34	85,610.62	276.50	.00	.00	.00
9001504	HOCKENBERRY, PA	000000001504	02/01/09	01	150	007	4.50000	1,008.27	82,697.85	858.41	.00	.00	.00
9001504	CICCOLLEA, MATTHEW	000000001504	02/01/09	01	150	007	4.50000	1,883.87	6,662.82	1,677.81	.00	.00	.00
9002185	MORGAN, RICHARD	000000002185	02/01/09	01	150	007	6.67500	1,375.26	78,698.47	792.58	.00	.00	.00
9002204	BAUER, JEREMY	000000002204	02/01/09	01	150	007	6.67500	1,083.07	82,946.30	748.47	.00	.00	.00
Group Totals:								22,435.17	18,657.77	25.46	0.00	0.00	0.00
1,528,371.56								0.00	0.00	0.00	0.00	0.00	0.00

Item Count = 26

CU PAYMENT PROCESSING CENTER  
Mortgage Services Bureau  
Loan Trial Balance By Bank/Agency/Group

February 12, 2009

Loan # Loan Name  
3330005616 LANDA, J

Inv Loan # Due Date  
3330005616 03/01/09

Inv Loan #	Due Date	SL Inv Grp	Int Rate	Payment Amt	Pfm Bal	Tal Bal	Loan Draft Bal	Unapplied Bal	Subsidy Bal
3330005616	03/01/09	01 150 006	4.37500	1,442.05	225,690.16	1,560.80	.00	.00	.00
Group Totals:					1,560.80	1,560.80	.00	.00	.00
Investor Totals:					225,690.16	225,690.16	0.00	0.00	0.00
Bank Totals:					24,174,179.09	24,174,179.09	0.00	0.00	0.00
Grand Totals:					24,174,179.09	24,174,179.09	0.00	0.00	0.00

Item Count = 228

# **EXHIBIT J**

[illegible]

3330004359 SCOTT, E	\$314,158.25	01	150	003	360 8/1/2038	\$2,974.98	80 SOUTH SUCCASUN NJ	07876	\$315,000.00	PICATINNY Single Family Dwelling
3330004404 HORNING, D	\$163,909.66	01	150	003	360 5/1/2038	\$2,630.98	258 ROBYN TOBYHANA PA	18347	\$165,050.00	PICATINNY Single Family Dwelling
3330004513 STOVER, J	\$215,329.07	01	150	003	360 5/1/2038	\$1,396.02	86 STOCK PARSHANN NJ	07950	\$216,500.00	PICATINNY Single Family Dwelling
3330004529 SALAZAR, JR, G	\$176,280.34	01	150	003	360 7/1/2038	\$837.64	322 RICHAI WHARTON NJ	07885	\$180,000.00	PICATINNY CONDOMINIUM
3330004602 BERTA, P	\$173,732.50	01	150	003	360 6/1/2038	\$0.00	43 SAMMIE DOVER NJ	07801	\$175,000.00	PICATINNY Single Family Dwelling
3330004650 CARRERO, M	\$193,444.59	01	150	003	360 6/1/2038	\$1,070.88	20 EAST ST WHARTON NJ	07885	\$194,650.00	PICATINNY Single Family Dwelling
3330004771 KIMBALL, D	\$305,270.34	01	150	003	360 7/1/2038	\$1,454.39	19 MIRROR OAK RIDGE NJ	07438	\$306,850.00	PICATINNY Single Family Dwelling
3330004845 JOENS, T	\$175,392.39	01	150	003	360 7/1/2038	\$2,117.24	5357 BUCK BATH NY	14810	\$176,300.00	PICATINNY Single Family Dwelling
3330004895 ARMIGER, P	\$244,465.53	01	150	003	360 8/1/2038	\$591.28	143 MINE HACKETTS NJ	07840	\$245,700.00	PICATINNY Single Family Dwelling
3330004959 ROUNSAVILLE, K	\$296,140.59	01	150	003	360 8/1/2038	\$2,379.08	96 WEST ST WHARTON NJ	07885	\$297,500.00	PICATINNY Single Family Dwelling
3330005103 PAYNE, R	\$223,531.12	01	150	003	360 10/1/2038	\$1,205.22	86 WILDER HILLSIDE NJ	07205	\$224,000.00	PICATINNY Single Family Dwelling
3330005226 ZLOTNICK, S	\$278,669.91	01	150	003	360 9/1/2038	\$3,665.45	178 WEST ROCKAWAY NJ	07866	\$280,000.00	PICATINNY Single Family Dwelling
3330005254 PROSSER, N	\$231,814.47	01	150	003	360 12/1/2038	\$2,043.01	125 MARN HOPATCON NJ	07843	\$231,000.00	PICATINNY Single Family Dwelling
3330005273 FIORELLO, J	\$245,755.10	01	150	003	360 12/1/2038	\$2,566.20	42 Washing ROXBURY NJ	07850	\$246,000.00	PICATINNY Single Family Dwelling
3330005369 HERRERA, L	\$328,000.00	01	150	003	360 12/1/2038	\$2,135.76	13 Maxwell MCRRISTON NJ	07960	\$328,000.00	PICATINNY Single Family Dwelling
3330005404 WEED, J	\$304,361.59	01	150	003	360 11/1/2038	\$3,208.40	282 KERRS BLAIRSTOWN NJ	07825	\$305,000.00	PICATINNY Single Family Dwelling
3330005439 FLYNN, M	\$227,045.91	01	150	003	360 11/1/2038	\$2,037.76	122 Farvet ROCKAWAY NJ	07866	\$227,500.00	PICATINNY Single Family Dwelling
3330005457 FEBUS, D	\$239,000.00	01	150	003	360 7/1/2039	\$564.16	539 WEST HACKETTS NJ	07840	\$239,000.00	PICATINNY Single Family Dwelling
301004322 ADAMS, J	\$209,978.99	01	150	004	360 10/1/2035	\$1,651.40	3 WILLIAM HOPATCON NJ	07843	\$295,520.00	PICATINNY Planned Unit Development
3330000085 LOHNINGER, K	\$228,320.47	01	150	004	360 2/1/2036	\$1,094.17	400 EAST R MINE HILL NJ	07803	\$240,000.00	PICATINNY CONDOMINIUM
301307005 MACKINSON, D	\$20,608.95	01	150	005	360 12/1/2034	\$1,006.11	39 WEST 8 MOUNT AFRU	07856	\$120,000.00	PICATINNY Single Family Dwelling

\$14,104,384.18

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

U.S. MORTGAGE CORP.,

Debtor.

PICATINNY FEDERAL CREDIT UNION,

Plaintiff,

v.

U.S. MORTGAGE CORP., and CU NATIONAL  
MORTGAGE, LLC, a division of U.S.  
MORTGAGE CORP.,

Defendants.

Case No. 09-14301 (RG)

Chapter 11

Honorable Rosemary Gambardella

Adversary No. \_\_\_\_\_

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**BRIEF OF PLAINTIFF PICATINNY FEDERAL CREDIT UNION  
IN SUPPORT OF APPLICATION FOR PRELIMINARY AND  
PERMANENT INJUNCTION; CONVERSION TO CHAPTER 7;  
AND FOR RELATED RELIEF**

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## **PRELIMINARY STATEMENT**

Plaintiff Picatinny Federal Credit Union (“Picatinny”) comes before this Court seeking critical and immediately necessary redress for a massive fraud that defendants CU National Mortgage, LLC (“CU National”), a division of U.S. Mortgage Corp., and U.S. Mortgage Corp. a/k/a CU National (“U.S. Mortgage” or the “Debtor”) have, by their own admissions perpetrated upon Picatinny in connection with their servicing of loans for Picatinny’s members.

The crux of the fraud is that defendants sold 58 Picatinny loans totaling in excess of \$14,100,000 to the Federal Home Mortgage Association (“Fannie Mae”), without Picatinny’s knowledge or authorization and without paying Picatinny the proceeds of those loans. When this massive fraud was discovered, Picatinny declared U.S. Mortgage to be in breach and demanded the immediate return of its loan files so that Picatinny could transfer those files to a new servicer and immediately begin the process of quantifying and correcting the damage done to Picatinny (and its members) by the theft of its loans and U.S. Mortgage’s material breaches of the parties’ servicing agreement. U.S. Mortgage refused those demands.

In fact, even though U.S. Mortgage has admitted in writing to its criminal acts, U.S. Mortgage has intentionally withheld from Picatinny the original loan files, records and other documents relating to the loans that U.S. Mortgage did not unlawfully sell because U.S. Mortgage is attempting to sell the servicing rights to these loans to a new, unidentified servicer at some unknown future date. The servicing rights that U.S. Mortgage seeks to sell, however, are derived from the same agreement that U.S. Mortgage so materially breached through its criminally fraudulent conduct and theft, its failure to make required payments to Picatinny and in several other ways described in Picatinny’s Verified Complaint. As a result

of U.S. Mortgage's material breaches of that agreement, by its fraud and otherwise, U.S. Mortgage has lost the benefits of that agreement, including the right to service Picatinny's loans and certainly have no right or ability to "cure" U.S. Mortgage many defaults, including \$14 million of stolen loans and approximately \$800,000 of past due remittances.

Picatinny has retained a new servicer that is ready to begin servicing all of Picatinny's loans and to ensure its members' loan payments are properly credited to their accounts and that all escrow payments are made timely. Despite Picatinny's repeated demands, CU National and U.S. Mortgage, in the face of their admitted breach of their agreement with Picatinny and illegal conduct, will not relinquish Picatinny's loan files and related documents to Picatinny's new servicer unless Picatinny agrees to allow U.S. Mortgage to sell the servicing rights and retain those proceeds for itself.

Given U.S. Mortgage's pervasive fraud, its cessation of normal business operations and recent bankruptcy filing, and its admission at the recent hearing on its "first day" motions that its records are in disarray, Picatinny has very real and substantial concerns that its members' loans will not be adequately serviced, that their loan payments are not and will not be properly credited, that tax and other escrow payments will not be made. Worse still, all this will continue for weeks or months while U.S. Mortgage attempts to sell the servicing rights to Picatinny's loans to the highest bidder, irrespective of the quality of the services rendered, and holds Picatinny's loan files hostage in the process. These actions, if not stopped, will create further confusion and complications for Picatinny and its members, undermine the members' confidence in Picatinny and irreparably injure Picatinny's good will with its members and prospective members. Further, without these documents and information, Picatinny is unable to perform the accounting and investigation necessary to

determine the nature and scope of the fraud U.S. Mortgage perpetrated on Picatinny and its members.

For these reasons, Picatinny requests the Court to prevent U.S Mortgage from further injuring Picatinny by entering a preliminary and permanent injunction: (1) compelling the immediate release and turnover to Picatinny or its servicer of all original files, documents, reports and other information relating to the loans for which U.S. Mortgage provided servicing; (2) compelling U.S. Mortgage to segregate, account for and turnover to Picatinny or its new servicer all funds currently held by U.S. Mortgage that relate in any way to loans for Picatinny's members; (3) granting Picatinny relief from stay for "cause" pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested; (4) that this case be converted to one under chapter 7 pursuant to 11 U.S.C. §1112(b) and (5) for such other relief as is just and proper.

For many of the same reasons this relief is appropriate, Picatinny also submits that this case -- which only has one possible outcome, i.e., immediate liquidation -- should be converted to Chapter 7.

