EXHIBIT # 01

NOTE SECURED BY A DEED OF TRUST

Loan Number: **6482** Date: **Thursday, May 03, 2007** **Irvine**, California

10418 Ives Street
Bellflower CA 90706
Property Address

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S.**$350,000.00** (this amount will be called "principal"), plus interest, to the order of **Val-Chris Investments, Inc., a California Corporation,** (who will be called "Lender"). I understand that the Lender may transfer this Note. The Lender or anyone else who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder(s)."

2. INTEREST

I will pay interest at a yearly rate as described in paragraph 3 below.

Interest commences on **Thursday, May 17, 2007**, and, if paragraph 3 reflects more than one interest rate during the loan term, the rate will change on the date which is one (1) calendar month before each Payment Start Date.

Interest will be charged on unpaid principal until the full amount of principal has been paid.

I also agree to pay interest at the rate described in paragraph 3 below on the prepaid finance charges which are a part of the principal.

3. PAYMENTS

My payments are [ ] Interest Only [ ] Fully Amortized [X] Other

I will make my payments each month as follows:

Number of Payments	Payment Start Dates	Interest Rates	Payment Amounts
179	Starting June 18, 2007	11.875%	$3,566.50
1	Starting May 18, 2022	11.875%	$302,736.57

I will make these payments until I have paid all of the principal and interest and any other charges that I may owe under this Note. If on **Wednesday, May 18, 2022** (the Due Date) I still owe amounts under this Note(balloon balance), I will pay all those amounts, in full, on that date.

I will make my payments payable to**Val-Chris Investments, Inc., 2601 Main Street, Suite 280, Irvine, CA 92614**, or at a different place if I am notified by the Note Holder or the Agent for the Note Holder.

4. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) **Late Charge For Overdue Payments.** If I do not pay the full amount of eachmonthly payment by the end of ten calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of thecharge will be **10.00%** of my overdue payment or U.S. $5.00, which ever is more. I will pay this late charge only once on any late payment.

In the event a balloon payment is delinquent more than 10 days after the date it is due, I agree to pay a latecharge in an amount equal to the maximum late charge that could have been assessed with respect to the largest single monthly installment previously due, other than the balloon payment, multiplied by the sum of one plus the number of months occurring sine the late payment charge began to accrue.

(B) **Default.** If I do not pay the full amount of eachmonthly payment due under this Note by the date stated in paragraph 3 above, I will be in default, and the Note Holder may demand that I pay immediately all amounts that I owe under this Note.

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.

(C) **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 for all its costs and expenses to the extentnot prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees. A default upon any interest of any Note Holder shall be a default upon all interests.

5. BORROWER'S PAYMENTS BEFORE THEY ARE DUE - PREPAYMENT PENALTIES

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as "prepayment." If I pay all or part of the loan principal before it is due, whether such payment is made voluntarily or involuntarily, I agree to pay a prepayment penalty computed as follows:**The principal and accrued interest on this loan may be prepaid in whole or in part at any time, but a prepayment made within 12 months from date of execution shall be subject to the following prepayment charge, whether such prepayment is voluntary, involuntary or results from default in any term of this Note or the**

Deed of Trust by which it is secured: A sum equal to the payment of six (6) months unearned interest, on the amount prepaid in any twelve (12) month period (non-accumulative), in excess of twenty percent (20%) of the unpaid principal balance will be charged. If the remaining term of the loan is less than six (6) months, the prepayment penalty shall be, in the amount of unearned interest, for the remaining term on the amount prepaid in excess of twenty percent (20%) of the unpaid balance..

6. BORROWER'S WAIVERS

I waive my rights to require the Note Holder to do certain things. Those things are: (a) to demand payment of amounts due (known as "presentment"); (b) to give notice that amounts due have not been paid (known as "notice of dishonor"); (c) to obtain an official certification of nonpayment (known as "protest"). Anyone else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else, also waives these rights. These persons are known as "guarantors, sureties and endorsers."

7. RESPONSIBILITIES OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each of us 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 the 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 thisNote against each person individually or against all of us together. This means that anyone of us may be required to pay all of the amounts owed under this Note.

8. THIS NOTE IS SECURED BY A DEED OF TRUST

In addition to the protection given to the Note Holder under this Note, a Deed of Trust (the "Security Instrument") with a Due-on-Transfer Clause dated the same date of this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in the Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note.

Some of those conditions are described as follows:

> "Lender's Right to Require The Loan to be Paid Off Immediately. If the borrower shall sell, enter into a contract of sale, lease for a term of more than 6-years (including options to renew), lease with an option to purchase for any term, or transfer all or any part of the Property or an interest therein, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) or a transfer by devise, descent, or by operation of law upon the death of a joint tenant, the Lender may, at its option declare the Note and any other obligations secured by this Deed of Trust, together with accrued interest thereon, immediately due and payable, in full. No waiver of the Lender's right to accelerate shall be effective unless it is in writing."

5/3/07

Borrower *James Arthur Krage, Administrator* Date

Borrower Date

ASSIGNMENT OF NOTE SECURED BY A DEED OF TRUST

Date: ______________________________

FOR VALUE RECEIVED, the undersigned hereby grants, assigns and transfers to:

all beneficial interest under the within Note, without recourse, and Deed of Trust securing same

______________________________ ______________________________

______________________________ ______________________________

DO NOT DESTROY THIS NOTE: When paid it must be surrendered to the Trustee, together with the Deed of Trust securing same for cancellation, before reconveyance will be made.

EXHIBIT # 02

Recording Requested By
Val-Chris Investments, Inc., A California Corporation

When Recorded Mail To
Val-Chris Investments, Inc., A California Corporation
2601 Main Street, Suite 280
Irvine, CA 92614

Title Order No.

Space above this line for recorder's use

DEED OF TRUST

RECORDER: INDEX FOR SPECIAL NOTICE

Loan No. **6482**

This Deed of Trust, made this **3rd** day of **May, 2007**, among the Trustor, **James Arthur Krage, Administrator of the estate of Verna Gladys Kroemer Krage, deceased** (herein "Borrower"), **Val-Chris Investments, Inc., a California Corporation** (herein "Trustee"), and the Beneficiary, **Val-Chris Investments, Inc., a California Corporation**, (herein "Lender").

The beneficiaries (or assignees) of this deed of trust have agreed in writing to be governed by the desires of the holders of more than 50% of the record beneficial interest therein with respect to actions to be taken on behalf of all holders in the event of default or foreclosure or for matters that require direction or approval of the holders, including designation of the broker, servicing agent, or other person acting on their behalf, and the sale, encumbrance or lease of real property owned by the holders resulting from foreclosure or receipt of a deed in lieu of foreclosure.

GRANT IN TRUST

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, the followingdescribed property located in the county of **Los Angeles**, State of California: **Lot 19 of Tract No. 19795, In the City of Bellflower, as shown on a map recorded in Book 518, Page(s) 1 and 2, of Maps, in the Office of the County Recorder of said County.**, which has the address of **10418 Ives Street Bellflower CA 90706** (herein "Property Address");

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, and water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property";

THIS DEED OF TRUST IS MADE TO SECURE TO LENDER:

(a) the repayment of the indebtedness evidenced by Borrower's note (herein "Note") dated **May 3, 2007**, in the principal sum of U.S. $350,000.00, with payment of interest thereon, the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; the performance of the covenants and agreements of Borrower herein contained; and (b) repayment of any future advances, with interest thereon, made to the Borrower by Lender pursuant to paragraph 19 hereof (herein "Future Advances"); and in addition (c) this Deed of Trust shall provide the same security on behalf of the Lender, to cover extensions, modifications or renewals, including without limitation, extensions, modifications or renewals of the Note at a different rate of interest; and the performance of the covenants and agreements of Borrower herein contained.

Borrower covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the **Property, that the Property is unencumbered except for encumbrances of record, and that Borrower will warrant and defend** generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. BORROWER AND LENDER COVENANT AND AGREE AS FOLLOWS:

1. Payments of Principal and/or Interest. Borrower shall promptly pay, when due, the principal of and/or interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal of and/or interest on any Future Advances secured by the Deed of Trust.

2. Funds for Taxes and Insurance (Impounds). Subject to applicable law, and if required by the Lender, Borrower shall pay to Lender on the day monthly payments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments (including condominium and planned unit development assessments, if any) which may attain priority over this Deed of Trust, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof. Borrower shall not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of a prior mortgage or deed of trust if such holder is an institutional Lender.

If Borrower pays Funds to Lender, the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Deed of Trust that interest on the Funds shall be paid to Borrower, and unless such an agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Deed of Trust.

If the amount of Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

Upon payment in full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under Paragraph 18 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Deed of Trust.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, if applicable, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

4. Prior Mortgages and Deeds of Trust; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid, at least 10 days before delinquency, all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.

5. Hazard Insurance. Borrower agrees to provide, maintain and deliver to Lender fire insurance satisfactory and with loss payable to Lender. The amount collected under any fire or other insurance policy may be applied by Lender upon any indebtedness secured hereby and in such order as Lender may determine, or at option of Lender the entire amount so collected or any part thereof may be released to the Borrower. Such application or release shall not cure or waive any Default or Notice of Default hereunder or invalidate any act done pursuant to such notice.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of a loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply their insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

If Borrower obtains earthquake, flood or any other hazard insurance, or any other insurance on the Property, and such insurance is not specifically required by the Lender, then such insurance shall: (i) name the Lender as loss payee thereunder, and (ii) be subject to all of the provisions of this paragraph 5.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration of covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which affects Lender's interest in the Property, including but not limited to proceedings by the Lender to obtain relief from stay in any bankruptcy proceeding which would prohibit Lender enforcing its rights under the Deed of Trust, then Lender, at Lender's option, may make such appearances, disburse such sums, including reasonable attorney's fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, including but not limited to payment of delinquent taxes and assessments, insurance premiums due, and delinquent amounts owed to prior lien holders, shall become additional indebtedness of Borrower secured by this Deed of Trust . Such amounts as are disbursed by Lender shall be payable, upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable on the Note. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspection of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in conjunction with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. Borrower Not Released. At any time or from time to time, without liability therefore and without notice upon written request of Lender and presentation of this Deed and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge thereof. Trustee may, but shall be under no obligation or duty to, appear in or defend any action or proceeding purporting to affect said property or the title thereto, or purporting to affect the security hereof or the rights or powers of Lender or Trustee.

11. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

12. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

13. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 18 hereof. All covenants and agreements of Borrower shall be joint and several.

14. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower or the Property at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail to Lender, in care of Lender's Servicing Agent ("Agent"), **Val-Chris Investments, Inc., 2601 Main Street, Suite 280, Irvine, CA 92614** or to such other address as Lender or Agent may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

15. This Deed of Trust shall be governed by the Laws of the State of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not effect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust are declared to be severable.

16. Lender's Right to Require The Loan to be Paid Off Immediately. If the Borrower shall sell, enter into a contract of sale, lease for a term of more than 6-years (including options to renew), lease with an option to purchase for any term, or transfer all or any part of the Property or an interest therein, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) or a transfer by devise, descent, or by operation of law upon the death of a joint tenant, the Lender may, at its option declare the Note and any other obligations secured by this Deed of Trust, together with accrued interest thereon, immediately due and payable, in full. No waiver or the Lender's right to accelerate shall be effective unless it is in writing.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 17 hereof.

BORROWER AND LENDER FURTHER COVENANT AND AGREE AS FOLLOWS:

17. **Assignment of Rents; Appointment of Receiver; Lender in Possession.** As additional security hereunder, and without regard to the adequacy of any security for the indebtedness hereby secured, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 18 hereof or abandonment of the Property, Lender, in person, by Agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

18. Upon default by Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Lender may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written Notice of Default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Trustee shall be entitled to rely upon the correctness of such notice. Lender also shall deposit with Trustee this Deed, said Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as then may be required by law following the recordation of said Notice of Default and Notice of Sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said Notice of Sale, either as a whole or in separate parcels and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which said property, if consisting of several lots or parcels, shall be sold), at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property to sold, but without any covenant or warranty, expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate prescribed in the Note; all other sums then secured thereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. **Future Advances.** Upon request of Borrower, Lender, at Lender's option prior to full reconveyance of the Property by Trustee to Borrower, may make Future Advances to Borrower. Such advances with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

20. **Reconveyance.** Upon written request of Lender stating that all sums secured hereby have been paid, and upon surrender of this Deed and said Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." The Trustee may destroy said Note, this Deed or Trust (and any other documents related thereto) upon the first to occur of the following: 5 years after issuance of a full reconveyance; or, recordation of the Note and Deed of Trust in a form or medium which permits their reproduction for 5 years following issuance of a full reconveyance.

21. **Substitution of Trustee.** Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

22. **Request for Notices.** Borrower requests that copies of the notice of sale and notice of default be sent to Borrower's address which is the Property Address.

23. **Statement of Obligation.** Lender may collect a fee, not to exceed the maximum amount permitted by law, for furnishing the statement of obligations as provided by Section 2943 of the Civil Code of California.

MISCELLANEOUS PROVISIONS

24. **Construction or Home Improvement Loan.** If the loan secured by this Deed of Trust is a construction or home improvement loan, Borrower is required to perform according to the terms and conditions of each agreement contained in any building, home improvement or similar agreement between the Borrower and Lender.

25. **Acceptance by Lender of a Partial Payment After Notice of Default.** By accepting partial payment (payments whichdo not satisfy a default or delinquency in full) of any sums secured by this Deed of Trust after a Notice of Default has been recorded, or by

accepting late performance of any obligation secured by this Deed of Trust, or by adding any payment so made to the loan secured by this Deed of Trust, whether or not such payments are made pursuant to a court order, the Lender does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to make any such prompt payment or to perform any such act. No exercise of any right or remedy of the Lender or Trustee under this Deed of Trust shall constitute a waiver of any other right or remedy contained in this Deed of Trust or provided by law.

REQUEST FOR SPECIAL NOTICE OF DEFAULT AND FORECLOSURE UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

In accordance with Section 2924b of the Civil Code, Request is hereby made by the undersigned Trustor that a copy of any default and a copy of any notice of sale under deed of trust recorded in Book __________, Page(s) ________, Instrument No. ____________, Official Records of County Recorder of ______________________________ County, California. The original Trustor ____ and the original Trustee ____ and the original Beneficiary ____

Mail to:

IN WITNESS WHEREOF, BORROWER HAS EXECUTED THIS DEED OF TRUST

James Arthur Krage, Administrator 5/3/07

Borrower James Arthur Krage, Administrator Date Borrower Date

State of California
County of Los Angeles
On May 3, 2007 before me, Carlyn Littlejohn, Notary Public, personally appeared James Arthur Krage,
~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature(s) on the instrument the person(s), ~~or the entity upon behalf of which the~~ person(s) acted, executed the instrument.

CARLYN LITTLEJOHN
Commission # 1454709
Notary Public - California
Los Angeles County
My Comm. Expires Dec 7, 2007

WITNESS my hand and official seal.

Carlyn Littlejohn

Signature (Seal)

See Attached Certificate

REQUEST FOR FULL RECONVEYANCE

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

____ ____

Signature of Beneficiary (the "LENDER") Date Signature of Beneficiary (the "LENDER") Date

When recorded, mail to

Att: ________________________

ALL-PURPOSE CALIFORNIA ACKNOWLEDGEMENT

State of California
County of Los Angeles } ss.

On May 3, 2007 (DATE) before me, Carlyn Littlejohn, Notary Public (NOTARY),

personally appeared James Arthur Krage

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(~~s~~) whose name(~~s~~) [✓ is]/~~are~~ subscribed to the within instrument and acknowledged to me that [✓ he]/~~she~~/~~they~~ executed the same in [✓ his]/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by [✓ his]/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

CARLYN LITTLEJOHN
Commission # 1454709
Notary Public - California
Los Angeles County
My Comm. Expires Dec 7, 2007

WITNESS my hand and official seal.

Signature Carlyn Littlejohn (seal)

CARLYN LITTLEJOHN
Commission # 1454709
Notary Public - California
Los Angeles County
y Comm. Expires Dec 7, 2007

★★★★★★★★★★★★★★★★★★OPTIONAL INFORMATION★★★★★★★★★★★★★★★★★★

The following information is not required by law, however it may be helpful in preventing fraudulent use of this acknowledgement.

Deed of Trust
DOCUMENT TITLE OR DESCRIPTION

DOCUMENT DATE: __________ NUMBER OF PAGES: __________

COMMENTS:

RIGHT THUMBPRINT OF SIGNER

RIGHT THUMBPRINT OF SIGNER

EXHIBIT # 03

Creditor: **Val-Chris Investments, Inc., a California Corporation c/o**
Val-Chris Investments, Inc.
2601 Main Street, Suite 280
Irvine CA 92614

Borrower: **James Arthur Krage, Administrator**

10418 Ives Street
Bellflower CA 90706

Date: **May 3, 2007**

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	**FINANCE CHARGE** The dollar amount the credit will cost you.	**Amount Financed** The amount of credit provided to you or on your behalf	**Total of Payments** The amount you will have paid after you have made all payments as scheduled.
12.71 %	**$610,263.94**	**$330,876.13**	**$941,140.07**

You have the right to receive an itemization of the Amount Financed.

☐ I want an itemization ☒ I do not want an itemization

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
179	$3,566.50	**Starting June 18, 2007**
1	$302,736.57	**Starting May 18, 2022**

INSURANCE. Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life	**$0.00**	I want credit life insurance Signature
Credit Disability	**$0.00**	I want credit disability insurance Signature
Credit Life and Disability	**$0.00**	I want credit life and disability insurance Signature

You may obtain property insurance from anyone you want that is acceptable to COMPANY. If you get the insurance from COMPANY you will pay **$0.00**.

This property ☒is ☐is not my principal dwelling.

SECURITY: You are giving a security interest in your property (dwelling) located at**10418 Ives Street Bellflower CA 90706**.
ASSUMPTION: Someone buying your property may not be allowed to assume the remainder of the mortgage on the original terms.
FILING FEES: $60.00
LATE CHARGE: If you do not pay the full amount of each monthly payment by the end of ten calendar days after the date it is due, you will pay a late charge equal to **10.00%** of the overdue payment or U.S. **$5.00**, whichever is more. You will pay this late charge only once on any late payment. In the event a balloon payment is delinquent more than 10 days after the date it is due, you will pay a late charge in an amount equal to the maximum late charge that could have been assessed with respect to the largest single monthly installment previously due, other than the balloon payment, multiplied by the sum of one plus the number of months occurring since the late payment charge began to accrue.

PREPAYMENT: If you pay off early, you ☒may ☐will not have to pay a penalty.
If you pay off early, you ☐may ☒will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any requried repayment in full before the scheduled date, and prepayment refunds and penalties.

"e" means an estimate ☐ All numerical disclosures except the late payment disclosures are estimates

I have received a copy of this statement.

5/3/02
Borrower James Arthur Krage, Administrator Date

Borrower Date

EXHIBIT # 04

NOTICE OF RIGHT TO CANCEL

Your Right to Cancel

You are entering into a transaction that will result in a [mortgage/lien/security interest] [on/in] your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

(1) the date of the new transaction, which is **May 3, 2007**; or
(2) the date you received your Truth in Lending disclosures; or
(3) the date you received this notice of your right to cancel.

If you cancel the transaction, the [mortgage/lien/security interest] is also canceled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the [mortgage/lien/security interest] [on/in] your home has been canceled, and we must return to you any money or property you have given us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money within 20 calendar days of your offer, you may keep it without further obligation.

How to Cancel

If you decide to cancel the new transaction, you may do so by notifying us in writing, at

Val-Chris Investments, Inc., a California Corporation c/o
Val-Chris Investments, Inc.
2601 Main Street, Suite 280
Irvine CA 92614

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of **May 7, 2007** (or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Customer's Signature Date

CONSUMER [BORROWER] acknowledges receipt of two copies of the original of this NOTICE OF RIGHT TO CANCEL

5/3/07

Borrower *James Arthur Krage, Administrator* Date

EXHIBIT # 05

Itemization of Amount Financed

The **Amount Financed**, **$330,876.13** is the sum of the following:

$63,467.92	Amount given to you directly
$0.00	Amount paid on your account with the lender making the new loan
$267,408.21	Amount paid to others on your behalf broken down as follows:

$841.00	to	Title Insurance Policy
$60.00	to	Recording Fees
$350.00	to	Admin Fee to SLT Mtg
$450.00	to	Application Fee to SLT Mtg
$112,167.18	to	Washington Mutual
$36,730.00	to	Howard Rich
$61,956.30	to	Ready Products
~~$54,300.00~~	~~to~~	~~Tax Lien - Federal Estate Taxes~~ to be removed
$553.73	to	Los Angeles Tax Collector

The **Prepaid Finance Charge**, **$19,123.87**, is the sum of the following:

$8,750.00	Broker's fee
$8,750.00	Lender's fee
$113.87	Prepaid interest
$750.00	Escrow Fee
$10.00	Notary Fee
$20.00	Overnight Messenger Fee to Val-Chris
$55.00	Tax Service Fee
$40.00	Sub Escrow Fee
$60.00	Wire Transfer Fee to Val-Chris
$475.00	Doc Prep Fee to Val-Chris
$100.00	Loan Tie In Fee to Val-Chris

The **Loan Amount**, **$350,000.00**, is the sum of the **Amount Financed** and the **Prepaid Finance Charge**.

I/We have received this Itemization and approve the disbursement of the **Loan Amount** as set forth above:

5/3/07

Borrower *James Arthur Krage, Administrator* Date

Borrower Date

EXHIBIT # 06

Val-Chris Investments, Inc

2601 Main Street Suite 280 Irvine, CA 92614
Tel: 949-252-8020 Fax: 949-296-0611

EXHIBIT “C

Prior to Funding, Val-Chris Investments, Inc., shall be in receipt of the following:

Certified copies of all executed escrow instructions and amendments
Copies of all necessary demands pertaining to this transaction, whereby placing our loan in __1st__ position.
Current Statement of account on any existing financing to remain, must be received prior to funding, In the event loan is not in current standing, escrow holder must pay any delinquencies through close of escrow, whereby making said loan in current condition at closing.
Certified copies of estimated settlement statement.
Copy of California Driver’s License (s)
Statement of Information
Certified copies of all funds required to close escrow, as applicable
Certified copies of all deposit receipts to close escrow, as applicable
Copy of Bankruptcy Dismissal, as applicable
Certified copy of the Grant Deed or Quitclaim Deed as applicable.
Copy of Insurance Policy (evidence of insurance is not acceptable) and proof insurance is paid in full or payment for premium on estimated settlement statement, *EXISTING POLICIES MUST HAVE AT LEAST 6 MONTHS REMAINING.*

Evidence of Insurance to read as follows:
Val-Chris Investments, Inc., a
California Corporation and/or Assigns
2601 Main Street, Suite 280
Irvine, CA 92614

The successful consummation of this transaction is contingent upon the concurrent close of Borrower’s loan escrow concurrently in progress.
Loan proceeds due herein shall be wired direct to Title Company for Borrower credit therein.

Signatures hereto shall constitute approval and acceptance of the undersigned parties.

Escrow # AKA1146-SLT2

____
Escrow Officer/

____
Borrower/ James Arthur Krage

____
Borrower/

EXHIBIT # 07

ST
ESCROW

SLT Mortgage and Realty
ESCROW DIVISION
4067 Hardwick, #150
Lakewood,CA 90712
Phone: 562-824-8884 Fax: 562-630-2492

Date : 04/27/2007

RE : ESCROW NUMBER: AKA1146-SLT2
PROPERTY ADDRESS: 10418 Ives Street,Bellflower,CA 90000

TO: SLT Mortgage and Realty
Escrow Division

My previous instructions in the above-numbered escrow are hereby modified, amended and/or supplemented in the following particulars only:

Escrow Holder is hereby advised the new fixed First Trust Deed loan to file will be in the principal amount of $ 350,000.00, in favor of Val Chris Investment bearing the interest rate of 11.875 % per annum, for a term of 30 years, per terms and conditions of lender's instructions to be deposited into escrow. Borrower's signatures on all loan documents shall constitute their full approval of the terms and conditions contained therein.

All other terms and conditions remain the same.

SIGNED : ______________________ DATE : 5/3/07
James Krage

EACH OF THE ABOVE SIGNED STATES HE/SHE HAS READ THE FOREGOING INSTRUCTIONS AND UNDERSTANDS AND AGREES TO THEM.

Certified
Escrow Instructions by

EXHIBIT # 08

AGREEMENT TO PROCURE A LOAN & LENDER-BORROWER ESCROW INSTRUCTIONS

This agreement and instructions (together, the "AGREEMENT") is entered into on between **Val-Chris Investments, Inc.** ("COMPANY"), the undersigned borrower(s) (together, the "BORROWER") and the undersignedlender(s) (together, the "LENDER").

PROPOSED LOAN

1.0 BORROWER promises to accept a loan of money from LENDER on terms set forth in this AGREEMENT, and any promissory note and deed(s) of trust signed by the BORROWER at the same time as this AGREEMENT (calledthe "LOAN"). The terms of the LOAN and the charges BORROWER will pay for the LOAN, if obtained, are disclosed in the Mortgage Loan Disclosure Statement (which may include a Good Faith Estimate under federal law) and other disclosures given by COMPANY to BORROWER. The LOAN will be secured by the following trust deed liens on the following property/properties (together, the "PROPERTY"):

Property Address	*Priority*	*Approx. Amount of Senior Liens*
10418 Ives Street Bellflower CA 90706	1st	None

1.1 For the purpose of determining BORROWER'S eligibility for credit and for collection of the LOAN, BORROWER gives COMPANY, LENDER and subsequent owners of the LOAN permission to obtain and exchange with each other and credit reporting agencies credit reports and credit information about BORROWER. A copy of this authorization shall have the same force as an original.

1.2 BORROWER promises to cooperate to obtain the LOAN by, among other things, signing necessary documents, supplemental instructions, instruments and disclosures consistent with the terms of theLOAN (collectively, "DOCUMENTS"), permitting access to the PROPERTY for appraisal and inspection, and promptly supplying information reasonably requested by COMPANY or LENDER.

1.3 LOAN approval is in the discretion of the LENDER. THIS AGREEMENT IS NOT A LOAN COMMITMENT UNTIL LENDER SIGNS THIS AGREEMENT, THEREBY ACKNOWLEDGING ITS COMMITMENT TO MAKE THE LOAN UNDER THE CONDITIONS OF THIS AGREEMENT.

1.4 COMPANY may obtain the LOAN from a private party, institutional lender such as a bank or insurance company, another licensed lender, a pension plan or a governmental entity. If the Mortgage Loan Disclosure Statement so indicates, COMPANY may become a LENDER by making the LOAN, in whole or in part, with money it owns and controls.