### **STATEMENT OF FACTS**

Picatinny is a federally chartered credit union that was established in 1939 at Picatinny Arsenal in Morris County, New Jersey. Picatinny is headquartered in Dover, New Jersey and has three branches located in Dover, Mount Olive and at the Picatinny Arsenal. (Certification of Robert Albrecht, ¶3) ("Albrecht Certification").<sup>1</sup>

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<sup>1</sup> To avoid duplicative, unnecessary pleadings, Picatinny refers to the Albrecht Certification in support of its Order to Show Cause for a Temporary Restraining Order and Preliminary Injunction, filed with the Superior Court of New Jersey, Morris County, Docket No. L-612-09 on February 23, 2009 and attached to the Certification of Colin R. Robinson ("Robinson Cert.") as Ex. A.

Picatinny currently has 15,659 members, consisting of military and other personnel stationed and/or working at the Picatinny Arsenal, other residents of the Morris County area, and local businesses. The members of Picatinny are also its owners. Picatinny's Board of Directors consists of members who serve in a voluntary capacity. (Id., ¶4).

### **CU National's Loan Production and Servicing Obligations**

Effective July 1, 1999, Picatinny and CU National, then a limited liability company, entered into a Credit Union Support Services and Correspondent Mortgage Lending Agreement (the "Agreement") pursuant to which CU National agreed to provide Loan Production Services and Loan Servicing to Picatinny. (Verified Complaint, ¶¶17, 18; Exhibit A). Based on various statements by the Debtor, it now appears that CU National is a division of U.S. Mortgage. Accordingly, when the terms "CU National" and "U.S. Mortgage" are intended and defined to include each of them as used in this brief.

CU National's Loan Production Services included, among other things, counseling Picatinny members on obtaining real estate financing from Picatinny, analyzing the member's income and debt and pre-qualifying the member to determine the maximum mortgage the member could afford, ordering various documents necessary to approve the loan, maintaining contact with the member and Picatinny during the loan approval process, and scheduling and participating in a loan closing. (Id., ¶19). U.S. Mortgage has acknowledged that it can no longer provide Loan Production Services (Id., at Ex. G) and Picatinny immediately made arrangements to transfer those functions to its new servicer.

CU National's Loan Servicing responsibilities included the performance of all duties that are necessary or incidental to the servicing of all mortgage loans on behalf of Picatinny. Specifically, CU National agreed to service loans for Picatinny loans as follows:

(i) CU NATIONAL shall service the loans in accordance with the same practices that prudent mortgage servicers would follow who service mortgage loans of the same type, or, if applicable, in accordance with the Credit Union's policies and procedure manual, regardless of when the loans were produced or when the CU NATIONAL acquired its servicing rights to the loans.

(ii) CU NATIONAL shall remit to the Credit Union all principal and interest, principal prepayment and loan payoffs collected which apply to the mortgage and note held by the Credit Union less CU NATIONAL's servicing fee. CU NATIONAL will be entitled to collect and retain all applicable late fees, bounced check charges, overline account fees assessed and any other applicable fees obtained in the course of servicing loans for the Credit Union pursuant to its ownership in the loan servicing rights.

(iii) CU NATIONAL's remittance to the Credit Union shall be by electronic funds transferred or by check on the twentieth (20<sup>th</sup>) calendar day of each month or on a certain date as otherwise agreed upon by the parties.

(iv) CU NATIONAL shall keep full and complete records pertaining to each loan, the collection made and disbursements made for the distribution of principal, interest, principal prepayment or loan payoffs. During the period of this Agreement, CU NATIONAL shall give reasonable access to all books and records pertain to the applicable mortgage loan to the Credit Union or their authorized representative.

(Id., ¶¶20, 21; Exhibit A). The Agreement did not authorize CU National to sell any Picatinny loans or to execute allonges to notes, assignments of mortgages, or any other agreements on Picatinny's behalf. (Id., ¶22).

From on or about July 1, 1999 through December 31, 2008, CU National provided Picatinny with a monthly trial balance that identified each of the Picatinny loans that Picatinny funded and that CU National held in Picatinny's portfolio (hereinafter

“Picatinny loans”). The monthly trial balance identified each Picatinny loan by a loan number assigned by CU National, the name of the Picatinny member, current principal balance due, the term of the loan, maturity date, current escrow balance maintained by CU National, property address and original loan amount. (Id., ¶23).

CU National’s trial balance as of December 31, 2008 reflected that it was then servicing approximately 281 Picatinny loans with an aggregate balance of \$47,244,364.70. (Id., ¶24; Exhibit B).

### **CU National’s Failure to Pay the January 2009 Remittance**

Under the Agreement, the January 2009 and February 2009 monthly remittances of all principal and interest payments, and other amounts due under the Picatinny loans was due from CU National on or before January 20, 2009 and February 20, 2009, respectively. CU National had not paid either remittance and offered no explanation for its failure to do so. (Id., ¶25). The total amount of the January and February 2009 remittances is approximately \$800,000. (Id., ¶25), nor has it paid the February remittance, which is also estimated to be \$400,000, and is now also past due.

### **Defendants’ Refusal to Reveal Their Fraud**

On January 27, 2009, Picatinny’s messenger arrived at CU National’s place of business to pick up loan files. Upon arrival, the messenger noticed that police and other law enforcement officials had encircled the entire building in which CU National was located. When the messenger approached the building, she was told by law enforcement officials that no one was permitted to leave CU National or enter its business premises. The Picatinny messenger also saw law enforcement officials exiting the building with documents obtained from CU National’s office. Law enforcement officials asked Picatinny’s messenger whether

she worked for CU National or U.S. Mortgage; she responded that she worked for Picatinny and was there to pick up loan files. Law enforcement officials responded “not today” and that she should leave the premises. (Id., ¶27).

Upon learning that information, Picatinny attempted to reach CU National over the telephone and by e-mail to determine why law enforcement officials had cordoned off CU National’s premises. No one, however, answered Picatinny’s calls or e-mail to CU National on that day. (Id., ¶28). On January 28, 2009, Picatinny continued to make calls to CU National to determine why law enforcement officials shut down CU National’s operations on January 27. Although CU National did answer Picatinny’s calls that next day, it did not provide any information as to why law enforcement officials had shut down CU National’s operations on January 27. (Id., ¶29).

On January 29, 2009, Robert Tort, Vice President National Sales of U.S. Mortgage, sent an e-mail to Bill Darling, the Chief Executive Officer of Picatinny, in which he falsely explained that law enforcement’s shutdown of CU National’s operations was unrelated to criminal conduct by CU National or U.S Mortgage:

Bill:

Phil asked that I follow up with you regarding the Weeks [sic] events at CU National Mortgage.

In response to what I am sure are a lot of questions about what happened earlier this week, we are able to inform you that our company was served with a federal document search warrant seeking specific records. This action temporarily shut down our computer system to allow the search to take place and interfered with our ability to serve your members. We apologize for this inconvenience; all systems are back up and working properly.

The company cooperated during the search and will continue to cooperate in the investigation. I want to emphasize that neither US

Mortgage Corporation and CU National Mortgage are not targets of the investigation. We are open for business and are actively conducting business.

At this time we request your patience and urge you to continue to rely upon our continued commitment of all of our valued employees to serve your members faithfully

If you should have any additional questions please don't hesitate to contact myself or Phil directly.

(Id., ¶30; Exhibit C) (emphasis supplied).

Mr. Tort's response was false. Before Mr. Tort wrote this e-mail, the United States Attorney's office for the District of New Jersey had advised CU National that McGrath, the President and Chief Executive Officer of U.S Mortgage, had sold several million dollars in loans in Picatinny's and other federal credit unions' portfolios to Fannie Mae without Picatinny's or other federal credit unions' knowledge or authorization. (Id., ¶31; Affidavit of James H. Forte ("Forte Affidavit") ¶3).<sup>2</sup>

Continuing to keep Picatinny in the dark about U.S. Mortgage's massive fraud, on January 30, 2009, Phil Scialabba, another officer of U.S Mortgage, sent Keith McCarthy, a Picatinny officer the following e-mail:

Keith,

We have recently become aware that the servicing system which generates your monthly remittance reports contains errors. We have been actively working to identify the extent of these errors, and to correct them. This is delaying the delivery of your January monthly reports and payments. We apologize for this problem and the delay it has caused, however we assure you that we are working diligently to resolve the matter and will of course pay the amounts due to you, with

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<sup>2</sup> Picatinny refers to the Forte Affidavit filed in support of its Order to Show Cause for a Temporary Restraining Order and Preliminary Injunction, filed with the Superior Court of New Jersey, Morris County, Docket No. L-612-09 on February 20, 2009 and attached to the Robinson Cert. as Ex. B.

accrued interest from the date these funds were due to you, within a few days. Once again we apologize for this situation and appreciate your patience as we correct the matter. Should you have any questions, please contact Andrew Hallajian at 973-244-7100, extension 1479.

(Verified Complaint, ¶32; Exhibit D) (emphasis supplied).

On the same day, Picatinny sent CU National a letter answering questions that CU National raised as to the factual and legal basis for Picatinny's setoff against its accounts and requesting that CU National immediately identify all loans that CU National may have sold to Fannie Mae or another party:

To date, CU National has not identified the specific loans owned by Picatinny Federal Credit Union that CU National sold (or attempted to sell) to Fannie Mae. Picatinny Federal Credit Union hereby demands that CU National identify each such loan by loan number and borrower without further delay.

Moreover, under the Credit Union Support Services and Correspondent Mortgage Lending Agreement as of July 1, 1999 ("Agreement"), CU National agreed to "keep full and complete records pertaining to each Mortgage Loan" and to provide "reasonable access to all books and records pertaining to the mortgage loan to the Credit Union or its authorized representative." Consistent with CU National's obligations under this Agreement, Picatinny Federal Credit Union further demands that CU National produce all books and records relating to CU National's sale and/or assignment or attempted sale or assignment of all loans that Picatinny Federal Credit Union maintained in its portfolio.

In addition, as I advised you during our conversation, CU National has not made the remittance required by section (a)(iii) of the Loan Servicing section of the Agreement due on or before January 20, 2009. Picatinny Federal also demands that CU National make this payment immediately.

(Id., ¶33; Exhibit E; Forte Affidavit ¶4).

In response, CU National did not identify any loans that it sold to Fannie Mae without Picatinny's knowledge or authorization, did not provide Picatinny with access to any of its books and records, and did not pay the January 2009 remittance. (Verified Complaint,

¶34; Forte Affidavit ¶5). CU National has yet to identify the specific loans that were stolen by CU National and U.S. Mortgage. (Verified Complaint, ¶34).

### **Picatinny Confirms The Fraud**

Unable to obtain any documents and information from CU National, Picatinny contacted Fannie Mae to determine whether CU National had fraudulently assigned to it Picatinny loans. On February 5, 2009, Fannie Mae confirmed that CU National has assigned to it eight Picatinny loans with an outstanding balance in excess of \$2 million. (*Id.*, ¶¶35, 36; Forte Affidavit ¶6).