1.5 If the LOAN cannot be made because BORROWER did not accurately disclose information requested by COMPANY or LENDER, such as all unpaid liens of record, or if BORROWER fails or refuses to take the LOAN when offered or if BORROWER otherwise breaches this AGREEMENT, BORROWER shall pay, upon presentation of a demand and accounting, the fees reasonably earned for services actually performed, the costs and expenses actually incurred by the COMPANY, as previously disclosed, as well as the COMPANY's brokerage commission, unless otherwise restricted by law.

1.6 For the property located at **10418 Ives Street Bellflower CA 90706**, BORROWER shall provide COMPANY and LENDER with satisfactory proof of extended coverage fire/hazard insurance with a deductible of not more than **$0.00** and (if the following is checked) ☐flood insurance with a deductible of not less than **$0.00**, from a California admitted insurer, naming LENDER as a loss payee under a mortgagee clause incorporating the 438BFU.The policy shall provide coverage equal to or exceeding the higher of the sum of LOAN and any senior liens or☐actual cash value of all improvements on the PROPERTY; ☐full replacement cost of all improvements on the PROPERTY; ☐full replacement cost of all improvements on the PROPERTY with coverage for betterments,enhancements and building code/ordinance compliance.

DUAL AGENCY

2.0 BORROWER gives to COMPANY the exclusive right to obtain the LOAN for BORROWER. The exclusive right begins on and ends on . COMPANY agrees to use its best efforts to obtain a LENDER who will execute this AGREEMENT and make the LOAN. COMPANY shall have no liability if it uses its best efforts but is unable to obtain a LENDER willing and able to make the LOAN; BORROWER'S liability in such event shall be limited to any previously paid appraisal and credit report fees.

2.1 COMPANY's representation and agency with BORROWER shall completely end upon the later of: (a) expiration or other termination of this AGREEMENT or (b) completion of the LOAN, including the close of the loan escrow and the delivery of all DOCUMENTS and funds BORROWER has instructed COMPANY to deliver.

2.2 BORROWER consents to COMPANY also representing the LENDER in this transaction, for such things as delivery of required disclosures and negotiation of LOAN terms. COMPANY may also represent LENDER in the later collection of the LOAN as well as serving as trustee under BORROWER'S deed of trust. COMPANY has no authority to make promises, representations or warranties for LENDER unless the same are set forth in writing signed by the LENDER. COMPANY will also represent both BORROWER and LENDER as the parties' escrow agent to follow the joint escrow instructions in this AGREEMENT. **The COMPANY is not a licensed public escrow, but is licensed as a real estate broker and is regulated by the California Department of Real Estate. This escrow is being conducted under the exemption applicable to licensed real estate brokers pursuant to Financial Code Section 17006(a)(4).** COMPANY or its insurance affiliate is authorized to arrange or write insurance requested and authorized by BORROWER and receive compensation therefor. Both BORROWER and LENDER acknowledge that COMPANY'S dual representation of both BORROWER and LENDER creates a dual agency with conflicts of interest. Both parties consent to the dual agency and waive any conflicts of interests that may arise from the dual representation or dual agency.

LENDER-BORROWER ESCROW INSTRUCTIONS

The following are instructions given by both BORROWER and LENDER to COMPANY, as escrow holder, in order to complete the LOAN:

3.1 BORROWER shall properly execute (as applicable) and conditionally deliver to COMPANY as escrow holder (check applicable): ☒promissory note for the LOAN; ☒deed(s) of trust on the PROPERTY; ☒insurance DOCUMENTS complying with Paragraph 1.6; ☒Request for Notice of Delinquencies; and ☐other: N/A.

3.2 LENDER shall properly execute (as applicable) and conditionally deliver to COMPANY as escrow holder (check applicable): ☒money sufficient to make the LOAN; ☒LENDER's written approval of the items listed in Paragraph 3.1 and ☐other: N/A.

3.3 COMPANY as escrow holder shall close the escrow when all of the following have been accomplished or waived in writing by the party to be benefited by completion of the condition: (a) COMPANY can procure a ☒ALTA ☐ALTA-R ☐CLTA ☐Other: N/A policy of title insurance securing the deed of trust for the LOAN to bein the priority set forth in Paragraph 1.0, subject to current real property taxes and covenants, conditions, restrictions and easements of record that do not impair the marketability of the PROPERTY; (b) BORROWER and LENDER have delivered all items listed in Paragraphs 3.1 and 3.2; (c) COMPANY has verified that the unpaid balance of all liens that will remain as liens on the PROPERTY are substantially as set forth in the Mortgage Loan Disclosure Statement and the Lender/Purchaser Disclosure Statement; (d)COMPANY has obtained statements, stubs or other reliable evidence of the amount owed on liens and other debts to be paid from the proceeds of the LOAN or remain senior to the LOAN; and (e) if the LOAN is subject to a three day right to cancel, such three days have passed without cancellation by the BORROWER.

3.4 At the close of the escrow, COMPANY shall: (a) disburse the proceeds of the LOAN to obtain full reconveyances of any liens on the PROPERTY necessary to put the LOAN in the lien priority set forth in Paragraph 1.0; (b) disburse the proceeds of the LOAN for the fees, costs and expenses to the COMPANY and others as set forth in the Mortgage Loan Disclosure Statement, including interest from the close of escrow up to the date that is 30 days before BORROWER'S first loan payment, unless otherwise instructed; (c) disburse the proceeds of the LOAN in payment of other sums authorized by BORROWER in supplemental instructions, with the remaining proceeds disbursed to BORROWER; (d) retain the original promissory note as agent of the LENDER, unless otherwise instructed by LENDER, or unless there are multiple LENDERS, in which case, deliver it to the LENDER with the largest percentage ownership in the LOAN (unless they agree that a smaller owner may hold the promissory note); (e) record the deed(s) of trust for the LOAN and upon return from the recorder's office deliver it in the same manner as the promissory note; (f) transmit to senior lienholders any Request for Notice of Delinquencies delivered to the COMPANY; (g) procure and deliver to LENDER the title policy described in Paragraph 3.3(a); (h) request the reconveyance of liens paid from the proceeds of the LOAN; (i) provide LENDER with evidence of the fire or other insurance listed in Paragraph 1.6; (j) prepare and mail to LENDER and BORROWER a closing statement; and (k) other: N/A. In making disbursements, COMPANY is authorized to pay the exact amount of items previously estimated in writing to BORROWER, provided the exact amounts do not vary substantially from the estimated amounts.

3.5 COMPANY, as escrow holder, is authorized by LENDER and BORROWER to: (a) insert or attach to the deed(s) of trust executed by BORROWER the correct legal description of the PROPERTY as provided by the title insurer/underwritten agent that offers to provide title insurance; (b) insert the name of the LENDER, first payment date and maturity date in any promissory note, deed of trust or other DOCUMENT executed when such information was blank and provide BORROWER with a copy of the completed DOCUMENT before close of escrow; (c) at COMPANY'S option, deposit LOAN funds and DOCUMENTS with a licensed public escrow, title insurer, underwritten agent of a title insurer, bank, savings and loan or savings bank as part of a subescrow to facilitate this transaction and charge BORROWER for the cost thereof if disclosed in the Mortgage Loan Disclosure Statement or supplemental instructions executed by BORROWER.

3.6 COMPANY may either deliver by the United States Mail, First Class postage prepaid, or personally serve, all instruments, documents and funds due the BORROWER to the "Mailing Address" of the BORROWER, as set forth below.

3.7 Copies of all DOCUMENTS arising out of this escrow shall be maintained by the COMPANY for a period of not less than 4 years after the date of the close of escrow, unless COMPANY is the servicing agent of the LENDER, in which case, the period shall run from the collection of all sums due LENDER or earlier termination of the servicing relationship.

3.8 COMPANY shall not be liable for the failure of any condition of this escrow; damage caused by the reasonable but erroneous exercise of discretion; failure to ascertain or comply with the provisions of any DOCUMENT delivered in escrow except for such DOCUMENTS that have been prepared or caused to have been prepared by COMPANY; forgeries or false impersonations; incapacity of parties or false verifications or affidavits.

3.9 COMPANY is not required to determine controversies between parties or third persons or take any actions, but may at its option, seek or await settlement by arbitration or by an action in interpleader and/or for declaratory relief whether or not sought by COMPANY. All attorney's fees and court or other related costs, as determined by the court or arbitrator(s), shall be deducted from the LOAN funds which are held by COMPANY. During the pendency of arbitration or such judicial actions, COMPANY shall, unless otherwise instructed in writing by BORROWER and LENDER, transfer the LOAN funds in dispute into an interest bearing, segregated trust account complying with law. COMPANY shall not be liable for the payment of interest or for any damages which may be suffered by either the BORROWER or LENDER as a result of the arbitration or such judicial actions, or as the result of the settlement, award or order of the arbitrator(s) or court.

3.10 This AGREEMENT may be amended only by subsequent writing executed by BORROWER and LENDER, except as to the disbursement of the balance of loan proceeds that would otherwise be disbursed to BORROWER, which maybe amended by BORROWER alone.

3.11 This AGREEMENT may be executed in counterpart or signature pages, each of which shall be deemed an original and together which shall constitute the same agreement.

LENDER-BORROWER ESCROW INSTRUCTIONS

ARBITRATION OF DISPUTES

4.0 If the initials of BORROWER and LENDER appear below, all controversies or claims among or between the parties including BORROWER, LENDER, COMPANY, their respective officers, directors, agents, employees and assignees, arising out of or relating to the proposed LOAN, including but not limited to the arranging thereof, DOCUMENTS relating thereto, and the servicing and enforcement thereof, shall be determined by binding arbitration in accordance with applicable rules of the American Arbitration Association or Judicial Arbitration and Mediation Services, Inc. ("JAMS"), at the election of the party initiating arbitration. Judgment on the arbitrators' award may be entered in any court having jurisdiction. Without waiving a party's right to arbitration, any party may seek judicial relief to: (a) enforce the assignment of rents provision contained in the deed(s) of trust securing the LOAN, including the appointment of a receiver; (b) secure possession of the PROPERTY by an action for unlawful detainer; or (c) commence an action in interpleader for the sole purpose of resolving conflicting claims to funds or DOCUMENTS delivered in escrow. Any proceeding for judicial foreclosure shall not be subject to arbitration. The exercise of the power of sale contained in the deed of trust securing the LOAN, or the exercise of any private default remedies under the California Commercial Code shall not constitute a waiver of this Agreement nor shall they be deemed inconsistent with arbitration.

NOTICE: IF YOU INITIAL IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY A NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP YOUR RIGHT TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. YOU ARE ALSO GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. NOTWITHSTANDING YOUR ELECTION TO ARBITRATE, YOU HAVE THE RIGHT TO CONTACT APPROPRIATE REGULATORY AGENCIES TO REGISTER A COMPLAINT ABOUT THE COMPANY OR THIS TRANSACTION.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

BORROWER AND LENDER: INITIAL ONLY IF YOU AGREE TO ARBITRATION:

Initial	*Initial*	*Initial*	*Initial*

DO NOT SIGN THIS AGREEMENT UNTIL YOU HAVE READ AND UNDERSTAND ALL OF THE INFORMATION ON IT. BORROWER AND LENDER ACKNOWLEDGE RECEIPT OF A COPY OF THIS AGREEMENT.

5/3/07

Borrower *James Arthur Krage, Administrator* Date Borrower Date

10418 Ives Street Bellflower CA 90706
BORROWER'S Mailing Address

COMPANY: Val-Chris Investments, Inc., a licensed real estate broker - California Department of Real Estate License Number 01002882

By: ____________________

Its: ____________________

LENDER VESTING:
Val-Chris Investments, Inc., a California Corporation

LENDER ADDRESS:
2601 Main St., Ste. 280 Irvine CA 92614-

LENDER PERCENTAGE OWNERSHIP OF LOAN: **100.%**

LENDER SIGNATURE:

Lender *Val-Chris Investments, Inc., a California Corporation* Date Lender Date

EXHIBIT # 09

GOOD FAITH ESTIMATE

Applicants:	James Krage	Application No:	Krage, James
Property Addr:	10418 Ives St., Bellflower, CA 90706	Date Prepared:	04/12/2007
Prepared By:	SLT MORTGAGE Ph. 562-804-5883 5150 Candlewood Ave Suite 6d, Lakewood, CA 90712	Loan Program:	

The information provided below reflects estimates of the charges which you are likely to incur at the settlement of your loan. The fees listed are estimates-actual charges may be more or less. Your transaction may not involve a fee for every item listed. The numbers listed beside the estimates generally correspond to the numbered lines contained in the HUD-1 settlement statement which you will be receiving at settlement. The HUD-1 settlement statement will show you the actual cost for items paid at settlement.

Total Loan Amount $ 350,000 Interest Rate: 11.875 % Term: 360 / 360 mths

800	ITEMS PAYABLE IN CONNECTION WITH LOAN:				PFC S F POC
801	Loan Origination Fee	2.500%	$	8,750.00	
802	Loan Discount				
803	Appraisal Fee				
804	Credit Report				
805	Lender's Inspection Fee				
808	Mortgage Broker Fee				
809	Tax Related Service Fee			55.00	
810	Processing Fee				
811	Underwriting Fee				
812	Wire Transfer Fee				
	Application			450.00	
	Admin Fee			350.00	

1100	TITLE CHARGES:				PFC S F POC
1101	Closing or Escrow Fee:	American Title Company - CA		750.00	
1105	Document Preparation Fee				
1106	Notary Fees			10.00	
1107	Attorney Fees				
1108	Title Insurance:	American Title Company - CA		841.00	
	Sub Escrow			40.00	

1200	GOVERNMENT RECORDING & TRANSFER CHARGES:				PFC S F POC
1201	Recording Fees:		$	100.00	
1202	City/County Tax/Stamps:				
1203	State Tax/Stamps:				

1300	ADDITIONAL SETTLEMENT CHARGES:				PFC S F POC
1302	Pest Inspection		$		
		Estimated Closing Costs		11,346.00	

900	ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE:				PFC S F POC
901	Interest for	15 days @ $ 115.4514 per day	$	1,731.77	
902	Mortgage Insurance Premium				
903	Hazard Insurance Premium				
904					
905	VA Funding Fee				

1000	RESERVES DEPOSITED WITH LENDER:					PFC S F POC
1001	Hazard Insurance Premium	months @ $	per month	$		
1002	Mortgage Ins. Premium Reserves	months @ $	per month			
1003	School Tax	months @ $	per month			
1004	Taxes and Assessment Reserves	months @ $	per month			
1005	Flood Insurance Reserves	months @ $	per month			
		months @ $	per month			
		months @ $	per month			
			Estimated Prepaid Items/Reserves		1,731.77	

TOTAL ESTIMATED SETTLEMENT CHARGES 13,077.77

COMPENSATION TO BROKER (Not Paid Out of Loan Proceeds): $

TOTAL ESTIMATED FUNDS NEEDED TO CLOSE:				TOTAL ESTIMATED MONTHLY PAYMENT:	
Purchase Price/Payoff (+)	106,133.00	New First Mortgage(-)		Principal & Interest	3,566.50
Loan Amount (-)	350,000.00	Sub Financing(-)		Other Financing (P & I)	
Est. Closing Costs (+)	11,346.00	New 2nd Mtg Closing Costs(+)		Hazard Insurance	
Est. Prepaid Items/Reserves (+)	1,731.77			Real Estate Taxes	
Amount Paid by Seller (-)				Mortgage Insurance	
				Homeowner Assn. Dues	
				Other	
Total Est. Funds to you			230,789.23	Total Monthly Payment	3,566.50

☐ This Good Faith Estimate is being provided by ____________, a mortgage broker, and no lender has been obtained. **These estimates are provided pursuant to the Real Estate Settlement Procedures Act of 1974, as amended (RESPA). Additional information can be found in the HUD Special Information Booklet, which is to be provided to you by your mortgage broker or lender, if your application is to purchase residential real property and the lender will take a first lien on the property.** The undersigned acknowledges receipt of the booklet "Settlement Costs," and if applicable the Consumer Handbook on ARM Mortgages.

Applicant James Krage	5/3/07 Date	Applicant	Date

Calyx Form gfe.frm 11/01

CALYX SOFTWARE

MORTGAGE LOAN DISCLOSURE STATEMENT/GOOD FAITH ESTIMATE Date Prepared: 04/12/2007

Borrower's Name(s): James Krage

Real Property Collateral: the intended security for this proposed loan will be a Deed of Trust on (street address or legal description)

10418 Ives St. Bellflower, CA 90706

This joint Mortgage Loan Disclosure Statement/Good Faith Estimate is being provided by SLT MORTGAGE a real estate broker acting as a mortgage broker, pursuant to the Federal Real Estate Settlement Procedures Act (RESPA) and similar California law. In a transaction subject to RESPA, a lender will provide you with an additional Good Faith Estimate within three business days of the receipt of your loan application. You will also be informed of material changes before settlement/close of escrow. The name of the intended lender to whom your loan application will be delivered is:

☑ Unknown ☐ ____________ (Name of lender, if known)

GOOD FAITH ESTIMATE OF CLOSING COSTS

The information provided below reflects estimates of the charges you are likely to incur at the settlement of your loan. The fees, commissions, costs and expenses listed are estimates; the actual charges may be more or less. Your transaction may not involve a charge for every item listed and any additional items charged will be listed. The numbers listed beside the estimate generally correspond to the numbered lines contained in the HUD-1 Settlement Statement which you will receive at settlement if this transaction is subject to RESPA. The HUD-1 Settlement Statement contains the actual costs for the items paid at settlement. When this transaction is subject to RESPA, by signing page two of this form you are also acknowledging receipt of the HUD Guide to Settlement Costs.

HUD-1	Item	Paid to Others	Paid to Broker
800	**Items Payable in Connection with Loan**		
801	Lender's Loan Origination Fee 2.500%	$ 8,750.00	$
802	Lender's Loan Discount Fee	$	$
803	Appraisal Fee	$	$
804	Credit Report	$	$
805	Lender's Inspection Fee	$	$
808	Mtg Broker Commission/Fee	$	$
809	Tax Service Fee	$ 55.00	$
810	Processing Fee	$	$
811	Underwriting Fee	$	$
812	Wire Transfer Fee	$	$
___	Application	$ 450.00	
___	Admin Fee	$ 350.00	$
___		$	$
___		$	$
___		$	$
___		$	$
___		$	$
___		$	$
900	**Items Required by Lender to be Paid in Advance**		
901	Interest for 15 days at $ 115.4514 per day	$ 1,731.77	$
902	Mortgage Insurance Premiums	$	$
903	Hazard Insurance Premiums	$	$
904	County Property Taxes	$	$
905	VA Funding Fee	$	$
		$	$
1000	**Reserves Deposited with Lender**		
1001	Hazard Insurance: ___ months at $ ______ /mo.	$	$
1002	Mortgage Insurance: ___ months at $ ______ /mo.	$	$
1003	School Tax: ___ months at $ ______ /mo.	$	$
1004	Co. Property Taxes: ___ months at $ ______ /mo.	$	$
1005	Flood Insurance: ___ months at $ ______ /mo.	$	$
___	______ ___ months at $ ______ /mo.	$	$
___	______ ___ months at $ ______ /mo.	$	$
___		$	$
1100	**Title Charges**		
1101	Settlement or Closing/Escrow Fee: American Title Company - CA	$ 750.00	$
1105	Document Preparation Fee	$	$
1106	Notary Fee	$ 10.00	$
1108	Title Insurance: American Title Company - CA	$ 841.00	$
___	Sub Escrow	$ 40.00	$
___		$	$
___		$	$
___		$	$
1200	**Government Recording and Transfer Charges**		
1201	Recording Fees:	$ 100.00	$
1202	City/County Tax/Stamps:	$	$
___		$	$
___		$	$
___		$	$
1300	**Additional Settlement Charges**		
1302	Pest Inspection	$	$
___		$	$
___		$	$
___		$	$
___		$	$
___		$	$
	Subtotal of Initial Fees, Commissions, Costs and Expenses	$ 13,077.77	$

Total of Initial Fees, Commissions, Costs and Expenses $ 13,077.77

Compensation to Broker (Not Paid Out of Loan Proceeds):

Mortgage Broker Commission/Fee: $ ______

Any Additional Compensation from Lender ☑ No ☐ Yes $ ______ (If known)

ADDITIONAL REQUIRED CALIFORNIA DISCLOSURES

I. Proposed Loan Amount: $ 350,000.00

Initial Commissions, Fees, Costs and Expenses Summarized on Page 1: $ 13,077.77

Payment of Other Obligations (List):

Credit Life and/or Disability Insurance (see VI below) $ ____

Purchase Price / Payoff $ 106,133.00

____ $ ____

____ $ ____

Subtotal of All Deductions: $ 119,210.77

Estimated Cash at Closing ☑ **To You** ☐ **That you must pay** $ 230,789.23

II. Proposed Interest Rate: 11.875 % ☑ Fixed Rate ☐ Initial Variable Rate

III. Proposed Loan Term: 360/360 ☐ Years ☑ Months

IV. Proposed Loan Payments: Payments of $ 3,566.50 will be made ☑ Monthly ☐ Quarterly ☐ Annually for 360 (number of months, quarters or years). If proposed loan is a variable interest rate loan, this payment will vary (see loan documents for details).

The loan is subject to a balloon payment: ☑ No ☐ Yes. If Yes, the following paragraph applies and a final balloon payment of $ ____ will be due on ____ [estimated date (month/day/year)].

NOTICE TO BORROWER: IF YOU DO NOT HAVE THE FUNDS TO PAY THE BALLOON PAYMENT WHEN IT COMES DUE, YOU MAY HAVE TO OBTAIN A NEW LOAN AGAINST YOUR PROPERTY TO MAKE THE BALLOON PAYMENT. IN THAT CASE, YOU MAY AGAIN HAVE TO PAY COMMISSIONS, FEES, AND EXPENSES FOR THE ARRANGING OF THE NEW LOAN. IN ADDITION, IF YOU ARE UNABLE TO MAKE THE MONTHLY PAYMENTS OR THE BALLOON PAYMENT, YOU MAY LOSE THE PROPERTY AND ALL OF YOUR EQUITY THROUGH FORECLOSURE. KEEP THIS IN MIND IN DECIDING UPON THE AMOUNT AND TERMS OF THIS LOAN.

V. Prepayments: The proposed loan has the following prepayment provisions.

☐ No prepayment penalty.

☐ Other (see loan documents for details).

☐ Any payment of principal in any calendar year in excess of 20% of the ☐ original balance ☐ unpaid balance will include a penalty not to exceed ____ months advance interest at the note rate, but not more than the interest that would be charged if the loan were paid to maturity (see loan documents for details).

VI. Credit Life and/or Disability Insurance: The purchase of credit life and/or disability insurance by a borrower is NOT required as a condition of making this proposed loan.

VII. Other Liens: Are there liens currently on this property for which the borrower is obligated? ☑ No ☐ Yes

If Yes, describe below:

Lienholder's Name	Amount Owing	Priority

Liens that will remain or are anticipated on this property after the proposed loan for which you are applying is made or arranged (including the proposed loan for which you are applying):

Lienholder's Name	Amount Owing	Priority

NOTICE TO BORROWER: Be sure that you state the amount of all liens as accurately as possible. If you contract with the broker to arrange this loan, but it cannot be arranged because you did not state these liens correctly, you may be liable to pay commissions, costs, fees, and expenses even though you do not obtain the loan.

VIII. Article 7 Compliance: If this proposed loan is secured by a first deed of trust in a principal amount of less than $30,000 or secured by a junior lien in a principal amount of less than $20,000, the undersigned licensee certifies that the loan will be made in compliance with Article 7 of Chapter 3 of the Real Estate Law.

A. This loan ☐ may ☐ will ☐ will not be made wholly or in part from broker controlled funds as defined in Section 10241(j) of the Business and Professions Code.

B. If the broker indicates in the above statement that the loan "may" be out of broker-controlled funds, the broker must inform the borrower prior to the close of escrow if the funds to be received by the borrower are in fact broker-controlled funds.

Name of Broker ____ License # ____

Donnie Gaut
Broker's Representative ____ License # ____

5150 Candlewood Ave Suite 6d
Lakewood , CA 90712
Broker's Address

Signature of Broker ____ Date ____ OR Signature of Representative ____ Date ____

IX. NOTICE TO BORROWER: THIS IS NOT A LOAN COMMITMENT. Do not sign this statement until you have read and understood all of the information in it. All parts of this form must be completed before you sign. Borrower hereby acknowledges the receipt of a copy of this statement.

Borrower ____ Date ____ Borrower ____ Date ____

Review completed on ____ by ____ ____
Date Broker or Designated Representative Dept. of Real Estate License #

Department of Real Estate license information telephone number: (916) 227-0931, or check license status at www.dre.ca.gov

EXHIBIT # 10

Complete in detail, sign and return

Statement of Inf mation

FILL OUT COMPLETELY A. RETURN

ESCROW # ______ TRACT # ______ LOT # ______

NAME James (FIRST) Arthur (FULL MIDDLE and/or MAIDEN) Kraze (LAST)

SOC. SEC. NUMBER 565-78-2127

DRIVER'S LICENSE NUMBER ______

DATE OF BIRTH 1/19/52 BIRTHPLACE Los Angeles, CA

BUSINESS PHONE (562) 841-8223 HOME PHONE ______

RESIDED IN USA SINCE 1952 RESIDED IN CALIFORNIA SINCE 1952

IF YOU ARE MARRIED, PLEASE COMPLETE THE FOLLOWING: DATE MARRIED 9/16/1979 AT Bellflower

NAME OF SPOUSE Patricia (FIRST) Ann (FULL MIDDLE and/or MAIDEN) Kole (LAST)

SOC. SEC. NUMBER ______

DRIVER'S LICENSE NUMBER ______

DATE OF BIRTH 3/5/55 BIRTHPLACE Long Beach

BUSINESS PHONE (562) 841-3230

RESIDED IN USA SINCE 1955 RESIDED IN CALIFORNIA SINCE 1955

PREVIOUS MARRIAGE OR MARRIAGES (If no previous marriage, write "NONE"):

NAME OF FORMER SPOUSE None DECEASED DIVORCED WHEN ______ WHERE ______

NAME OF FORMER SPOUSE ______ DECEASED DIVORCED WHEN ______ WHERE ______

CHILDREN BY CURRENT OR PREVIOUS MARRIAGES:

NAME Shanna	BORN 8/7/81	NAME Joshua	BORN 9/2/96
NAME Vanessa	BORN 7/23/87	NAME	BORN
NAME Johnathan	BORN 7/11/92	NAME	BORN

INFORMATION COVERING PAST 10 YEARS

Residence:

NUMBER AND STREET	CITY	FROM	TO
10418 Ivy St	Bellflower CA	1994	Present

Your Employment:

FIRM NAME	LOCATION
Zero Out Debts, LLC / JK Enterprise	Bellflower, CA

Spouse Employment:

FIRM NAME	LOCATION

HAVE YOU OR YOUR SPOUSE OWNED OR OPERATED A BUSINESS?