To assign these loans without Picatinny's knowledge or authorization, CU National prepared an allonge to these eight notes and eight assignments of mortgages in favor of U.S. Mortgage, which McGrath indorsed purportedly as an Assistant Vice President of Picatinny. (Verified Complaint, ¶36; Exhibit F). U.S. Mortgage then executed allonges and assignments in favor of Fannie Mae. At no time was McGrath an Assistant Vice President of Picatinny or authorized to execute allonges or assignments on behalf of Picatinny. (*Id.*, ¶37).

### **Picatinny Retains A New Servicer And Terminates The Agreement**

Picatinny immediately began searching for a new servicer to provide the loan production services and servicing that CU National was required to provide, but had stopped providing, under the Agreement. Although defendants' fraud was one reason why Picatinny was searching for a new servicer, another was Picatinny's concern that several members of Picatinny who had obtained loans through Picatinny that were serviced by CU National would not have their loan payments properly credited to their accounts or escrows. (*Id.*, ¶¶38, 39).

On February 9, 2009, U.S Mortgage advised Picatinny by e-mail that it would no longer be able to process loans in the pipeline and that it would be “in [Picatinny’s] and your Members’ best interests to find immediately an alternate service provider to meet the needs of loans that are currently in process.” (*Id.*, ¶40; Exhibit G) (emphasis supplied).

Because this e-mail evidenced another material breach of the Agreement by CU National and U.S. Mortgage, and the resulting termination of the Agreement, Picatinny sent CU National a letter on February 10, 2009 declaring that CU National had breached the Agreement and demanding that CU National turn over to Picatinny or its new servicer all of the Picatinny loan files and related documents and information. Picatinny further advised that, if the loan files and related documents and information were not turned over by February 13, 2009, Picatinny would take all actions necessary to protect its interests, including the filing of an order to show cause. (*Id.*, ¶41; Exhibit H; Forte Affidavit, ¶7).

#### **Defendants’ Refusal To Turn Over Picatinny’s Loan Files**

When Picatinny had not received a response from CU National as of February 12, it called Andrew Hallajian, CU National’s associate general counsel. Mr. Hallajian advised Picatinny that CU National was in the process of gathering all of the requested files and related documents and information but would not know until the next day when the files would be available to be turned over. (Verified Complaint, ¶42; Forte Affidavit, ¶8). On February 13, 2009, Picatinny called Mr. Hallajian who advised that he was no longer able to speak with Picatinny about the turn over of the files and that Picatinny should speak with CU National’s and U.S Mortgage’s criminal defense counsel, Robert Hanna. (Verified Complaint, ¶44; Forte Affidavit, ¶9).

Picatinny immediately called Mr. Hanna who advised that he had no problem with the release of the requested original loan files and related documents and information provided that the Assistant United States Attorney authorized their release. Picatinny promptly obtained the consent of the Assistant United States Attorney on the condition that Picatinny arrange for its new servicer to agree in writing to be bound by any federal grand jury subpoenas served upon CU National and U.S Mortgage. (Verified Complaint, ¶44; Forte Affidavit ¶10). Picatinny quickly drafted an agreement for its new servicer's signature, arranged for its execution, and delivered the fully executed agreement that same day to the Assistant United States Attorney and Mr. Hanna. (Verified Complaint, ¶45).

After providing that agreement to Mr. Hanna, Picatinny received a letter from Andrew Liput, general counsel of U.S Mortgage, in which U.S Mortgage finally acknowledged at least some of the extent of the fraud that defendants perpetrated upon Picatinny. Mr. Liput's letter stated in pertinent part:

We regret to inform you that we have discovered that our servicing system has been producing erroneous servicing portfolio reports to your credit union. The exact time period in question is still under investigation. At this point in our continuing investigation we believe that the actual number of loans were [sic] have held for servicing for you are 228 loans totaling \$34,174,179.09. A trial balance as of today is attached with complete details.

Any loan not on this trial balance you believe you owned appears to have been sold without your authority to Fannie Mae and the sales proceeds were subsequently diverted. At this point in our investigation we believe that 40 loans were sold without your authorization. This it appears that a total of \$9,491.133.85 in sales proceeds were diverted. Please provide us with a detailed listing of the loans you feel are missing from the enclosed trial balance so we can cross reference your records with our and verify the information.

The reason that you were unable to detect this event was the creation of duplicate servicing records that provided for servicing payments to both your credit union and Fannie Mae.

(Id., ¶46; Exhibit I) (emphasis supplied).

Picatinny has compared the U.S Mortgage trial balance as of February 12, 2009 with Picatinny's own funding records and determined that U.S. Mortgage has grossly underestimated the number of loans sold without Picatinny's knowledge or authorization. According to Picatinny's records, there are 58 loans that should be, but are not, in its loan portfolio held by CU National and the total dollar amount outstanding on those loans is \$14,104.384.14. (Id., ¶47; Exhibit J).

Instead of releasing the original files and related documents and information as its criminal counsel had agreed earlier that day, late in the afternoon on February 13, 2009, Picatinny's counsel received a call from a new and different lawyer representing CU National and U.S. Mortgage. This attorney advised that, contrary to the agreement that Picatinny reached a few hours earlier with CU National's criminal counsel, CU National and U.S Mortgage would not be releasing the requested original loan files and related documents and information, but were attempting to sell them and the accompanying servicing rights to a new servicer. (Id., ¶48; Forte Affidavit, ¶11).

Although Picatinny explained that, under well-settled New Jersey law, CU National's and U.S. Mortgage's material breaches relieves Picatinny from further performance and results in CU National's and U.S Mortgage's loss of the servicing rights acquired thereunder, U.S. Mortgage's counsel refused to turn over the loan files and continued to demand payment for the servicing rights. Picatinny rejected these demands. (Id., ¶49; Forte Affidavit, ¶¶12-13).

### **CU National and U.S. Mortgage Cease Operations**

On February 19, 2009, Picatinny's counsel received an email from Nachman Hays Brownstein ("NHB"), the "crisis manager" retained by CU National and U.S. Mortgage, to manage the fiasco. The memorandum set forth a preliminary agenda for a conference call they were scheduling on February 20 at 3:00 p.m. (Forte Affidavit, ¶¶14-15). In their memorandum, NHB estimates CU National's and U.S. Mortgage's total fraud to exceed a staggering \$115,000,000. According to NHB, CU National and U.S. Mortgage are "no longer viable and [are] likely insolvent, and has begun winding down [their] operations toward a total liquidation of assets." (*Id.*, Exh. A). As of today, Picatinny does not know whether anyone is currently servicing its loans. Indeed, it has advised U.S. Mortgage that some of its members are making payments directly to Picatinny and provided U.S. Mortgage with daily spreadsheets reflecting the dates and amounts of each such payment. Picatinny's members advise, however, that they are still being reported as being delinquent in payment.

### **Picatinny Files An Action In State Court**

On February 20, 2009, Picatinny filed an action against U.S. Mortgage, Michael McGrath and others in the Superior Court of New Jersey, Morris County, along with a request for the entry of an Order to Show Cause seeking similar relief to that being sought here. That action was stayed by U.S. Mortgage's bankruptcy filing on February 23, 2009.

## **ARGUMENT**

### **POINT I**

#### **PICATINNY IS ENTITLED TO A PRELIMINARY INJUNCTION AND TEMPORARY RESTRAINING ORDER TO PROTECT IT FROM IMMEDIATE AND IRREPARABLE HARM**

To obtain a temporary restraining order and preliminary injunctive relief, the court must find that: (i) Picatinny has demonstrated a likelihood of success on the merits; (ii) Picatinny will be irreparably harmed if injunctive relief is not granted; (iii) there will not be greater harm to the nonmoving party if the injunction is granted; and (iv) granting the injunction is in the public interest. See Hoxworth v. Blinder, Robinson Co., 903 F.3d 186, 198 (3d Cir. 1990); In re Arthur Treacher's Franchisee Litig., 689 F.2d 1137, 1143 (3d Cir. 1982). The Third Circuit has placed particular emphasis on the likelihood of success on the merits and the probability of irreparable harm in determining whether to grant injunctive relief. See Marsellis-Warner Corp. v. Rabens, 51 F. Supp.2d 508, 520-21 (D.N.J. 1999).

The grant or denial of an application for a preliminary injunction lies within the sound discretion of the court. Id. A party seeking a mandatory injunction-- one which will alter the status quo—"bears a particularly heavy burden in demonstrating its necessity." Punnett v. Carter, 621 F.2d 578, 582 (3d Cir. 1980), although the same standards generally apply.

Here, Picatinny more than satisfies its burden for the issuance of a mandatory preliminary injunction and demonstrates that its right to temporary and preliminary injunctive is clear and necessary to redress the irreparable harm caused to Picatinny as a result of defendants' conduct, including their unjustifiable refusal to turn over Picatinny's loan files and related documents and information.

**A. Picatinny Has An Overwhelming Likelihood Of Success On The Merits**

To satisfy this criterion for obtaining preliminary injunctive relief, Picatinny need only show that it is reasonably probable that it will prevail on his claims. See Marsellis-Warner Corp., 51 F.Supp.2d at 521. Further, a showing of reasonable likelihood of success on the merits need not be proven as to all claims. Rather, it suffices if a plaintiff shows a likelihood of success on just one claim. Id. The actual disposition of its claims need not be resolved now, but will await trial, if necessary. See Oburn v. Shapp, 521 F.2d 142, 148 (3d Cir. 1975). “It is not necessary that the moving party’s right to a final decision after trial be wholly without doubt; rather, the burden is on the party seeking relief to make a prima facie case showing a reasonable probability that it will prevail on the merits.” Id.

As demonstrated in its Verified Complaint and the Albrecht Certification, Picatinny has established a reasonable likelihood of success on all its claims, including its undeniable right to the immediate return of its loan files and related information.

**1. C.U. National and U.S. Mortgage Admit They Breached the Agreement**

It is “black letter contract law that a material breach by either party to a bilateral contract excuses the other party from rendering any further contractual performance.” Magnet Resources, Inc. v. Summit MRI, Inc., 318 N.J. Super. 275, 285 (App. Div. 1998) (citing Nolan v. Lee Ho, 120 N.J. 465, 472 (1990)).<sup>3</sup> Materiality “goes to the essence of the contract; a breach is material if it ‘will deprive the injured party of the benefit that is justifiably expected’ under the contract.” General Motors Corp. v. New A.C.

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<sup>3</sup>The Agreement provides that it is “governed by, construed and enforced in accordance with the laws of the State of New Jersey.” (Ex. A to Verified Complaint at §13).

Chevrolet, Inc., 263 F.3d 296, 315 (3d Cir. 2001) (quoting 2 E. Allan Farnsworth, Farnsworth on Contracts § 8.16, at 497 (2d ed.1998)). Therefore, if “during the course of the performance one party fails to perform essential obligations under the contract, he may be considered to have committed a material breach and the other party may elect to terminate it.” Ingrassia Constr. Co. v. Vernon Twp. Bd. of Educ., 345 N.J. Super. 130, 136-37 (App. Div. 2001) (quoting Medivox Prod., Inc. v. Hoffman-LaRoche, Inc., 107 N.J. Super. 47, 58-59 (Law Div. 1969)).