☒ YES ☐ NO IF SO, PLEASE LIST NAMES JK Enterprise, Zero Out Debts, LLC

I HAVE NEVER BEEN ADJUDGED BANKRUPT, NOR ARE THERE ANY UNSATISFIED JUDGMENTS OR OTHER MATTERS PENDING AGAINST ME WHICH MIGHT AFFECT MY TITLE TO THIS PROPERTY EXCEPT AS FOLLOW:

______

The undersigned declare, under penalty of perjury, that the foregoing is true and correct.

Executed on X 5/3/07 (DATE) at X Bellflower CA (CITY)

SIGN HERE

X ______ (SIGNATURE)

X ______ (SPOUSE'S SIGNATURE)

THE STREET ADDRESS OF THE PROPERTY IN THIS TRANSACTION IS: 10418 Ivy St Bellflower CA 90706

PLEASE BE SURE YOU HAVE FILLED THIS FORM OUT COMPLETELY; INCLUDING SIGNATURES AND DATE.
THANK YOU!!!

EXHIBIT # 11

STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE
MORTGAGE LENDING

MORTGAGE LOAN DISCLOSURE STATEMENT (Borrower)

RE 882 (Rev. 12/93)

Name of Broker	Business Address
Val-Chris Investments, Inc.	**2601 Main Street, Suite 280 Irvine CA 92614**

I. SUMMARY OF LOAN TERMS

A. PRINCIPAL AMOUNT	**$350,000.00**
B. ESTIMATED DEDUCTIONS FROM PRINCIPAL AMOUNT OF LOAN	
1. Costs and Expenses (See Paragraph III-A)	**$3,111.00**
*2. Broker Commission/Loan Origination Fee (See Paragraph III-B)	**$8,750.00**
3. Lender Origination Fee/Discounts (See Paragraph III-B)	**$8,750.00**
4. Additional compensation will/may be received from lender not deducted from loan proceeds. ☐YES $__________ (if known) ☒NO	
5. Amount to be Paid on Authorization of Borrower (See Paragraph III-C)	**$265,921.08**
C. ESTIMATED CASH PAYABLE TO BORROWER (A less B)	**$63,467.92**

II. GENERAL INFORMATION ABOUT LOAN

A. If this loan is made, borrower will be required to pay the principal and interest as follows:

179 monthly payments of **$3,566.50** at **11.875%** per year and

a FINAL/BALLOON payment of **$302,736.57** to pay off the loan in full.

NOTICE TO BORROWER: **IF YOU DO NOT HAVE THE FUNDS TO PAY THE BALLOON PAYMENT WHEN IT COMES DUE, YOU MAY HAVE TO OBTAIN A NEW LOAN AGAINST YOUR PROPERTY TO MAKE THE BALLOON PAYMENT. IN THAT CASE, YOU MAY AGAIN HAVE TO PAY COMMISSIONS, FEES AND EXPENSES FOR THE ARRANGING OF THE NEW LOAN. IN ADDITION, IF YOU ARE UNABLE TO MAKE THE MONTHLY PAYMENTS OR THE BALLOON PAYMENT, YOU MAY LOSE THE PROPERTY AND ALL OF YOUR EQUITY THROUGH FORECLOSURE. KEEP THIS IN MIND IN DECIDING UPON THE AMOUNT AND TERMS OF THIS LOAN.**

B. This loan will be evidenced by a promissory note and secured by a deed of trust on property identified as (street address or legal description): **10418 Ives Street Bellflower CA 90706.**

C. 1. Liens presently against this property (do not include loan being applied for):

Nature of Lien	*Priority*	*Lienholders' Name*	*Amount Owing*
Trust Deed	1st	Washington Mutual	$112,167.18
Trust Deed	2nd	Howard Rich	$36,730.00
Trust Deed	3rd	Ready Products	$61,956.30
IRS Tax Lien	4th	Tax Lien - Federal Estate Taxes	~~$54,300.00~~
2nd half taxes	5th	Los Angeles Tax Collector	$553.73

2. Liens that will remain against this property after the loan being requested is made or arranged (loan being applied for is included):

Nature of Lien	*Priority*	*Lienholders' Name*	*Amount Owing*
Trust Deed	1st	Val-Chris Investments, Inc., a California Corporation	$350,000.00

NOTICE TO BORROWER: Be sure that you state the amount of all liens as accurately as possible. If you contract with the broker to arrange this loan, but it cannot be arranged because you did not state these liens correctly, you may be liable to pay commissions, fees and expenses even though you do not obtain the loan.

D. If borrower pays all or part of the loan principal before it is due, a PREPAYMENT PENALTY computed as follows may be charged: **The principal and accrued interest on this loan may be prepaid in whole or in part at any time, but a prepayment made within 12 months from date of execution shall be subject to the following prepayment charge, whether such prepayment is voluntary, involuntary or results from default in any term of this Note or the Deed of Trust by which it is secured: A sum equal to the payment of six (6) months unearned interest, on the amount prepaid in any twelve (12) month period (non-accumulative), in excess of twenty percent (20%) of the unpaid principal balance will be charged. If the remaining term of the loan is less than six (6) months, the prepayment penalty shall be, in the**

amount of unearned interest, for the remaining term on the amount prepaid in excess of twenty percent (20%) of the unpaid balance..

E. Late Charges: ☒YES, see loan documents ☐NO

F. The purchase of credit life and/or credit disability insurance by a borrower is not required as a condition of making this loan.

III. DEDUCTIONS FROM LOAN PROCEEDS

A. Estimated Maximum Costs and Expenses of Arranging the Loan to be Paid Out of Loan Principal

	PAYABLE TO:	Broker	Others
1.	Appraisal Fee	$0.00	$0.00
2.	Escrow Fee	$0.00	$750.00
3.	Title Insurance Policy	$0.00	$841.00
4.	Notary Fee	$0.00	$10.00
5.	Recording Fees	$0.00	$60.00
6.	Credit Investigating Fees	$0.00	$0.00
7.	Other Costs and Expenses		
	Overnight Messenger Fee to Val-Chris	$20.00	$0.00
	Tax Service Fee	$0.00	$55.00
	Sub Escrow Fee	$0.00	$40.00
	Wire Transfer Fee to Val-Chris	$60.00	$0.00
	Admin Fee to SLT Mtg	$0.00	$350.00
	Application Fee to SLT Mtg	$0.00	$450.00
	Doc Prep Fee to Val-Chris	$175.00	$0.00

Total Costs And Expenses $3,111.00

*B. Compensation

1.	Brokerage Commission/Loan Origination Fee	$8,750.00
2.	Lender Origination Fee/Discounts	$8,750.00

C. Estimated Payment to be Made Out of Loan Principal on Authorization of Borrower

	PAYABLE TO:	Broker	Others
1.	Fire or other hazard insurance premiums	$0.00	$0.00
2.	Credit life or disability insurance premiums (see Paragraph II-F)	$0.00	$0.00
3.	Beneficiary statement fees	$0.00	$0.00
4.	Reconveyance and similar fees	$0.00	$0.00
5.	Discharge of existing liens against property		
	Washington Mutual	$0.00	$112,167.18
	Howard Rich	$0.00	$36,730.00
	Ready Products	$0.00	$61,956.30
	Tax Lien - Federal Estate Taxes	$0.00	~~$54,300.00~~ To be from
	Los Angeles Tax Collector	$0.00	$553.73
6.	Other		
	Loan Tie In Fee to Val-Chris	$100.00	$0.00
	Prepaid interest (05/17/2007 to 05/18/2007 @ $113.87/day)	$0.00	$113.87

Total to be Paid on Authorization of Borrower $265,921.08

If this loan is secured by a first deed of trust in a principal amount of less than $30,000 or secured by a junior lien on dwellings in a principal amount of less than $20,000, the undersigned licensee certifies that the loan will be made in compliance with Article 7 of Chapter 3 of the Real Estate Law.

* This loan ☐may ☐will ☒will not be made wholly or in part from broker-controlled funds as defined in Section 10241(j) of the Business and Professions Code.

* NOTICE TO BORROWER: This disclosure statement may be used if the broker is acting as an agent in arranging the loan by a third person or if the loan will be made with funds owned or controlled by the broker. If the broker indicates in the above statement that the loan "may" be made out of broker-controlled funds, the broker must notify the borrower prior to the close of escrow if the funds to be received by the borrower are in fact broker-controlled funds.

Val-Chris Investments, Inc. **01002882**

Name of Broker *License Number*

Broker Representative *License Number*

Signature of Broker

OR

Signature

NOTICE TO BORROWER

DO NOT SIGN THIS STATEMENT UNTIL YOU HAVE READ AND UNDERSTAND ALL OF THE INFORMATION IN IT. ALL PARTS OF THE FORM MUST BE COMPLETED BEFORE YOU SIGN.

Borrower hereby acknowledges the receipt of a copy of this statement. Dated ______________________

5/3/07

Borrower **James Arthur Krage, Administrator** Date

Borrower Date

BROKER REVIEW

Signature of real estate broker after review of this statement as required by Section 2725 of the Real Estate Commisioner's Regulations.

Dated

Real Estate Broker or Designated Representative

Real Estate Broker, California Department of Real Estate License No. **01002882**
Dept. of Real Estate – License Division (916) 227-0931

EXHIBIT # 12

Val-Chris Investments, Inc.
2601 Main Street, Suite 280
Irvine CA 92614

Important Loan Information

To: **James Arthur Krage, Administrator**

Regarding file number: **6482**

You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application. If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan.

The annual percentage rate on your loan will be **12.71%**
Your loan payments will be as follows:

Number of Payments	When Payments Are Due	Payment Amounts
179	Starting June 18, 2007	$3,566.50
1	Starting May 18, 2022	$302,736.57

5/3/07

Borrower *James Arthur Krage, Administrator* Date

Borrower Date

EXHIBIT # 13

Val-Chris Investments, Inc

2601 Main Street Suite 280 Irvine, CA 92614
Tel# 949-252-8020 ext 23 Fax#949-296-0611
annette@val-chris.com

Date: 05-07-07

FUNDING CONDITIONS

Attn:	**Luther Brown**	**CC**	Chris
	SLT Escrow	**Escrow#**	AKA[redacted]46-SLT2
Fax #	562-630-2492	**Loan #**	648[redacted]
Borrower:	**James Krage**		

	OUTSTANDING CONDITIONS TO FUND......	**RECEIVED**
X	Evidence of Insurance	
X	Demands for items 3, 4, 5, 6,, 7 on title prelim	
X	Certified Coy of Death Certificate	
	VAL-CHRIS OUTSTANDING CONDITIONS	
X	Assign of DOT	
X	Investor	

PLEASE FAX THE ABOVE CONDITIONS TO **(949) 296-0611**. PLEASE BE SURE TO FAX THE ITEMS LISTED ABOVE BEFORE OUR 11:30 AM CUTT OFF TIME. ANYTHING SENT AFTER THAT TIME WILL BE FUNDED THE FOLLOWING DAY. PLEASE FEEL FREE TO CALL WITH ANY QUESTIONS THAT MAY ARISE.

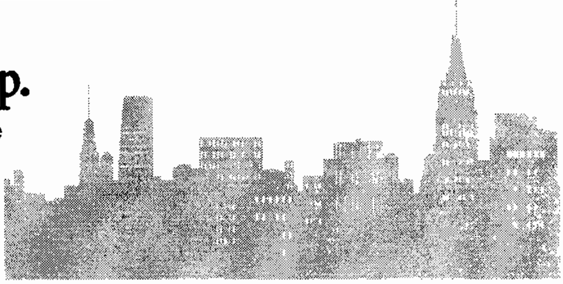
Thank You,

562-462-3813 fax

ANNETTE MARTINEZ

462-3811 Tina (Ins Agent)

SLT
Mortgage & Realty Corp.
Commercial & Residential Real Estate
www.sltmortgage.com



Facsimile Transmittal

To: Annette Martinez Date: 5/8/07

From: Re:

Number of pages:

PLEASE CONFIRM RECEIPT VIA E-MAIL: juansayles@sltmortgage.com

Notes: Please | confirm receit, insuance comming later, Death Certificate being emailed

SLT

4067 Hardwick Street Suite #150
Lakewood, CA 90712
Tel: (562) 824-8884
Fax :(562) 630-2492

EXHIBIT # 14

Subject: Disclosures
From: "jimk@webcasa.net" <jimk@webcasa.net>
Date: Mon, 7 May 2007 14:25:56 -0400
To: dmac706@yahoo.com

Hi Donnie:
Per your phone call, the lender wants info on:
1) why late payments? and 2) business income

In answer:
1) On Feb. 2, 2007, I signed docs with New Haven Financial for a refi.
The 3-day Right of Rescission expired on Feb. 6, 2007, with no snags,
so I expected Funding would proceed.
I then signed contracts to promote my business, and moved all my private
funds into the business, with the expectations they were about to be
replaced.
No funding occurred.
In March, I requested an Advance, because funding was taking so long.
I'll attach a copy of that request.
The Holder of the 3rd was aware of the situation, and has caused me no
problems.
The Holder of the 2nd was aware of the situation, but has caused me major
problems,
many in violation of law, including losing me the preceding refi in January.

2) What businesses do I have that give me income?

In answer,
In 1977, I founded both a retail store "Jim Krage Camera and Computers",
and a side business "J.K. Enterprises".
I closed the store in 1989, but continued J.K. Enterprises.
J.K. Entrprises is the owner of many websites on the internet:
www.WebCasa.net is the main springboard for Dialup Internet and WebHosting.
www.JamesKrage.com is the main summary of websites maintained by JK
Enterprises.
WebSite Creation work is done for clients via JK Enterprises and
WebCasa.net.
Currently, JK Enterprises and WebCasa.net are subdivisions of ZeroOutDebts,
LLC
hosted as www.ZeroOutDebts.com.
I have described some of my activity at www.ZeroOutDebts.com/ives/ in my
page to describe teh reasons I am requesting the refi.
I also sell Clay at www.ClayHealing.com and www.NaturesClay.com.
I also have started paparwork to become a travel agent with Goldrush
Getaways jointly with my wife, which my wife will be pursuing for me via
www.SuperDreamVacations.com.
Additionally, I have strong experiance in Mortgage and Finance, and intend
to to use that experience actively shortly.
Jim Krage

Exhibit 2

NewHavenFinancialAdvance.pdf	**Content-Description:**	NewHavenFinancialAdvance.pdf
	Content-Type:	application/octet-stream
	Content-Encoding:	base64

Part 1.3	**Content-Description:**	"AVG certification"
	Content-Type:	text/plain
	Content-Encoding:	quoted-printable

EXHIBIT # 15

ESCROW CLOSING STATEMENT

Val-Chris Investments, Inc.
2601 Main Street, Suite 280
Irvine CA 92614

Escrow Number: 6482
Escrow Officer: Tamara K. Stevens
Date Recorded:

5-10 Funding

Borrower: James Arthur Krage, Administrator of the estate of Verna Gladys Kroemer Krage, deceased