Here, it is difficult to imagine more material breaches of the Agreement. First, U.S. Mortgage admittedly sold Picatinny’s loans without its knowledge or authorization and retained the proceeds, and then hid its criminal conduct by providing Picatinny with falsified monthly reporting. These egregious acts alone constitute material breaches of the Agreement, which provides in part that “CU National shall service the loans in accordance with the same practices that prudent mortgage servicers would follow . . . .” (Verified Complaint, Exhibit A, p.13). Rather than service Picatinny’s loans as a “prudent mortgage servicer,” U.S. Mortgage intentionally abused its unique position as servicer to convert Picatinny’s loans and to fraudulently represent to Picatinny on their monthly trial balances that these loans remained in Picatinny’s portfolio.

Second, U.S. Mortgage materially breached the Agreement by failing to pay the January 2009 remittance to Picatinny, an amount totaling approximately \$400,000, and has now failed to pay the February 2009 remittance, which Picatinny estimates is also approximately \$400,000. The Agreement requires U.S. Mortgage to remit to Picatinny the principal and interest, principal prepayment and loan payoffs collected on Picatinny’s mortgage notes on the twentieth day of each month. U.S. Mortgage’s failure to pay the

January and February 2009 remittances also constitute material breaches of the Agreement, as collection and remittance of monies received from Picatinny borrowers is one of U.S. Mortgage's primary obligations in its role as a loan servicer. See Dunkin' Donuts Inc. v. Liu, 79 Fed. Appx. 543, 546-547 (3d Cir. 2003) (affirming permanent injunction and holding that unpaid rents and fees constituted material breach that justified termination of franchise agreement).

Third, U.S. Mortgage has materially breached the Agreement by refusing to make its loan files available for inspection. The Agreement expressly provides that CU National "shall keep full and complete records pertaining to each loan ... [and] shall give reasonable access to all books and records pertaining to the mortgage loan to the Credit Union [Picatinny] or their authorized representative." (Verified Complaint, Exh. A at 13). Despite Picatinny's repeated requests, CU National has materially breached the Agreement by refusing to allow Picatinny reasonable access to its loan files. Thus, as in the Dunkin' Donuts case, supra, their material breaches justified Picatinny's termination of the Agreement.

Each of these acts and omissions defeat the primary purpose of the Agreement. In depriving Picatinny of the benefits it expected under the Agreement, U.S. Mortgage has materially breached the Agreement to provide loan servicing. Accordingly, Picatinny is relieved from any further contractual obligations and, and is entitled to the return of its loan files and related documents and to have its new servicer provide the services that U.S. Mortgage failed to provide.

U.S. Mortgage's material breaches and fraud also give rise to the equitable remedy of rescission which would require the return of Picatinny's loan files and servicing

rights. See Cooper v. Borough of Wenonah, 977 F.Supp.305, 316 (D.N.J. 1997) (recognizing that a material breach of the contract may justify the remedy of rescission); Hilton Hotels Corp. v. Piper Co., 214 N.J. Super. 328, 336 (N.J. Super. 1986) (providing that a contracts may be rescinded where there is a material breach or default). This relief is appropriate here as it would require the return of Picatinny's loan files, records and other information, and allow it to utilize another servicer to provide loan servicing for Picatinny.

Further, there is and can be no argument that the U.S. Mortgage can "cure" its defaults and then assign the servicing rights under 11 U.S.C. § 365. First, the Agreement was terminated pre-petition by U.S. Mortgage's material breaches as described above. Second, even if U.S. Mortgage had a right to cure (which it does not), it has no ability to pay Picatinny the more than \$14 million that was stolen and the \$800,000 which is now past due.

## **2. U.S. Mortgage Admits That It Converted Picatinny's Loans**

The tort of conversion is "the wrongful exercise of dominion and control over property owned by another in a manner inconsistent with the owner's rights." Advanced Enter. Recycling, Inc. v. Bercaw, 376 N.J. Super. 153, 161 (App. Div. 2005). The law has long recognized that "[t]o constitute a conversion of goods, there must be some repudiation by the defendant of the owner's right, or some exercise of dominion over them by him inconsistent with such right, or some act done which has the effect of destroying or changing the quality of the chattel." LaPlace v. Briere, 404 N.J. Super. 585, 595 (App. Div. 2009)(quoting Frome v. Dennis, 45 N.J.L. 515, 516 (1883)).

Here, there can be no question that U.S. Mortgage wrongfully exercised dominion and control over Picatinny's notes and mortgages, and continues to wrongfully exercise dominion and control over Picatinny's loan files and related documents and

information. It is undisputed that defendants unlawfully sold Picatinny's property, i.e., 58 mortgage loans totaling in excess of \$14.1 million, and did not remit the proceeds of the sales to Picatinny. Notwithstanding that it owes Picatinny \$14.1 million in connection with their fraudulent sale of Picatinny's loans and an additional \$800,000 in connection with the unpaid January and February 2009 remittances, U.S. Mortgage is holding Picatinny's original loan files and related documents and information hostage while it attempts to sell servicing rights U.S. Mortgage derived from the Agreement. Because U.S. Mortgage has materially breached the Agreement, and defrauded Picatinny in the performance thereof, Picatinny is entitled to the rescission of that Agreement and, as a result, U.S. National is no longer entitled to such rights.

**3. CU National and U.S. Mortgage Admit Their Illegal Conduct Was Fraudulently Concealed Thereby Fraudulently Inducing Picatinny to Maintain Its Relationship With Them**

To establish a claim for legal fraud, a party must prove: "(1) a material misrepresentation of a presently existing or past fact; (2) knowledge or belief by the defendant of its falsity; (3) an intention that the other person relies on it; (4) reasonable reliance thereon by the other person; and (5) resulting damages." Gennari v. Weichert Co. Realtors, 148 N.J. 582, 610 (1997); see Jewish Ctr. of Sussex Cty. v. Whale, 86 N.J. 619, 624 (1981).

Here, from approximately 1999 through 2008, defendants represented to Picatinny that loans that had been sold to Fannie Mae without Picatinny's knowledge or authorization were maintained by C.U. National as part of Picatinny's loan portfolio. These misrepresentations were made by defendants through the false monthly trial balances that were delivered by defendants to Picatinny. The false trial balances were sent to Picatinny —

knowing that it would rely on them -- to conceal the fact that the loans had been sold to Fannie Mae without Picatinny's knowledge or authorization and to induce Picatinny to rely on the false information. Picatinny had no reason not to expect that the monthly trial balances were accurate and reliable.

As a result of defendants' cover-up of its fraud, Picatinny maintained its relationship with CU National and U.S. Mortgage over the course of nine years. Certainly, if Picatinny had learned of defendants' fraud years earlier, it would have ceased business with them, which would have thwarted defendants' efforts to further their fraud. As a result of its justifiable reliance on the false information supplied by defendants, Picatinny has been injured in its business, its reputation and good will.

**B. Picatinny Will Suffer Immediate and Irreparable Harm Unless Injunctive Relief Is Granted**

Picatinny also has demonstrated that it will suffer irreparable harm absent issuance of a preliminary injunction. It is well settled that to demonstrate irreparable harm a plaintiff must demonstrate potential harm which cannot be redressed by a legal or an equitable remedy following a trial. The preliminary injunction must be the only way of protecting a plaintiff from harm. See e.g., Weinberger v. Romero-Barcelo, 456 U.S. 305, 312, 102 S.Ct. 1798, 1803 (1982); Continental Group, Inc. v. Amoco Chemicals Corp., 614 F.2d 351, 356 (3d Cir.1980). The refusal to return Picatinny's loan files and related information plainly cannot be redressed by money. Put simply, Picatinny needs its loan files (and related information) to make sure those loans are properly serviced; damages do not suffice. Thus, the harm resulting from U.S. Mortgage's failure to return the loan files is irreparable in the most classic sense.

Additionally, the destruction and injury caused to a company's business and profitability, including loss of good will, constitutes irreparable injury. See Kos Pharmaceuticals, Inc. v. Andrx Corp., 369 F.3d 700, 726 (3d Cir. 2004) ("Grounds for irreparable injury include loss of control of reputation, loss of trade, and loss of good will"). The goodwill of a business, once damaged, cannot be restored. See United Cigar Co. of Am. v. United Confectioners, 92 N.J. Eq. 449, 451 (Ct. E. & A. 1921). Moreover, the misappropriating of business or business assets alone is irreparable harm. See Sunbeam Corp. v. Windsor-Fifth Ave., Inc., 14 N.J. 222, 233 (1953) (injury caused to a company's profitability constitutes irreparable injury); Ferraiuolo v. Manno, 1 N.J. 105, 108 (citation omitted); FUNB CUST/TTEE C/O PLYM SPV2 v. Charles, 2005 WL 1252338 at \*1 (Ch. Div. May 13, 2005)(loss of property rights is irreparable harm); Lanza v. New Global Comm., 2005 WL 2759215 \*4 (N.J. Super. Ct. Ch. Div. October 21, 2005) (ordering defendants to turn over company's books and records as necessary to prevent irreparable harm if unable to secure documentation to determine company's net profits).

The facts set forth in the Verified Complaint, the Albrecht Certification and the Forte Affidavit establish that Picatinny will suffer (and has suffered) immediate and irreparable harm if U.S. Mortgage is not ordered to immediately release and turnover to Picatinny all original files, documents, reports and other information relating to each of the loans for which they provided Loan Production Support Services and Loan Servicing to Picatinny under the Agreement.

Further demonstrating Picatinny's irreparable harm, on February 19, 2008, U.S. Mortgage advised Picatinny that they are "no longer viable and [are] likely insolvent, and has begun winding down [their] operations toward a total liquidation of assets." (Forte

Aff. at Ex. A., p. 2) U.S. Mortgage also has announced publicly on their website that they have “ceased business operations due to unforeseen circumstances,” (Id. at Ex. B) which is yet another misrepresentation.

Given U.S. Mortgage’s insolvency and its cessation of normal operations, Picatinny has substantial and justifiable concerns that its members’ loans will not be adequately serviced, that their loan payments will not be properly credited, that tax and other escrow payments will not be made. In the meantime, U.S. Mortgage is still apparently trying to sell those servicing rights to the highest bidder, notwithstanding U.S. Mortgage’s material breaches and fraud and irrespective of the quality of the services rendered. All this will undermine the members’ confidence in Picatinny and irreparably injure Picatinny’s good will. In short, to continue to leave the servicing of Picatinny loans in the hands of those who stole in excess of \$115,000,000 subjects Picatinny to further loss of good will and the loss of its property rights, which constitutes irreparable harm.

Picatinny anticipates that U.S. Mortgage will argue that it has purged itself of its massive fraud by the resignation of its President and Chief Executive Officer, Michael J. McGrath, and therefore this Court should permit it to continue business as usual. Although U.S. Mortgage seeks to lay responsibility of this \$115 million fraud at the feet of one person, U.S. Mortgage has admitted in its February 12, 2009 letter that Picatinny was unable to detect the fraud because U.S. Mortgage created “duplicate servicing records that provided for servicing payments to both your credit union and Fannie Mae.” Moreover, U.S. Mortgage has advised that it still employs John Kuskin who, as evidenced by the fraudulent assignments attached to the Verified Complaint, executed a fraudulent assignment of Picatinny loans to

Fannie Mae. Therefore, Picatinny has no confidence in all in the ability of U.S.

Mortgage to perform servicing in a faithful and accurate manner.

**C. The Debtor Will Not Suffer Irreparable Harm if Injunctive Relief is Granted and a Balancing of the Equities Favors Injunctive Relief**

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Finally, the Court must also consider and undertake to balance the relative hardships to the parties in granting or denying the injunctive relief requested. See Marsellis-Warner Corp., 51 F.Supp.2d at 532. Here, preliminary injunctive relief is imperative to preserve Picatinny's ability to properly service its members' loans. Given the likely harm that Picatinny will suffer in the absence of preliminary injunctive relief pending the resolution of this Complaint and the Debtor's bankruptcy proceeding, Picatinny respectfully submits that equity will be best served by compelling U.S. Mortgage to deliver all original files, documents, reports and other information relating to each of the loans for which they provided Loan Production Support Services and Loan Servicing to Picatinny under the Agreement and, during the pendency of the order to show cause, to require U.S. Mortgage to immediately grant Picatinny and its agents reasonable access to Picatinny's loan files and related information so that it can begin the process of protecting its rights and the rights of its members as soon as possible.

This injunctive relief will not cause any hardship to U.S. Mortgage because it is U.S. Mortgage that failed to comply with its contractual obligations and fraudulently induced Picatinny into continuing from 1999 through 2008 to provide it with loans for servicing during the time that defendants were engaged in the concealment of their illicit sale of Picatinny's loans without its knowledge or authorization and without delivering the proceeds from such transactions to Picatinny. Moreover, U.S. Mortgage will not be harmed

because they will have the right to seek damages from Picatinny as a result of any claims they may wish to bring against Picatinny based on their purported right to retain the servicing rights to Picatinny's loans, as Picatinny has offered to take back the loan files on a "without prejudice" basis to all parties. However, given that they are facing liability of at least \$14 million, any damages will merely serve as an offset to that amount owed to Picatinny. Therefore, the balancing of the harms to both parties weighs greatly in favor of granting injunctive relief for Picatinny.

**D. The Public Interest Also Militates In Favor of Injunctive Relief**

There is an additional criterion that the Court may consider -- whether granting the injunctive relief sought will be in the public interest. Because Picatinny has demonstrated an overwhelming likelihood of success on the merits and irreparable injury, the public interest favors Picatinny's application for injunctive relief. See AT&T Co. v. Winback & Conserve Program, Inc., 42 F.3d 1421, 1427 n.8 (3d Cir. 1994), cert. denied, 514 U.S. 1103 (1995). Moreover, the public interest will be promoted by the immediate and accurate servicing of members' loans by a reputable servicing company chosen by Picatinny. Conversely, the public interest would not be furthered if parties, such as CU National and U.S. Mortgage, are permitted to benefit from their fraudulent and other criminal conduct, particularly in connection with residential mortgage loans made for the benefit of members of a local credit union.

## **POINT II**

### **U.S. MORTGAGE'S CHAPTER 11 CASE SHOULD BE CONVERTED TO A CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE**

Under Section 1112(b) of the Bankruptcy Code, a Court may convert a Chapter 11 case to a Chapter 7 case “for cause” upon the request of a party in interest. 11 U.S.C. §1112(b); In re Gateway Access Solutions, Inc., 374 B.R. 556 (E.D.Pa. 2007). A nonexclusive list of what constitutes “cause” is found in § 1112(b)(4)(A)-(P). Id. Generally, such lists are viewed as illustrative rather than exhaustive, and the Court should “consider other factors as they arise.” In re Brown, 951 F.2d 564, 572 (3d Cir. 1991) citing S.Rep. No. 989, 95th Cong., 2d Sess. 117 (1978), reprinted in 1978 U.S.C.C.A.N. 5787, 5903; H.R.Rep. No. 595, 95th Cong., 1st Sess. 406 (1977), reprinted in 1978 U.S.C.C.A.N. 5963, 6362; COLLIER ON BANKRUPTCY, ¶1112.04[1] (15<sup>th</sup> ed. rev’d 2008) (“The Code does not define the term “cause,” and, although section 1112(b) lists examples of cause, this list is not exhaustive).

The nonexclusive list of “cause” for conversion includes “...the absence of a reasonable likelihood of rehabilitation.” 11 U.S.C. §1112(b)(4)(A). CU National and U.S. Mortgage have admitted that rehabilitation of their business is impossible. On February 19, 2008, CU National and U.S. Mortgage advised Picatinny that they are “no longer viable and [are] likely insolvent, and has begun winding down [their] operations toward a total liquidation of assets.” CU National and U.S. Mortgage also have announced publicly on their website that they have “ceased business operations due to unforeseen circumstances.” It is clear that CU National and U.S. Mortgage do not intend to rehabilitate.

Additionally, an example of “cause” outside the nonexclusive list in Section 1112(b)(4) is the misappropriation of funds. See In re NuGelt, Inc., 142 B.R. 661, 667 (Bankr.D.Del. 1992) (corporate funds siphoned off to pay personal expenses). CU National and U.S. Mortgage admittedly sold Picatinny’s loans without its knowledge or authorization and retained the proceeds, and then hid its fraudulent conduct by providing Picatinny with falsified monthly reporting. This is a clear cut example of “cause” for conversion of the Debtor’s chapter 11 proceeding.

Finally, there are no “unusual circumstances” that could be identified to establish that conversion is not in the best interests of creditors and the estate. Section 1112(b) provides, that:

Except as provided in paragraph (2) of this subsection, subsection (c) of this section, and section 1104(a)(3), on request of a party in interest, and after notice and a hearing, absent unusual circumstances specifically identified by the court that establish that the requested conversion or dismissal is not in the best interests of creditors and the estate, the court shall convert a case under this chapter to a case under chapter 7...if the movant establishes cause.

11 U.S.C. §1112(b)(1) (emphasis added). The Debtor(s) have wrongfully sold -- actually stolen -- over \$14 million of loans belonging to Picatinny and have refused to turn over Picatinny’s loan files and records. Further, it appears that the proceeds of U.S. Mortgage’s wrongful actions and/or payments received from Picatinny and other credit union numbers are being used to fund the administration of this case, to the obvious detriment of those members

and the estate. Thus, it is axiomatic that cause exists to convert this proceeding. Accordingly, conversion of this chapter 11 proceeding to a chapter 7 case is appropriate and necessary.<sup>4</sup>

### **CONCLUSION**

For the foregoing reasons, Picatinny respectfully requests that this Court grant a preliminary and permanent injunction compelling: (a) the release and turnover of all original files, documents, reports and other information relating to each of the Picatinny loans to Picatinny or its new servicer; (b) an accounting of the Picatinny loans that were sold to Fannie Mae; (c) the segregation and accounting of, and the turnover to, Picatinny or its new servicer of all funds currently held by U.S. Mortgage that relate in any way to loans for Picatinny's members; (d) that stay relief be granted for "cause" pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested herein. Picatinny also submits that conversion of this pure liquidation to Chapter 7 is appropriate.

Respectfully submitted,

SAIBER LLC  
Attorneys for Plaintiff  
Picatinny Federal Credit Union

By: /s/Vincent F. Papalia  
Vincent F. Papalia

Dated: March 3, 2009

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<sup>4</sup>Alternatively, if this Court determines that a Chapter 11 Trustee is in the best interest of creditors, Picatinny respectfully submits that a Chapter 11 Trustee should be appointed under 11 U.S.C. §1104(a)(3).

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Vincent F. Papalia, Esq. [VP1418]  
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Attorneys for Plaintiff  
Picatinny Federal Credit Union

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

U.S. MORTGAGE CORP.,

Debtor.

PICATINNY FEDERAL CREDIT UNION,

Plaintiff,

v.

U.S. MORTGAGE CORP., and CU NATIONAL  
MORTGAGE, LLC, a division of U.S.  
MORTGAGE CORP.,

Defendants.

Case No. 09-14301 (RG)

Chapter 11

Honorable Rosemary Gambardella

Adversary No. \_\_\_\_\_

**CERTIFICATION OF COLIN R. ROBINSON**

I, **COLIN R. ROBINSON**, hereby certify and state as follows:

1. I am an attorney-at-law of the State of New Jersey, and an associate with the law firm of Saiber LLC, counsel for Picatinny Federal Credit Union, in the above captioned matters. I submit this Certification in support of the Verified Complaint for Temporary Restraints and Injunctive Relief.

2. Attached hereto as Exhibit A is a true and correct copy of the Certification of Robert Albrecht in Support of Picatinny's Order to Show Cause for a Temporary Restraining Order and Preliminary Injunction, filed with the Superior Court of New Jersey, Morris County, Docket No. L-612-09 on February 23, 2009.

3. Attached hereto as Exhibit B is a true and correct copy of the Affidavit of James H. Forte in Support of Order to Show Cause for a Temporary Restraining Order and Preliminary Injunction, filed with the Superior Court of New Jersey, Morris County, Docket No. L-612-09 on February 20, 2009.

I hereby certify the foregoing statements made by me are true. I am aware that if the foregoing statements made by me are determined to be willfully false, I may be subject to punishment.

/s/Colin R. Robinson  
COLIN R. ROBINSON

Dated: March 3, 2009

# EXHIBIT A

SAIBER LLC  
One Gateway Center, 13<sup>th</sup> Floor  
Newark, New Jersey 07102  
(973) 622-3333  
Attorneys for Plaintiff  
Picatinny Federal Credit Union

PICATINNY FEDERAL CREDIT  
UNION,

Plaintiff,

v.

CU NATIONAL MORTGAGE, LLC,  
a division of U.S. MORTGAGE  
CORP., U.S. MORTGAGE CORP.,  
MICHAEL J. McGRATH, JR.,  
and JOHN DOES 1-20,

Defendants.

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION: MORRIS COUNTY  
DOCKET NO.

Civil Action

CERTIFICATION OF ROBERT ALBRECHT  
IN SUPPORT OF PICATINNY'S ORDER  
TO SHOW CAUSE FOR A TEMPORARY  
RESTRAINING ORDER AND PRELIMINARY  
INJUNCTION

ROBERT ALBRECHT, hereby certifies as follows:

1. I am the Vice President - Sales and Service of Picatinny Federal Credit Union ("Picatinny"). In that position, I am responsible for all of Picatinny's branch operations and the sales and servicing of Picatinny's products and services, including residential mortgage loans.

2. I have knowledge of the facts set forth based upon my personal knowledge and my review of books and records that Picatinny maintains in its ordinary course of business.

**A. General Background**

3. Picatinny is a federally chartered credit union that was established in 1939 at Picatinny Arsenal in Morris County, New Jersey. Picatinny is now headquartered in Dover, New Jersey and has three branches located in Dover, Mount Olive and at the Picatinny Arsenal.

4. Picatinny currently has 15,659 members, consisting of military and other personnel stationed and/or working at the Picatinny Arsenal, other residents of the Morris County area, and local businesses. The members of Picatinny are also its owners. Picatinny's Board of Directors is also made up of members who serve in a voluntary capacity.

**B. The Credit Union Support Services Agreement**

5. Pursuant to a Credit Union Support Services and Correspondent Lending Agreement dated as of July 1, 1999 (the "Agreement"), CU National, LLC ("CU National") agreed to provide Loan Protection Services and Loan Servicing to Picatinny. A copy of the Agreement is attached as Exhibit A to the Verified Complaint.

6. Under the Agreement, CU National provided various types of loan services that were integral to Picatinny's residential mortgage lending program, including the performance of all duties necessary or incidental to the servicing of all mortgage loans on behalf of Picatinny (the "Picatinny loans").

These services included the collection of payments of principal, interest, prepayments, escrows and any related charges for Picatinny loan customers and the remittance of those payments to Picatinny after CU National deducted its servicing charges and any other fees.

**C. CU National's Fraudulent Scheme**

7. In January 2009, Picatinny learned from sources other than CU National that CU National had sold certain Picatinny loans to Fannie Mae without Picatinny's knowledge or authorization, and did not remit the loan proceeds to Picatinny. Instead, in furtherance of its fraudulent scheme, CU National falsely represented to Picatinny on its monthly trial balances that the Picatinny loans improperly sold to Fannie Mae were still in Picatinny's portfolio.

8. By letter dated January 30, 2009, Picatinny's counsel advised CU National that Picatinny had learned about the improper sale (or attempted sale) of the Picatinny loans to Fannie Mae and demanded that CU National identify the specific Picatinny loans CU National had sold or attempted to sell to Fannie Mae, make its books and records relating to such loans available for inspection, and immediately remit the January payment that was due to Picatinny under the Agreement on January 20, 2009. A copy of the January 30, 2009 letter is attached as Exhibit E to the Verified Complaint.

9. Despite Picatinny's demand, CU National failed and refused to pay the January 2009 remittance due to Picatinny, which is believed to be approximately \$400,000. CU National also failed and refused to grant access to the books and records demanded by Picatinny.

10. Instead, by e-mail dated February 9, 2009, CU National advised Picatinny that, because of unstated "issues," CU National could no longer effectively process loan applications for Picatinny and requested that Picatinny find an alternate service provider. A copy of CU National's February 9, 2009 e-mail is attached as Exhibit F to the Verified Complaint.

11. Subsequently, in a February 12, 2009 letter, U.S. Mortgage Corp., of which I believe CU National is now a division, reported that it had sold forty Picatinny loans without Picatinny's authorization and that "a total of \$9,491,133.85 in sales proceeds were diverted," thereby acknowledging its fraudulent scheme. A copy of U.S. Mortgage's letter dated February 12, 2009 letter is attached as Exhibit H to the Verified Complaint.<sup>1</sup>

12. Based on these continuing failures and the growing evidence of the massive fraud, Picatinny demanded that

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<sup>1</sup> Based on its own internal investigation, which is ongoing, Picatinny has determined that CU National improperly sold 58 Picatinny loans to Fannie Mae totaling approximately \$14.1 million.

CU National immediately turn over all Picatinny loan files and related documents and information to a new servicer, CUMAnet. Picatinny requires immediate access to the documents and information described above so that it can transition the servicing of the Picatinny loans to CUMAnet, its new servicer. Without these documents and information, CUMAnet simply cannot do its job -- to the direct and substantial detriment of Picatinny and its members.

13. Picatinny is extremely concerned that if the requested documents and information are not made available immediately, further problems and complications are likely to result, including the misapplication or non-application of payments CU National received from Picatinny members (for principal, interest, taxes, insurance, etc.), but which are not remitted to Picatinny. Further, without those documents and information, Picatinny will not be able to perform the accounting and investigation necessary to determine the nature and extent of the fraud CU National perpetrated upon it and its members.

14. In sum, even though CU National has advised Picatinny in writing that it is being investigated by the US Attorney, that Picatinny should retain a new servicer, and that it has committed a massive fraud, CU National has failed and refused to turn over to Picatinny the documents and information

14. In sum, even though CU National has advised Picatinny in writing that it is being investigated by the US Attorney, that Picatinny should retain a new servicer, and that it has committed a massive fraud, CU National has failed and refused to turn over to Picatinny the documents and information relating to the Picatinny loans that are absolutely essential to their proper servicing. That unreasonable and improper refusal is not only without justification, but also likely to result in further damages and injury to Picatinny and its members. Therefore, Picatinny respectfully submits that CU National should be directed to turn over those documents and information immediately and provide an accounting of its fraudulent acts.

15. I hereby certify that the foregoing statements made by me are true, to the best of my knowledge, information and belief. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.

  
ROBERT ALBRECHT

Dated: February 19, 2009

# EXHIBIT B

SAIBER LLC  
One Gateway Center, 13<sup>th</sup> Floor  
Newark, New Jersey 07102  
(973) 622-3333  
Attorneys for Plaintiff  
Picatinny Federal Credit Union

PICATINNY FEDERAL CREDIT  
UNION,

Plaintiff,

v.

CU NATIONAL MORTGAGE, LLC, a  
division of U.S. MORTGAGE  
CORP., U.S. MORTGAGE CORP.,  
MICHAEL J. McGRATH, JR., and  
JOHN DOES 1-20,

Defendants.

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION: MORRIS COUNTY  
DOCKET NO.

Civil Action

AFFIDAVIT OF JAMES H. FORTE IN  
SUPPORT OF ORDER TO SHOW FOR  
TEMPORARY RESTRAINING ORDER AND  
PRELIMINARY INJUNCTION

STATE OF NEW JERSEY )  
 ) ss.:  
COUNTY OF ESSEX )

JAMES H. FORTE, of full age, having been duly sworn according to law, upon his oath, deposes and says:

1. I am an attorney at law of the State of New Jersey and a member of the firm of Saiber LLC, attorneys for plaintiff Picatinny Federal Credit Union ("Picatinny") in this matter.

2. On or about January 29, 2009, I spoke with Robert Hanna, Esq., criminal defense counsel for defendants CU National Mortgage, LLC ("CU National"), a division of U.S. Mortgage

Corp., and U.S. Mortgage Corp. ("U.S. Mortgage"). The purpose of my call was to obtain information concerning why the federal government shut down CU National's and U.S. Mortgage's operations on January 26, 2009.

3. During that discussion, Mr. Hanna advised that CU National and U.S. Mortgage, the servicers of Picatinny mortgage loans, had sold without Picatinny's knowledge or authorization Picatinny mortgage loans to the Federal Home Mortgage Association ("Fannie Mae"). He further advised that the problem was larger than just Picatinny and that these defendants also had sold loans that were in the loan portfolios of other credit unions without those credit unions' knowledge or authorization.

4. To determine the specific loans sold without Picatinny's knowledge or authorization and to address CU National's and U.S. Mortgage's concerns about Picatinny's setoff against their accounts, on January 30, 2009, I wrote Andrew Hallajian, Esq., inhouse counsel with CU National. In my letter, a copy of which is attached as Exhibit E to the Verified Complaint, I asked him to identify the specific loans owned by Picatinny Federal Credit Union that CU National sold (or attempted to sell) to Fannie Mae, to produce all books and records relating to CU National's sale and/or assignment or attempted sale or assignment of all loans that Picatinny maintained in its portfolio, and to pay the January 2009

remittance of principal, interest, principal payoffs and other payments due and owing under the parties' agreement, which was then several days overdue.

5. Mr. Hallajian responded by advising that he was still investigating the matter. To date, he still has not identified the specific loans that were stolen by CU National and U.S. Mortgage, produced the books and records relating to CU National's and U.S. Mortgage's sale or attempted sale of Picatinny loans, or caused CU National or U.S. Mortgage to pay the January 2009 remittance.

6. Unable to obtain any information from Mr. Hallajian, I spoke with Miriam Smolen, Esq., associate general counsel of Fannie Mae. On February 5, 2009, Ms. Smolen provided me with the allonges to eight notes and assignments of mortgages that defendant Michael J. McGrath, Jr. executed as a purported Assistant Vice President of Picatinny. Mr. McGrath executed these allonges and assignments to the order of U.S. Mortgage, which then executed allonges and assignments to the order of Fannie Mae. A copy of these allonges and assignments is attached as Exhibit F to the Verified Complaint.

7. Thereafter, on February 10, 2009, I wrote Mr. Hallajian declaring that CU National had breached the parties' written agreement and demanding that CU National turn over to Picatinny or its new servicer all of the Picatinny loan files

and related documents and information. I further advised that, if the loan files and related documents and information were not turned over by February 13, 2009, Picatinny would take all actions necessary to protect its interests, including the filing of an order to show cause. A copy of my letter dated February 10, 2009 is attached as Exhibit H to the Verified Complaint.

8. When we had not received a response from CU National as of February 12, my partner, Michael Geraghty, called Mr. Hallajian whom I understand advised Mr. Geraghty that CU National was in the process of gathering all of the requested files and related documents and information but would not know until the next day when the files would be available to be turned over.

9. On February 13, 2009, I called Mr. Hallajian who advised that he was no longer able to speak with me concerning the turn over of the files and that I should speak with CU National's and U.S Mortgage's criminal defense counsel, Mr. Hanna. I called Mr. Hanna who advised that he had no problem with the release of the requested original loan files and related documents and information provided that the Assistant United States Attorney authorized their release.

10. I promptly obtained the consent of the Assistant United States Attorney on the condition that Picatinny arrange for its new servicer to agree in writing to be bound by any

federal grand jury subpoenas served upon CU National and U.S Mortgage. I then drafted an agreement for Picatinny's new servicer's signature, arranged for its execution, and delivered it that same day to the Assistant United States Attorney and Mr. Hanna.

11. Later that afternoon, I received a telephone call from Bruce Buechler, a new attorney representing CU National and U.S Mortgage. I immediately returned Mr. Buechler's call. Mr. Buechler advised that, notwithstanding the agreement Picatinny reached a few hours earlier with CU National's and U.S. Mortgage's criminal counsel, CU National and U.S Mortgage would not be releasing the original loan files and related documents and information. Mr. Buechler further advised that CU National and U.S. Mortgage were attempting to sell the servicing rights to a new servicer.

12. In no uncertain terms, I told Mr. Buechler that I was shocked that CU National and U.S. Mortgage would attempt to sell servicing rights that were derived from a contract that they unquestionably breached in several material respects. I further explained that, under well-settled New Jersey law, CU National's and U.S. Mortgage's material breaches and fraud relieves Picatinny from further performance and results in CU National's and U.S Mortgage's loss of the servicing rights acquired thereunder.

13. I will not discuss the specifics of any settlement proposals that Mr. Buechler made. The bottom line is that he would not authorize the release Picatinny's loan files and related documents unless Picatinny paid his clients various proffered amounts "in cash" within thirty days. I rejected his offer.

14. While preparing this Affidavit, I received via e-mail a memorandum from Nachman Hays Brownstein ("NHB"), the "crisis manager" retained by CU National and U.S. Mortgage. The memorandum set forth a preliminary agenda for a conference call they were scheduling on February 20 at 3:00 p.m.

15. In their memorandum, NHB estimates CU National's and U.S. Mortgage's total fraud to exceed a staggering \$115,000,000. According to NHB, CU National and U.S. Mortgage are "no longer viable and [are] likely insolvent, and has begun winding down [their] operations toward a total liquidation of assets." A copy of the memorandum is attached as Exhibit A.

16. On their website, CU National and U.S. Mortgage have confirmed that they are no longer in operation. Their website, [www.usmtg.com](http://www.usmtg.com), reads in large bold print as follows:

**NOTICE:**

**US MORTGAGE CORP. has ceased business operations due to unforeseen circumstances. Every effort has been made to assist customers who may have been unable to close their loan application with the company before this event. Please check back**

to this site regularly for more information and announcements.

Thank you for your patience and understanding at this difficult time.

(A printout of this notice from CU National's and U.S. Mortgage's website is attached as Exhibit B).

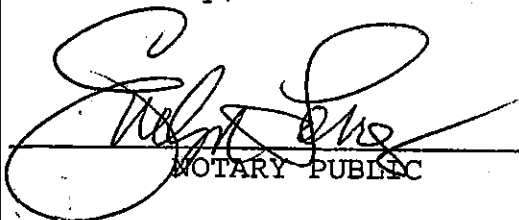
18. Given CU National's and U.S. Mortgage's insolvency and wind down of their operations, and now cessation of all business operations, Picatinny has substantial and justifiable concerns that its members' loans will not be adequately serviced or will be sold to the highest bidder irrespective of the quality of the services rendered, which will undermine the members' confidence in Picatinny and irreparably injure Picatinny's good will. Therefore, I respectfully request that the Court prevent CU National and U.S Mortgage from further damaging Picatinny by temporarily restraining their efforts to sell servicing rights to Picatinny's loans and, upon the return date of the order to show cause, entering a preliminary injunction requiring them to turn over Picatinny's loan files and related documents and information to Picatinny's new servicer to ensure the proper servicing of Picatinny's loans.

19. Before filing this action, Picatinny contacted Fannie Mae to determine whether it would indorse the allonges and execute assignments conveying the notes and mortgages

underlying the Picatinny loans sold without Picatinny's  
knowledge or authorization to Picatinny. Fannie Mae refused.

  
\_\_\_\_\_  
JAMES H. FORTE

Sworn to and subscribed  
before me on this 20th day  
of February, 2009

  
\_\_\_\_\_  
NOTARY PUBLIC

EVELYN TORRES  
A Notary Public of New Jersey  
My Commission Expires 03/07/2010

# **EXHIBIT A**



NachmanHaysBrownstein, Inc.  
822 Montgomery Avenue, S.204  
Narberth, Pennsylvania 19072  
610-660-0060  
FAX 610-664-7298

**MEMORANDUM**

**Date:** February 19, 2009  
**To:** Credit Unions Potentially Affected by Events at U.S. Mortgage/CU National  
**From:** Howard Brod Brownstein, CTP, Chief Restructuring Officer, U.S. Mortgage/CU National  
**Re:** Notes for Conference Call, 3:00 PM EST, Friday, February 20, 2009  
**Call-in Info:** (866) 502-8312, PIN 762773#

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**PRELIMINARY – FOR DISCUSSION PURPOSES**

We have arranged the above-captioned conference call to facilitate a dialogue between U.S. Mortgage/CU National and credit unions which have been affected by recent events. Included on the call will be: representatives of credit unions; members of the NHB crisis management team; and legal advisors to U.S. Mortgage/CU National. There will be an opportunity to ask questions, but it is hoped that these notes will make the use of time more efficient by providing everyone with the information we have so far which may anticipate some questions.

The format of the meeting will include a roll call so we know who is participating, and then an opportunity to ask questions which will proceed in alphabetical order by credit union. Credit unions are welcome to have their legal counsel participate in the call.

**Background**

- On January 27<sup>th</sup>, 2009 a federal search warrant was served at the offices of U.S. Mortgage/CU National. The Company has been advised by law enforcement authorities that the investigation is focused on the activities of Michael McGrath, then President and sole Director of the Company.
- Immediately thereafter, an internal investigation was launched, resulting in the preliminary conclusions that:
  1. A large number of loans that had been held by U.S. Mortgage's CU National unit had apparently been sold to Fannie Mae without the credit unions' authorization and possibly using inauthentic documentation, however the credit unions affected had neither been informed nor had been sent the proceeds of the sale. Furthermore, the fact of the unauthorized sale was apparently concealed from the credit unions, e.g., by making it appear that they were still receiving servicing revenue on those loans.
  2. Other loans that had been "held for sale" by the Company, i.e., with authorization from credit unions for the loans to be sold, had apparently been sold, but without notification to the credit unions nor payment to them.

3. The proceeds of the above activities appear to have been disbursed by the Company at the behest of Mr. McGrath for purposes not related to the business of the Company.
  4. The total amount involved in these activities was then calculated at over \$115Mil.
- Mr. McGrath and his wife, who was also an officer of the Company, were by then no longer on the premises, and Mr. McGrath was reportedly an inpatient at a medical facility.
  - On the advice of its legal counsel, on February 4<sup>th</sup> the Company engaged the crisis management firm of NachmanHaysBrownstein, Inc. (NHB, website www.nhbteam.com) as Advisors, with the intention of NHB providing management services as soon as the corporate governance requirements of the Company could be met. By February 9<sup>th</sup> these requirements had been met, and Howard Brod Brownstein, CTP, a Principal of NHB, became the "Chief Restructuring Officer" (CRO) of the Company.

#### Initial Steps

- The Company immediately ceased originating and funding loans, inasmuch as its warehouse lending facilities were exhausted. Credit unions, state regulators and FCUA were advised of the Company's cessation of lending activities. The Company has since surrendered its licenses to the respective state licensing authorities, and is in discussions with them concerning consent orders.
- Regarding Fannie Mae:
  - Fannie Mae transferred servicing of loans that it believes that it owns to Cenlar (Fannie Mae's rights regarding servicing differ from those of credit unions). Some of these loans now being serviced by Cenlar include those sold to Fannie Mae without authorization, and Fannie Mae is aware of this.
  - The Company has been turning over to Fannie Mae payments received in respect of all of the loans for which servicing was transferred, and is working with Fannie Mae and Cenlar to help them reach a full accounting for the servicing of those loans, including disbursements for taxes and insurance.
  - The Company has also advised Fannie Mae and Cenlar that the Company has received complaints from credit unions about the manner in which Cenlar is treating the credit unions' members, the lack of clarity in the joint "hello/goodbye" letter sent to borrowers, and delinquency notices some of these borrowers have received regarding taxes.
  - Fannie Mae sought to have a team on-site at the Company, including Fannie Mae's advisors from E&Y, to conduct its own investigation into what happened, i.e., how the alleged wrongdoing occurred, who did what, etc. The Company has concluded that this activity would interfere with the orderly wind-down of the Company and efficient pursuit of the initial priorities listed below, and also felt it inappropriate that Fannie Mae have such access when its interests are potentially adverse to those of other potential creditors of the Company. Therefore, Fannie Mae's team has been denied access for the time being, although we are providing Fannie Mae with information relating to the potentially affected loans. The Company might view Fannie Mae's request differently if it were to agree to share its findings and all work papers with the credit unions and other affected parties.
- NHB determined that the Company is no longer viable and is likely insolvent, and has begun winding down its operations towards a total liquidation of assets. Headcount has been drastically reduced and financial support withdrawn from Icon, an unprofitable wholesale mortgage business in which the Company had invested.
- NHB's initial priorities have been:
  1. Facilitation of the transfer of "pipeline" loans back to credit unions or to prospective retail borrowers so that they could seek alternative lenders.
  2. Determination of which loans had been affected by the irregularities described above and notification thereof to the credit unions, regulators and NCUA.
  3. Continuing the servicing function on all loans still held by the Company, including payment of escrowed taxes and insurance, and net amounts owed to the credit unions.
  4. Development of a potential sale of servicing rights to a reputable company, to be followed by proposal of that sale to the credit unions, in accordance with the Company's servicing agreements with credit unions.

- NHB has installed security procedures on the Company's premises, restricted access to bank accounts, and has been closely monitoring and approving disbursements to make sure they are required for the efficient and orderly wind-down of the Company.
- Cooperation with law enforcement authorities is continuing.

#### Pipeline Loans

- In order to help reduce the impact of recent events upon credit union members, NHB has been in contact with credit unions about their pipeline loans. NHB has been providing them with a listing of pipeline loans based upon the Company's records, and has been turning over the pipeline loan files to credit unions. Not all credit unions that appeared to have pipeline loans have so far received their files, so any credit unions that still need to do so should contact NHB's Max Markidan at [mmarkidan@nhbteam.com](mailto:mmarkidan@nhbteam.com).
- NHB has received information that the following parties are interested in assisting credit unions with pipeline loans. NHB does not know these parties and so is just passing along contact information, expecting that credit unions will perform their own due diligence if they so desire:
  - Sean Habron, Account Executive/Eastern Region, Prime Alliance Solutions, (301) 645-8245, Cell: (202) 550-7077, [shabron@primealliancesolutions.com](mailto:shabron@primealliancesolutions.com)
  - Tim Mislanski, President, myCUmortgage, (937) 912-7853, [tmislanski@wpcu.coop](mailto:tmislanski@wpcu.coop)
  - Ron Wilsie, CUSO Mortgage, 888-400-5000 ext 4084, [rwilsie@cusomortgage.com](mailto:rwilsie@cusomortgage.com)
- If any of the credit unions know of other parties that might be of help with pipeline loans, please let us know and we will advise all affected credit unions.

#### Loan Irregularities

- The Company has sent letters to the credit unions that are believed to have been affected by the irregularities that occurred at the Company, including a listing of specific loans that have been affected based upon the investigation so far. Some credit unions have submitted inquiries including their own lists of questionable loans which has assisted in our reconciliation. The investigation is continuing, and whenever additional questionable loans have been identified, we have promptly notified the credit unions involved, and we will continue to do so.
- As noted above, the irregularities in loan sales apparently fell into two categories:
  - Loans that had been held by U.S. Mortgage's CU National unit and were sold to Fannie Mae without the credit unions' authorization and possibly using inauthentic documentation, with no notification nor remittance of sale proceeds to credit unions.
  - Loans that had been "held for sale" by the Company, i.e., with authorization from credit unions for the loans to be sold, and were sold to Fannie Mae without notification to the credit unions nor payment to them.
- The Company has advised state regulators and NCUA of these irregularities, including identification of the credit unions apparently affected.
- The Company has advised Fannie Mae that ownership of loans described above is disputed, and that it will likely have to account for these loans together with any servicing revenue received therefrom. Pending resolution of these issues, the Company is assisting Fannie Mae in maintaining stability of the payments from borrowers by providing information about payments received, tax and insurance payments disbursed, and by turning over payments received by the Company for the loans transferred to Cenlar at Fannie Mae's behest.

#### Accounting for Servicing Revenue

- The Company has continued to collect servicing revenue in a normal fashion on the loans that are still in our portfolio, i.e., excluding the loans for which servicing has been transferred by Fannie Mae. We are disbursing tax and insurance payments from the escrow portion of remittances and remitting net proceeds to credit unions after deduction of the Company's normal fee.
- Obviously, if credit unions reconcile these payments with what they were expecting to receive, there will be a difference due to the loans that the credit unions had previously shown were theirs but

which they have been advised are also claimed by Fannie Mae and no longer being serviced by the Company. If the credit unions notice any other difference in their reconciliation, they are requested to contact us ASAP with details ([mmarkidan@nphbteam.com](mailto:mmarkidan@nphbteam.com)).

#### Sale of Servicing Rights

- We believe that it is of vital importance that the payment of loans by borrowers continue without interruption, since any disturbance might make payments difficult to reinstate. There are established procedures under RESPA which must be followed in order to change borrowers' payment procedures. Therefore, credit unions are respectfully advised to do nothing that would affect borrowers' payments.
- Furthermore, notwithstanding any alleged breaches that may have occurred, the servicing rights to portfolio loans remain a valuable asset of the Company, the proceeds from the sale of which will be used to help address all claims that the Company will face.
- The Company has concluded that individual credit unions do not have the right unilaterally to switch to another servicing company, and any credit union that attempts to do so will have to account to all of the creditors of the Company for its actions. If we file bankruptcy (discussed below), such action may violate the automatic stay under the Bankruptcy Code.
- To rectify the situation, the Company is moving quickly to identify another servicing company to which the Company will propose to sell the servicing rights, proceeds from which sale will benefit all creditors. The Company is in discussions (so far) with prospective buyers, and is interested in hearing from credit unions whether they have any preference and/or information about servicing firms.
- Currently, the prospective buyers are reviewing the Company's loan portfolio under a nondisclosure agreement in preparation to make an offer for the servicing rights. Once the Company selects a proposed buyer, we will notify the credit unions which can exercise a right of first refusal, pay what the Company would have received for the servicing rights for their portfolio loans, and have them serviced elsewhere. It is our hope that if we proceed expeditiously and select a reputable proposed new servicing firm, all credit unions will assent to that selection.
- If a credit union or its legal counsel disagrees with any of the above, rather than take unilateral action which might result in an immediate bankruptcy filing to prevent it, we encourage said credit union or counsel to contact the Company's legal counsel, Bruce Buechler of Lowenstein Sandler, [bbuechler@lowenstein.com](mailto:bbuechler@lowenstein.com).

#### Ad Hoc Credit Union Committee

- In order better to disseminate information to the credit unions formerly served by the Company, as well as to enable them more easily to share information, obtain expert advice and speak with one voice to third parties, we have encouraged the formation of an Ad Hoc Credit Union Committee. Bruce Jolly, Esq., with the Washington DC office of Venable LLP, is acting as legal advisor to the Committee ([bjolly@venable.com](mailto:bjolly@venable.com)). We strongly encourage all credit unions that have not already done so to contact Mr. Jolly or to request their legal counsel to do so. Perhaps the Committee will form a smaller steering group with whom we can be in touch on a regular basis,

#### Bankruptcy

- NHB is expert in bankruptcy proceedings, and provides services to Debtors, Creditor Committees and other parties in bankruptcy proceedings throughout the country, including in NJ where the Company would file. The Company has engaged competent bankruptcy counsel and is ready to file Ch.11 if necessary.
- Nonetheless, NHB feels strongly that the creditors would be better served to allow the orderly wind-down of the Company to continue outside of a bankruptcy proceeding, which would involve considerable delay and legal expenses for all parties.
- A procedure will be set up whereby all claimants—credit unions, borrowers, Fannie Mae and others—can register their claims with us, and these will be addressed in a manner that is fair, equitable and transparent, just as they would under a bankruptcy proceeding.

- Therefore, we encourage any party that feels that its interests are not being adequately addressed to contact the Company or its legal counsel prior to taking any unilateral action that would provoke a bankruptcy filing in response. Such unilateral actions include, without limitation:
  - Attempting to switch to another servicing company without following the procedure described above
  - Advising borrowers not to remit their loan payments as they normally do
  - Pursuing legal rights initially

#### **Insurance**

- The Company has notified its insurance carrier and will be following up through its legal counsel on its insurance coverage, and will report to its creditors concerning this process.
- Regarding the credit unions' own insurance, in case information about the law enforcement investigation is required:
  1. In re Grand Jury Investigation (USAO Case # 2009 RO 0124) (D.N.J.)
  2. In re Search of Headquarters of US Mortgage Corp., Pine Brook, New Jersey, Misc. No. 09-4013 (CCC) (D.N.J. Jan. 26, 2009)

# **EXHIBIT B**



*We're All About You.*

**NOTICE:**

**US MORTGAGE CORP. has ceased business operations due to unforeseen circumstances. Every effort has been made to assist consumers who may have been unable to close their loan application with the company before this event.**

**Please check back to this site regularly for more information and announcements.**

**Thank you for your patience and understanding at this difficult time.**

Privacy Statement

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James H. Forte, Esq. [JF2248]  
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**SAIBER LLC**  
One Gateway Center, 13th Floor  
Newark, New Jersey 07102-5311  
(973) 622-3333

Attorneys for Plaintiff  
Picatinny Federal Credit Union

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

U.S. MORTGAGE CORP.,  
  
Debtor.

Case No. 09-14301 (RG)

Chapter 11

Honorable Rosemary Gambardella

PICATINNY FEDERAL CREDIT UNION,

Plaintiff,

v.

U.S. MORTGAGE CORP., and CU NATIONAL  
MORTGAGE, LLC, a division of U.S.  
MORTGAGE CORP.,

Defendants.

Adversary No. \_\_\_\_\_

**ORDER TO SHOW CAUSE  
FOR A PRELIMINARY AND PERMANENT INJUNCTION;  
CONVERSION TO CHAPTER 7; AND FOR RELATED RELIEF**

The relief set forth on the following pages numbered two (2) through three (3) is hereby  
**ORDERED.**

Date: \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

THIS MATTER having been opened to the Court by Picatinny Federal Credit Union (“Picatinny”) by and through its attorneys, Saiber LLC, for entry of an Order to Show Cause for Temporary Restraints and Injunctive Relief, and the Court having considered the Verified Complaint for Temporary Restraints and Injunctive Relief (“Verified Complaint”), the Exhibits to the Verified Complaint, Picatinny’s brief in support of the requested relief (“Brief”) and the Certification of Colin R. Robinson (“Robinson Cert.”), and it appearing that there is a probability that final judgment will be rendered in favor of Picatinny, and it further appearing that irreparable injury may result unless the relief requested is granted; and other good cause having been shown; and due notice having been given; it is hereby

**ORDERED** that the Defendants are to appear before the Honorable Rosemary Gambardella, United States Bankruptcy Court Judge at the United States Courthouse, 50 Walnut Street, Newark, New Jersey on \_\_\_\_\_, 2009 at \_\_\_\_\_ a.m./p.m. to show cause why an Order should not be entered: (a) granting a preliminary and permanent injunction: (i) compelling the Debtor to immediately release and turnover all original files, documents, reports and other information relating to each of the Picatinny loans serviced by the Debtor to Picatinny or its new servicer; (ii) compelling an accounting of the Picatinny loans that were sold to Federal National Mortgage Association; and (iii) compelling U.S. Mortgage to segregate, account for and turnover to Picatinny or its new servicer all funds currently held by U.S. Mortgage that relate in any way to loans for Picatinny’s members; (b) granting Picatinny relief from stay for “cause” pursuant to 11 U.S.C. §362(d)(1) to the extent necessary and appropriate to effectuate and allow the relief requested; (c) converting this case to one under chapter 7 pursuant to 11 U.S.C. §1112(b); and (d) for such other relief as is just and proper; and it is

**FURTHER ORDRED** that Picatinny shall serve a copy of this Order, the Verified Complaint with Exhibits, the Brief and Robinson Cert. upon Debtor's counsel, Lowenstein Sandler, P.C., by hand delivery or Federal Express, and said service shall be deemed sufficient service of this Order and the supporting documentation.

A. Debtors' answering papers shall be filed and simultaneously served so as to be actually received by the Court and Picatinny's counsel on or before \_\_\_\_\_, 2009; and

B. Any reply papers by Picatinny shall be filed and simultaneously served so as to be actually received by the Court and Debtors' counsel on or before \_\_\_\_\_, 2009; and

C. In all instances, service of all papers submitted to this Court in connection with this Order to Show Cause shall be made in such a manner that said papers are delivered to both the Court and counsel so as to be actually received on or before 5:00 p.m. on the dates described above or sent by other means in such a manner that they are delivered on or before the deadline for hand delivery; and it is

**FURTHER ORDERED** that Service of the Verified Complaint, the Brief, Certification of Colin R. Robinson in support, and this Order, as set forth in this Order, shall constitute good and sufficient service of in lieu of the requirements of serving a summons and the Verified Complaint under Bankruptcy Rule 7004 and the Debtor shall respond to the Verified Complaint in the time period set forth by Federal Rule of Bankruptcy Procedure 7012.

<b>ADVERSARY PROCEEDING COVER SHEET</b> (Instructions on Reverse)		<b>ADVERSARY PROCEEDING NUMBER</b> (Court Use Only)
<b>PLAINTIFFS</b>	<b>DEFENDANTS</b>	
<b>ATTORNEYS</b> (Firm Name, Address, and Telephone No.)	<b>ATTORNEYS</b> (If Known)	
<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	
<b>CAUSE OF ACTION</b> (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)		
<b>NATURE OF SUIT</b> (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>FRBP 7001(1) – Recovery of Money/Property</b></p> <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property  <input type="checkbox"/> 12-Recovery of money/property - §547 preference  <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer  <input type="checkbox"/> 14-Recovery of money/property - other           </div> <div style="width: 48%;"> <p><b>FRBP 7001(6) – Dischargeability (continued)</b></p> <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support  <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury  <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan  <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce/sep property settlement/decreed  <input type="checkbox"/> 65-Dischargeability - other           </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <p><b>FRBP 7001(2) – Validity, Priority or Extent of Lien</b></p> <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property</div> <div style="width: 48%;"> <p><b>FRBP 7001(7) – Injunctive Relief</b></p> <input type="checkbox"/> 71-Injunctive relief – reinstatement of stay  <input type="checkbox"/> 72-Injunctive relief – other           </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <p><b>FRBP 7001(3) – Approval of Sale of Property</b></p> <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)</div> <div style="width: 48%;"> <p><b>FRBP 7001(8) Subordination of Claim or Interest</b></p> <input type="checkbox"/> 81-Subordination of claim or interest           </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <p><b>FRBP 7001(4) – Objection/Revocation of Discharge</b></p> <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e)</div> <div style="width: 48%;"> <p><b>FRBP 7001(9) Declaratory Judgment</b></p> <input type="checkbox"/> 91-Declaratory judgment           </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <p><b>FRBP 7001(5) – Revocation of Confirmation</b></p> <input type="checkbox"/> 51-Revocation of confirmation</div> <div style="width: 48%;"> <p><b>FRBP 7001(10) Determination of Removed Action</b></p> <input type="checkbox"/> 01-Determination of removed claim or cause           </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <p><b>FRBP 7001(6) – Dischargeability</b></p> <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims  <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud  <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny  <p style="text-align: center;">(continued next column)</p> </div> <div style="width: 48%;"> <p><b>Other</b></p> <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i>  <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)           </div> </div>		
<input type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23	
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$	
Other Relief Sought		

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES			
NAME OF DEBTOR		BANKRUPTCY CASE NO.	
DISTRICT IN WHICH CASE IS PENDING	DIVISIONAL OFFICE	NAME OF JUDGE	
RELATED ADVERSARY PROCEEDING (IF ANY)			
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.	
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISIONAL OFFICE	NAME OF JUDGE	
SIGNATURE OF ATTORNEY (OR PLAINTIFF)			
DATE	PRINT NAME OF ATTORNEY (OR PLAINTIFF)		

### INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, if it is required by the court. In some courts, the cover sheet is not required when the adversary proceeding is filed electronically through the court's Case Management/Electronic Case Files (CM/ECF) system. (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

**Parties.** Give the names of the parties to the adversary proceeding exactly as they appear on the complaint. Give the names and addresses of the attorneys if known.

**Signature.** This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not presented by an attorney, the plaintiff must sign.