Property: 10418 Ives Street
Bellflower CA 90706

$330,866.13 Wire To Title

Page: 1

DESCRIPTION		DEBIT	CREDIT
Funds Deposited To Escrow:			
Val-Chris Investments, Inc., a California Corporation (May-10-2007 100.00%)			350,000.00
Demands Paid Through Escrow:			
Washington Mutual			
Principal	112,167.18		
	112,167.18	112,167.18	
Howard Rich			
Principal	36,730.00		
	36,730.00	36,730.00	
Ready Products			
Principal	62,317.95		
	62,317.95	62,317.95	
Tax Lien - Federal Estate Taxes			
Principal	54,300.00		
	54,300.00	54,300.00	
Los Angeles Tax Collector			
Principal	553.73		
	553.73	553.73	
Payments Made on Authorization of Borrower:			
Loan Tie In Fee to Val-Chris		100.00	
Costs and Expenses:			
Notary Fee		10.00	
Overnight Messenger Fee to Val-Chris		20.00	
Tax Service Fee		55.00	
Wire Transfer Fee to Val-Chris		60.00	
Admin Fee to SLT Mtg		350.00	
Application Fee to SLT Mtg		450.00	
Doc Prep Fee to Val-Chris		475.00	
Other Items Paid Through Escrow:			
Broker's Commission		8,750.00	
Lender's Commission		8,750.00	
Prepaid Interest From 05/10/07 To 05/11/07 @ $113.87/day		113.87	
Check To Borrower		64,797.27	
Totals		350,000.00	350,000.00

```
         0.00 *
       100.00 +
        10.00 +
        20.00 +
        55.00 +
        60.00 +
       350.00 +
       450.00 +
       475.00 +
     8,750.00 +
     8,750.00 +
       113.87 +
    19,133.87 *

   350,000.00 +
    19,133.87 -
   330,866.13 *
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EXHIBIT # 16

SLT ESCROW

SLT Mortgage and Realty

ESCROW DIVISION

4067 Hardwick, #150
Lakewood, CA 90712
Phone: 562-824-8884 Fax: 562-630-2492

Amended Final Statement

DATE: 05/11/2007

Escrow Number: AKA1146-SLT2

Borrower(s): James Krage

Property Address: 10418 Ives Street , Bellflower CA 90000

CHARGES

Loan Payoff(s)

Payoff to T.D. No. 1 WASHINGTON MUTUAL MORTGAGE	106,133.27
Late Charges	223.12
FHLMC Fee	95.00
Impound Balance	259.35
Interest from 12/1 to 5/15	4,562.25
Recording Fee	9.00
Demand Fee	30.00
Trustee Fees	793.26
Payoff to T.D. No. 2 Howard Rich	5,000.00
Payment - 4/20/07	525.00
Payment - 3/20/07	525.00
Payment - 2/20/07	5.00
Late Charge	157.50
Interest from 4/20 to 5/15	31.50
Demand Fee	30.00
Hold to : 05/25/2007	618.15
Payoff to T.D. No. 3 Ready Products Corp.	62,645.69
Reconveyance Fee	65.00
Demand Fee	65.00

Escrow charges

Base Escrow Fee to : SLT Mortgage and Realty Escrow Division	575.00
Loan Tie In Fee to : SLT Mortgage and Realty	75.00
Demand Processing Fee to : SLT Mortgage and Realty	50.00
Escrow Wire Transfer Fee to : SLT Mortgage and Realty	50.00

*Settlement or Closing Fee to: SLT Mortgage and Realty Escrow Division of which $275.00 is paid to COMMONWEALTH LAND TITLE COMPANY for settlement review

Title charges

Lenders Coverage to : COMMONWEALTH LAND TITLE COMPANY $437500.00	994.00
Sub Escrow/Loan Payoff to : COMMONWEALTH LAND TITLE COMPANY	40.00
Overnight/Wire/Messenger to : COMMONWEALTH LAND TITLE COMPANY	74.49
Recording Fees Deed $ 0.00 Mortgage $ 55.00 Release $	55.00

Broker and Lender charges

Loan Origination Fee to : SLT Mortgage and Realty	8,750.00
Administration Fee to : SLT Mortgage and Realty	350.00
Application Fee to : SLT Mortgage and Realty	450.00
Lender Origination Fee to : Val Chris Investment	8,750.00
Document Fee to : Val Chris Investment	475.00
Overnight Messenger Fee to : Val Chris Investment	20.00
Wire Fee to : Val Chris Investment	60.00
Tax Service to : Val Chris Investment	55.00
Loan Tie In Fee to : Val Chris Investment	100.00
Notary Fee to : Val Chris Investment	10.00
Interest: $ 113.8700 from 05/10/2007 to 05/11/2007	113.87

Additional disbursements

Hazard Insurance : Farmers Insurance	501.08
Notary Services : Carlyn Littlejohn	175.00
Appraisal Fee : Garnet Krunic	350.00

CREDITS

Principal Amount of New Loan

Principal Amount of New Loan	350,000.00

SUMMARY

Total Due from Borrower(s) :	234,786.53	
Less Credits :		350,000.00
Cash due to Borrower :		115,213.47

__________________ Date: __________

James Krage

EXHIBIT # 17

James Krage
10418 Ives St
Bellflower, Calif. 90706
May 16, 2007

Chris L. Boulter
Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:
There have been multiple errors in the handling and servicing of my loan.
You appear to have failed to perform and state that you may intend to breach a finalized, recorded contract.
You appear to be requesting that I stipulate to a rescission of the recorded contract, but have offered no added consideration to entice me – instead you want me to make all the concessions. Please restate your offer..
You appear to question the appraisal of $570,000, which you did not use as a basis for the loan.
You appear to question the $500,000 to $540,000 that you used as a basis to calculate the 65%-70% LTV, but you have provided no documentation to substantiate that, and you appear to be ignoring averages, and appear to be looking for low-ball bailouts or foreclosures. I hereby offer to help you understand the average comps.
You appear to have driven by on a weekend that I was preparing to clean out my garage, and move extra items into storage. This is an ongoing activity. Let me know when you want to drive by, and I will stop.

I received the following that appears to be a forwarded email from you.
(In the future, I would prefer signed, mailed correspondence.)
----- Forwarded Message ----
From: Chris Boulter chris@val-chris.com / To: donnie gaut dmac706@yahoo.com / Cc: juan sayles <juansayles@yahoo.com>
Sent: Monday, May 14, 2007 3:16:30 PM / Subject: Krage Loan
Donnie:
The reason for cancelling or re-writing this loan lower amount is the following:
I had 2 different individuals inspect the home and the sales in the community. One on Friday and the other on Saturday. They both told me the appraisal was highly inflated as the appraiser ignored a significant number of lower sale properties and several current listings at significantly less than the appraised value provided. I took it upon myself to drive the property on Sunday when I returned to town. My conclusion was just like the others.
Based on the listings and the abundance of lower sale properties not used or mentioned by the appraiser, the true value in its current condition is more likely $490 to $495,000. Since the appraisal is not a fair representation of the true value and I relied on it in making the decision to make this loan, I must either cancel this loan or am willing to re-write the loan at $320K or just accept an immediate principal reduction to $320,000.00.
Please ask Mr. Krage to decide what he wants to do by tomorrow. I'm very sorry about this. It's only the second time I've done this in the last 10 years but the value is truly not there.
Regards,
Chris L. Boulter
Val-Chris Investments, Inc. (949) 252-8004, ext. 14 / (949) 252-0311 - Fax

I would like to answer your letter, but I need further clarification before I seek opinion of counsel.
As I understand it, we have a finalized contract that has been filed with the L.A. County Recorder.
In exchange for my promise to pay back an initial loan of about $350,000 at about 12% interest, to pay you $8,750 in points, to pay multiple overinflated charges, plus to pay over $21,000 in prepayment penalties if I pay it back in less than a year, you agreed to fund the loan. The 3 day right of rescission expired over a week ago, then, days later, you funded the loan after requesting multiple additional docs. Escrow paid made most of the payments, but you appear to have stopped Escrow from completing the agreement, by refusing to pay the broker. This appears to be failure on your part to perform on a mutually agreed upon contract.
Do I now understand your email to request that I agree to cancel our current finalized contract, allow you to rewrite a new contract for a lower amount, and that I return $30,000?
Do I understand that you intend to breach the contract and cancel the loan if I do not agree to so stipulate?

Do I understand that you are asking to re-write the loan for a lower amount with no added consideration?
Did I understand that you used the words "fraudulent appraisal" in a phone conversation?

Please answer the above questions formally in a signed letter, mailed to me, so that I can seek opinion of counsel as to whether I should accept your offer to stipulate to your request.

I understand that you did not use the $570,000 appraisal as a basis for the loan, but instead used $500,000 to $540,000 to calculate your offer. You funded $350,000, which is less than 65% of $540,000 or 70% of $500,000. After this loan, there is well over $150,000 in equity, $220,000 equity based on appraisal.
I don't have a copy of the appraisal, but I looked at some "comps" (comparative sales):
10402 Ferina St. Bellflower, ca.90706 sold 540k
10473 Highdale sold 4/9/07 for 565K
10431 Somerset, sold 4/5/07 530k
Please substantiate your allegation that comps show value of under $530,000.

I find it unusual that you would inspect the property over the weekend, while I was cleaning out my garage to arrange for storage of old items in it.

I have every intent of honoring the contract in full, and hope to raise my credit scores and refinance at lower rates within a year.
If you fail to perform on our agreed upon contract, you will one-sidedly breach the contract, and damage both me and the broker.

I am now aware of the inflated fees you charged: $8,750 Lender's Fee, $475 Doc Prep Fee, $100 Loan Tie In Fee, $750 Escrow Fee, $841 for Title Insurance Policy, $55 Tax Service Fee, $40 Sub Escrow Fee, which average over 10 times your cost, some of which cost you nothing. Please provide proof of your actual costs for these charges.

The Trust Deed/Note that I signed has been given to you as my part of the contract.
I ask you to perform your part of the contract, and pay the broker and other payments, as you have agreed.
I hope that you will not damage me further by failing to perform on an agreed upon contract, which would appear to be breach of contract by you.
I will be glad to help you understand that the property's value is well over the $490,000 you have mentioned.
Your apparent fears have no basis in reality – there is equity of well over $150,000 after the loan.

Please note that I am not giving you a "NO" answer – I am asking you to re-present it with justification.
I may still consider your request, if you can document better what you are alleging, requesting and offering.
Otherwise, I'm willing to forget about this minor misunderstanding and proceed with the contract, which is now final and recorded.

Best Regards,

By: [illegible] tr
without prejudice
James Krage

EXHIBIT # 18

James Krage
10418 Ives St
Bellflower, Calif. 90706
May 17, 2007

Chris L. Boulter
Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:
There have been multiple errors in the handling and servicing of my loan.
You appear to have failed to perform and state that you may intend to breach a finalized, recorded contract.
You appear to be requesting that I stipulate to a rescission of the recorded contract, but have not added sufficient consideration to entice me – instead you want me to make almost all the concessions.
You appear to question the appraisal of $570,000, which you did not rely on as a basis for the loan calculations.
You appear to question the $500,000 to $540,000 that you used as a basis to calculate the 65%-70% LTV, but you have provided no documentation to substantiate that, and you appear to be ignoring averages, and appear to be looking for low-ball bailouts or foreclosures. I hereby again offer to help you understand the average comps.
You appear to have driven by on a weekend that I was preparing to clean out my garage, and move extra items into storage. This is an ongoing activity. Let me know when you want to drive by, and I will stop.

I would like to answer your 2 letters, but I need further clarification before I seek opinion of counsel.
As I understand it, we have a finalized contract that has been filed with the L.A. County Recorder.
In exchange for my promise to pay back an initial loan of about $350,000 at about 12% interest, to pay you $8,750 in points, to pay multiple overinflated charges, plus to pay over $21,000 in prepayment penalties if I pay it back in less than a year, you agreed to fund the loan. The 3 day right of rescission expired over a week ago, then, days later, you funded the loan after requesting multiple additional docs. Escrow paid made most of the payments, but you appear to have stopped Escrow from completing the agreement, by refusing to pay the broker. This appears to be failure on your part to perform on a mutually agreed-upon contract.
Do I now understand your email to request that I agree to cancel our current finalized contract, allow you to rewrite a new contract for a lower amount, and that I return $30,000?
Do I understand that you intend to breach the contract and cancel the loan if I do not agree to so stipulate?
Do I understand that you are asking to re-write the loan for a lower amount with little added consideration?
Please substantiate you allegation of "fraudulent appraisal"

Please answer the above questions formally in a signed letter, mailed to me, so that I can seek opinion of counsel as to whether I should accept your offer to stipulate to your request.

I understand that you did not use the $570,000 appraisal as a basis for the loan, but instead used $500,000 to $540,000 to calculate your offer. You funded $350,000, which is less than 65% of $540,000 or 70% of $500,000. After this loan, there is well over $150,000 in equity, $220,000 equity based on appraisal.
I believe the appraisal is accurate, but I don't have a copy of it to study it.
I asked a friend, who is not experienced at comps, but has access, to get me 3 comps (comparative sales):
He appears to have picked (perhaps at random):
10402 Ferina St. Bellflower, ca.90706 sold 540k
10473 Highdale sold 4/9/07 for 565K
10431 Somerset, sold 4/5/07 530k
Please substantiate your allegation that comps show an average value of under $530,000.
Please substantiate how the value from the appraisal damaged you, when you didn't use its amount, but apparently chose your own value of $500,000 to offer an LTV of 70%, or $540,000 to offer under 65%.

I chose to reuse the appraiser that was used for the previous broker, just because I thought it would be faster. Are you alleging that it is illegal or even unethical to for the borrower to choose a licensed appraiser?

I find it unusual that you would inspect the property over the weekend, after funding, while I was cleaning out my garage to arrange for storage of old items from it.

I have every intent of honoring our recorded, completed contract in full, and hope to raise my credit scores and refinance at lower rates within a year.
If you fail to perform on our agreed-upon, recorded contract, you will one-sidedly breach the contract, and damage both me and the broker. Your delays in paying the broker may already be damaging him.

I am now aware of the inflated fees you charged: $8,750 Lender's Fee, $475 Doc Prep Fee, $100 Loan Tie In Fee, $750 Escrow Fee, $841 for Title Insurance Policy, $55 Tax Service Fee, $40 Sub Escrow Fee, which average over 10 times your cost, some of which cost you nothing. Please provide proof of your actual costs for these charges.
I paid $20,611 in closing costs ($8,750 points to you, $8,750 points to SLT, and $3,111 in misc. fees).
I gave up a 9% First Mortgage to WaMu for a 12% mortgage to you, because you promised to give me $115,000 and to consolidate the 1st, 2nd, and 3rd. Now, you demand to reduce that consideration by $30,000.
If you had only offered $85,000 in consideration at the start, I would not have accepted your offer.
The 3% more on the $107,000 First Mortgage alone would not have been worth it.
I have not damaged you in any way, and I have upheld my part of the contract in full, yet you appear to threaten to damage me.
In the letter I sent you yesterday, I asked you to document and explain why you feel I should accept your offer to re-contract for less, but you did not document or explain anything.
Additionally, the costs and time of re-preparing and signing docs, re-insuring Title for less, re-filing with the L.A. County Recorder, etc, do not merit the hassle.
You leave me no alternative than to consider your offer to be unconscionable, and your claims baseless.

The Trust Deed/Note that I signed has been given to you as my part of the contract.
I ask you to perform your part of the contract, and pay the broker and other payments, as you have agreed.
I hope that you will not damage me and the broker further by failing to perform on an agreed upon contract, which would appear to be breach of contract by you.
I will be glad to help you understand that the property's value is well over the $490,000 you have mentioned.
Your apparent fears have no basis in reality – there is equity of well over $150,000 after the loan.
Buyers are buying more in areas like Bellflower, which are lower priced than Cerritos and Orange County, so values are increasing more in Bellflower than in beach communities and many higher priced areas. The Los Angeles Business Journal on Nov. 13, 2006, pp. 55-59 reported that Bellflower Home values rose 3.8% from an average of $525k to $545k, while some areas of Beverly Hills declined -25.8%, El Segundo declined -13.1%, Culver City declined -19.4%, Bel-Air declined -46.4%, Hermosa Beach declined -22.4%. Bellflower is a safer investment hedge than many higher priced communities, because many buyers now have less money, and buyers are still coming in from other states and trying to find less expensive homes near Orange County and L.A.: Bellflower fits that criteria better than most: less expensive than neaby Cerritos and Orange County, close to five Freeways (605,105,91,5, 710), and is considered nicer than Compton, SouthEast L.A., and even Lynwood, Inglewood and many other areas to the West.
I have no intention of losing this property to you, but you should be more secure against loss than in other areas.

Otherwise, I'm willing to forget about this minor misunderstanding and proceed with the contract, which is now final and recorded.

Best Regards,

By: Jim tr
without prejudice
James Krage

EXHIBIT # 19

Certified Mail # 7007 0220 0001 9730 3100 – Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706
October 19, 2007

Chris L. Boulter / Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST
ACCOMPANYING PAYMENT UNDER PROTEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

You have defaulted in fully answering any of my 8 Qualified Written Requests of May 16, 2007, May 17, 2007, June 8, 2007, June 14, 2007, 2 separate requests both dated June 16, 2007, July 16, 2007, and August 18, 2007, in violation of RESPA, you appear to have lied in your answer dated September 21, and you still appear to ignore most of the real issues.

Thank you for notifying me in your recent letter that Funding DID Complete, but **I have not yet received truthful notice from you to advise WHEN Funding Completed and HOW LATE it was after I signed the docs, except the apparent lie that everything funded on May 10, 2007. Escrow did not receive full funding on May 10, 2007, and I still do not know the date when funding to Escrow completed.**

I have made multiple attempts to help you to correct your errors.

I am hereby making another payment in protest

I believe that I have now overpaid, because funding completed late, resulting in the origination docs now being inaccurate and decreased interest payment amounts due, plus possible damages to me and SLT.

Please address the real issues to complete your side of the bargain, and advise me when completed.
I have always made every effort to complete my side of the bargain, and request that you complete yours.
I have dealt in good faith from the beginning, but it appears to me that you have dealt in bad faith in many ways.

It gets tiring to get unsigned emails from you stating that you have answered all questions previously, when you have not addressed most of the issues. Unsigned emails are unacceptable. Please send signed letters only.

By the way, according to the common mailbox rule, in law, payment is made when sent, not when received.

Please notify me when Funding completed, correct your statements to compensate for less interest due for unfunded monies, send me signed copies of any correspondence, as I am providing to you all of my letters signed, and expect you to provide me equal documentation.

I am starting to get frustrated with your repeated violations of RESPA law, your overt actions to invalidate your own TILA disclosure and overcharge interest, and now what appears to be a blatant lie in a RESPA answer. I intend to research further, and may consider filing complaints to government entities about your apparent illegal actions, including what now appears to be a blatant lie. I will still consider any "proof" of my errors, including your deposits to escrow. I'm appalled that you appear to choose to give me mere rhetoric instead of fact.

Best Regards,

James Krage

EXHIBIT # 20

VAL-CHRIS INVESTMENTS, INC.
RESIDENTIAL - COMMERCIAL LOANS & TRUST DEED PURCHASES

October 29, 2007

In response to your
Qualified Written Request
Dated October 19, 2007

Referencing: 1st T.D. on your
Home located at 10418 Ives St.,
Bellflower, Ca. 92706

Dear Mr. Krage:

I have responded to each of your letters which I believe began in May of 2007. First of all we have answered each of your letters. We've even tried sending letters certified mail on top of U.S. mail but you refuse to sign for the certified letters. I've also sent many of them via e-mail in addition to U.S. mail. Each letter is a virtual duplicate of the same letter and each time I have addressed each of your concerns I believe satisfactorily. It appears each month you just ignore our response, change the date the next month and resend the letter. When considering the numerous e-mails, phone calls and at least the 6th letter we have sent in response to the same questions you ask each time in your "form letter" I see no reason for you to continue with these letters. We will continue to send a response as required but if you truly still don't understand our explanations which have been given to you more than 10 times, I welcome you to call me or visit my office to discuss any concerns you may have face to face.

Our funding was completed before recording. The full loan amount of $350,000.00 was wired to the title company on or before May 10, 2007. You began paying interest May 10, 2007 with your loan closing May 11, 2007. Your proceeds were wired to you immediately as you requested and all parties were paid for the services provided and as authorized by you. You have not overpaid as you were not charged interest on your loan until funding which was 1 day prior to closing. All parties were paid as agreed by those parties when they completed the services necessary to meet their obligation to you and Val-Chris Investments, Inc., the lender. To my knowledge every provider was paid exactly what you authorized. Since all payments to lien holders and service providers were authorized by you and were paid in compliance with the requirements of the title, escrow, lender and you, the borrower, there was no overpayment by you. What day those providers received their payments has no relevancy as to the day your loan began accruing interest. If those providers didn't get their payments as agreed, they would have contacted us, the escrow or title. To date, more than 5 months after your closing, none of the providers or lien holders paid off with your loan have complained about when they received their payments. To reiterate once again, your entire loan amount was funded prior to closing and you were only charged 1 days interest to closing. You are welcome to contact the title company to verify funding if you still have some reason to be concerned or doubt what we have told you numerous times.

Again, if you have any other concerns that I have not addressed you are welcome to call us or make an appointment to come by our office anytime. I believe we have satisfactorily answered your "form letter" but are willing to do what's necessary to help you understand if there's still something you're confused about.

Sincerely,

Chris L. Boulter, President

Sent via: First Class U.S. Mail & Certified Return Receipt

EXHIBIT # 21

Certified Mail # 7007 0220 0001 9730 3117 – Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706
November 20, 2007

Chris L. Boulter / Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST
ACCOMPANYING PAYMENT UNDER PROTEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

Thank you for notifying me in your recent letter that Funding DID Complete, but I believe I have not yet received truthful notice from you to advise WHEN Funding Completed and HOW LATE it was after I signed the docs, except the apparent lie that everything funded by May 10, 2007.

I checked with escrow, and they verified that they received 2 payments months apart, and that they did not receive all $350,000 by May 10, 2007.

If this is true, that seems to render false your October 29 letter in answer to my RESPA Requests: "The full loan amount of $350,000 was wired to the title company on or before May 10, 2007.". and "Our funding was completed before recording." and "You proceeds were wired to you immediately as you requested and all parties were paid for the services provided…" (which appears to claim near-simultaneous actions)

Is it possible you wired the full amount to the Title Company, but didn't release the full amount to escrow by May10,2007?. **If Escrow Funding did not complete with the full $350,000 by May 10, was some of it withheld by the Title Company at your request, or was some of it withheld by you directly?**

May I remind you that Lies presented in answer to RESPA Qualified Written Requests are not allowed by law and could expose you to legal action.

Please explain why at least 2 deposits to escrow were made months apart, and why you insist that funding was complete on May 10, despite the apparent fact that Escrow did not receive the full $350,000 by May 10. Please also explain why your Truth in Lending Disclosure gives the amount financed as much less than the $350,000 stated as borrowed in the Promissory Note..

I have made multiple attempts to help you to correct your errors.

I still believe that your second payment into escrow delayed full funding, and that your TILA is incorrect.

I am hereby making another payment in protest.

I have dealt in good faith from the beginning, but it appears to me that you have dealt in bad faith in many ways.

By the way, according to the common mailbox rule, in law, payment is made when sent, not when received.

Please notify me when your second payment to Escrow occurred, and why you assert that funding was complete to Escrow by May 10, 2007.

I will still consider any "proof" of my errors, including your deposits to escrow. I'm appalled that you appear to choose to give me mere rhetoric instead of fact.

I am starting to get frustrated with what appear to be your repeated violations of RESPA law, your overt actions to invalidate your own TILA disclosure, potential overcharged interest, and now what appear to be blatant lies in a RESPA answer. I intend to research further, and may consider filing complaints to government entities about your apparent illegal actions, including what now appear to be blatant lies. I will still consider any "proof" of my errors, including deposits to escrow.

I'm appalled that you appear to choose to feed me mere rhetoric instead of fact.

Best Regards,

James Krage

CERTIFIED MAIL™

7002 2410 0004 1255 9725 ...D PURCHASES

UNITED STATES POSTAGE
PITNEY BOWES
$ 05.21⁰
02 1P
0002368802 OCT 29 2007
MAILED FROM ZIP CODE 92614

OCT 31 2007
1st NOTI...
2nd N...
RETURN...

2601 Main Street, Suite 280
Irvine CA ~~92614~~

Mr. James Krage
10418 Ives Street
Bellflower, CA 90706

90706+4127

7007 0220 0001 9730 3117

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

IRVINE CA 92614

0173

Postage	$ $0.58
Certified Fee	$2.65
Return Receipt Fee (Endorsement Required)	$2.15
Restricted Delivery Fee (Endorsement Required)	$0.00
Total Postage & Fees	$ $5.38

SAN YSIDRO, CA 92173
NOV 20 2007
Postmark Here
11/20/2007
USPS

Sent To Chris L. Boulter/Val-chris Investments, Inc
Street, Apt. No.; or PO Box No. 2601 Main St, Suite 280
City, State, ZIP+4 Irvine, Ca. 92614

PS Form 3800, August 2006 See Reverse for Instructions

SAN YSIDRO POST OFFICE
SAN YSIDRO, California
921739998
0567760173 -0097
11/20/2007 (800)275-8777 10:09:52 AM

Sales Receipt

Product Description	Sale Qty	Unit Price	Final Price
IRVINE CA 92614 Zone-2			$0.58
First-Class Letter			
1.10 oz.			
Return Rcpt (Green Card)			$2.15
Certified			$2.65
Label #: 70070220000197303117			
			========
Issue PVI:			$5.38
Total:			$5.38
Paid by:			
Cash			$10.00
Change Due:			-$4.62

Order stamps at USPS.com/shop or call 1-800-Stamp24. Go to USPS.com/clicknship to print shipping labels with postage. For other information call 1-800-ASK-USPS.

Bill#: 1000302410476
Clerk: 19

All sales final on stamps and postage.
Refunds for guaranteed services only.
Thank you for your business.

****
****

HELP US SERVE YOU BETTER

Go to: http://gx.gallup.com/pos

TELL US ABOUT YOUR RECENT
POSTAL EXPERIENCE

YOUR OPINION COUNTS

****
****

Customer Copy

EXHIBIT # 22

LandAmerica Southland Title

8001 Irvine Center Drive, Suite 300
Irvine, CA 92618
phone: 949 453-9000

November 21, 2007

James Krage
10418 Ives Street
Bellflower, CA 90706

RE: Loan #10502220 / KRAGE
Escrow # AKA1146
Order # 6747098

Dear Mr. Krage:

In connection with your loan transaction that we closed on 05/11/07, this letter is to confirm the amount funded by the Lender. We received a wire in the amount of $330,866.13 on 5/10/07 from Val Chris Investments Inc., the Lender.

Please feel free to call our office if you have any further questions or concerns.

Sincerely,

Maria Limjoco

Maria Limjoco
Virtual Escrow
LandAmerica
8001 Irvine Center Drive, Suite 300
Irvine, CA 92618
Tel. 949-453-9000 Extension 510
Fax. 949-453-8091
mlimjoco@landam.com

EXHIBIT # 23

VAL-CHRIS INVESTMENTS, INC.
RESIDENTIAL - COMMERCIAL LOANS & TRUST DEED PURCHASES

November 26, 2007

James Krage
10418 Ives St.
Bellflower, Ca. 90706

Sent via USPS 1st Class and Certified Return Receipt

Re: Response to your 11/20/2007

Dear Mr. Krage:

To my knowledge Val-Chris Investments, Inc. has made no errors in the handling and servicing of your loan. We can't speak for your broker, escrow or the title company used in your transaction.

In response to your question of funding your loan. As is customary in the industry we wire funds to the title company. All funds including your proceeds, except for the lender fees and your broker fees were wired on May 10, 2007. That amount was $330,866.13. The balance was funded into our sub-escrow on May 10, 2007 also in the amount of $19,133.87. No checks were written by us to your escrow. Any checks they're discussing must have come from your title company. I suggest you contact the title company if you're still concerned about funding.

Your title officer was Carol Butler at LandAmerica Commonwealth. Your order number was 06747098-01. Her phone number is (949) 885-2800. She can verify the wire mentioned above was received on May 10, 2007. I've also included a copy of the cancelled check for the balance of the $19, 133.87 (front and back). You'll see it's dated May 10, 2007 and was deposited into the bank on May 10, 2007.

This should clearly leave no doubt your loan was funded in full on May 10, 2007.

Sincerely,

Chris Boulter,President

2601Main Street, Suite 280, Irvine CA 92614 • (949) 252-8004 • (949) 252-8020 • FAX (949) 252-0154

Security enhanced document. See back for details.

VAL-CHRIS INVESTMENTS INC.
GENERAL ACCOUNT
2601 MAIN ST. SUITE 280
IRVINE, CA 92614
PH (949) 252-8020

12436

DATE 10th May 2007

16-66/1220
2439

PAY TO THE ORDER OF Val-Chris Escrow $ 19,133 87/100

Nineteen thousand one hundred thirty-three and 87/100 DOLLARS

Bank of America
Irvine
18622 MacArthur Blvd
Irvine CA
949.837.3482

FOR Krage

⑈012436⑈ ⑆122000661⑆ 24395⑈02506⑈ ⑈0001913387⑈

PAY TO THE ORDER OF
COMERICA BANK
EL SEGUNDO, CA 90245
121137522
FOR DEPOSIT ONLY
VAL CHRIS INVESTMENTS INC
ESCROW TRUST ACCOUNT
1890810201

654061338 05-10-07 02
LOS ANGELES
1827>121137522<

BANK OF AMERICA,NA LAC
122000661 E3643 01 02
05/11/07

EXHIBIT # 24

RECORDING REQUESTED BY:

James-Arthur : Krage

AND WHEN RECORDED MAIL TO:

James-Arthur : Krage
10418 Ives Street
Bellflower, California. [90706]

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

A.P.N. 6275-014-004

NOTICE OF RESCISSION OF CONTRACT,

THIS NOTICE IS GIVEN PURSUANT TO CALIFORNIA CIVIL CODE, §§ 1691(a) & 1691(b) AND PERTAINS TO THAT CERTAIN REAL PROPERTY LEGALLY DESCRIBED AS:

Lot19, Tract 19795, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 518,Pages 1and 2 of maps, in the office of the County Recorder of said County.

AND IS COMMONLY KNOWN AS 10418 Ives Street Bellflower, California.[90706]

I, the undersigned, as Administrator for the Estate of Verna Gladys Kroemer Krage, owner of the above described property, and as "BORROWER" in the "NOTE" (hereinafter, "Contract"), and "TRUST DEED" referenced in document number 20071147614 recorded in the official records of Los Angeles county, wherein "Val-Chris Investments, Inc." was the "LENDER":

Hereby give notice that said Promissory Note, and subsequently the Trust Deed and all other documents, executed on May 3, 2007, are hereby rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violaotions, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Lender Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.

This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.

The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

DATED: January 2, 2007

James-Arthur : K

James-Arthur :Krage

STATE OF CALIFORNIA
COUNTY LOS ANGELES } SS.

On 01-02-08, **2007** before me MARIA ELENES Notary Public, personally appeared JAMES ARTHUR KRAGE, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is/~~are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by ~~his~~/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal. Signature Maria L Elenes
Notary public

MARIA L. ELENES
Commission # 1524835
Notary Public - California
Los Angeles County
My Comm. Expires Nov 6, 2008

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:

Chris L. Boulton
Val-Chris Investment
2601 Main St # 280
Irvine CA 92614

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X

☐ Agent
☐ Addressee

B. Received by (*Printed Name*)
JM [illegible]

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

JAN 3
Irvine CA

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

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

2. Article Number
(Transfer from service label)
7007 2560 0000 9054 4210

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7007 2560 0000 9054 4210

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

IRVINE CA 92614

OFFICIAL USE

Postage	$ $0.41	0058
Certified Fee	$2.65	04
Return Receipt Fee (Endorsement Required)	$2.15	Postmark Here
Restricted Delivery Fee (Endorsement Required)	$0.00	
Total Postage & Fees	$ $5.21	01/02/2008

JAN 2
LAKEWOOD, CA

Sent To Chris L. Boulton/Val-Chris
Street, Apt. No.; or PO Box No. 2601 Main St #280
City, State, ZIP+4 Irvine, CA 92614

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT # 25

This page is part of your document - DO NOT DISCARD

20080034932

Pages:
0002

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

01/07/08 AT 02:57PM

Fees:	$9.00
Taxes:	$0.00
Other:	$6.00
Paid:	$15.00

Counter

0001539922 200801070610081

TITLE(S) :

LEAD SHEET

Assessor's Identification Number (AIN)
To be completed by Examiner OR Title Company in black ink.

Number of AIN's Shown

\- -

E521953

THIS FORM IS NOT TO BE DUPLICATED

RECORDING REQUESTED BY:

James-Arthur :Krage

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

James-Arthur :Krage.
10418 Ives Street
Bellflower, California [90706]

01/07/08

20080034932

A.P.N.: **6275-014-004**

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

RESCISSION OF DEED

Civil Code §1229

GOVT. – 27280, 27288 (PARTIES AFFECTED), 27287 (ACK) 27361.6 (REC. REF.)

I, James-Arthur : Krage. having executed a deed to Trustee, Val-Chris dated May 3, 2007, that was subsequently recorded in May 2007 as instrument number **20071147614** in the Official Records of the Los Angeles County Recorder, affecting title to the below described property, and having reserved the absolute right and power to rescind or modify the same, on proper grounds, by an instrument in writing, duly acknowledged and recorded;

Legal Description:
"Lot19, Tract 19795, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 518,Pages 1and 2 of maps, in the office of the County Recorder of said County."
More commonly Known as: "10418 Ives Street Bellflower, California [90706]"
A.P.N.:# **6275-014-004**

Hereby rescind said instrument, on grounds it was assented to in violation of California Civil Code §§1689(b)(1) & 1689(b)(5). We declare that henceforth, all writings, language, terms, or provisions of said deed whether expressed or implied, shall not have any further force or effect, having been rescinded by this instrument, executed, duly acknowledged and recorded.

Dated: **January 7, 2008**

James-Arthur :Krage

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On January 7 2008 before me ANNETTE MALECKI Notary Public, Personally appeared JAMES ARTHUR KRAGE who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ [✓ is]/~~are~~ subscribed to the within instrument and acknowledged to me that [✓ he]/~~she/they~~ executed the same in [✓ his]/~~her/their~~ authorized capacity~~(ies)~~, and that by [✓ his]/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct..

WITNESS my hand and official seal.

Signature Annette Malecki

ANNETTE MALECKI
Commission # 1701077
Notary Public - California
Los Angeles County
My Comm. Expires Oct 26, 2010

This is a true and certified copy of the record
if it bears the seal, imprinted in purple ink,
of the Registrar-Recorder/County Clerk

JAN 7 2008

REGISTRAR-RECORDER/COUNTY CLERK
LOS ANGELES COUNTY, CALIFORNIA

EXHIBIT # 26

Certified Mail # 7007 1490 0001 8524 5546 – Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706
January 11, 2008

Chris L. Boulter / Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

I hereby formally request a copy of the check you issued to the broker.

Please explain why the Dept. of Real Estate suspended your license in 1998, for Desist and Restraining Order H-26789 and violations H-27345 (Business and Professions Code 10177d and 10145, and Commissioner Regulations 2832.1 and 2832.1). By paying the penalties, did you admit your guilt? You might be guilty of violations of Business and Professions Code 10177 and 10145 in my case also, as I did not agree to your not wiring the full amount to Title Trust account, and delaying payment to broker.

I have received your 2 letters: the Loan Reinstatement Calculation of 1/4/08 and your letter of 1/4/08. Your letter continues to cover up the misrepresentations and fraud you have perpetrated on me, and threatens to ignore the Notice of Rescission of Contract to file a Notice of Default.

I have become aware of the truth behind your misrepresentations, and am appalled at your obfuscations, smears against me, and outright lies.

Apparently, you wanted to sell the mortgage, but the 3rd party backed out at the last moment, so you invented the "fraudulent appraisal" tactic to CYA and appear to have a legal reason to rescind the loan.

You told Donnie Gaut at least twice that you would sue me if I didn't agree to rescind, after you had already funded.

Your smears of me in your emails may be libelous.

Your emails claim that I have threatened you, when I haven't. Assertion of legal right is not a threat.

It was my contract with the broker to pay them in the prepayment monies that you interfered with.

You didn't put all $350,000 into the neutral Title Trust Account for SLT Escrow, but instead you put $19,133.87 into an account that you control.(Violations of Business & Professions Code 10177 & 10145?)

You withheld payment to the broker with the fake excuse that you required the broker to perform some other duties before payment, when in reality you just told him that you would delay his payment until I had paid 2 months payments. I believe you gained unjust enrichment by charging me interest on monies you kept for over 2 months. By delaying the payment to the broker for over 2 months, you have interfered in the performance of my contract with the broker.

I tried 11 times in Qualified Written RESPA Requests to get you to pay the broker and to inform me of the date that the broker was paid. As of January 11, 2008, you have still not told me the date that you paid the broker from the funds you kept for over 2 months. I asked you to refund the extra interest you received on those monies. I gave you multiple Opportunities to Cure the Problem and to Mitigate Damages to me and the broker. You refused to cure the problem timely or mitigate the damages,

In those Qualified Written RESPA Requests, I requested things, which you never supplied, such as:

a) give me the date the broker was paid
b) Please substantiate your allegation of "fraudulent appraisal"
c) Please substantiate your allegation that comps show an average value of under $530,000.
d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
e) correct the problem you have interfered with the performance of the contract I have with the broker
f) Please stop your emotional smear tactics

On January 2nd, 2008, I mailed a Notice of Rescission of Contract by Certified Mail #7007 2560 0000 9054 4210, received by J.M. Haining for Val-Chris on January 3, 2007, which contained the following:

> "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Val-Chris

> subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.
>
> This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.
>
> The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

I would advise you to have a lawyer analyze your Notice of Right to Cancel and your Truth In Lending Disclosure (which was not even properly labeled as such).

My lawyer has advised me that they are both in error, and are both good grounds to rescind.

If your lawyer disagrees, please relay to me why he thinks they are proper.

If you file a Notice of Default after my Notice of Rescission of Contract, you will further break the law.

You can not understand the pain you have caused me spending hundreds of hours trying to get questions answered and research the law, and just have you taunt me with evasive answers.

You could have been truthful, and just told me that you were in a bind from a note-buyer that backed out.

You could have been truthful, and just told me you were delaying payment to the broker until you got 2 months of payments from me to cover it, and then just refunded the interest overpayment.

You could have been truthful, and just told me the date the broker was paid, which I asked for 11 times.

You could have been truthful, and just told me you didn't put $19,133.87 into the Title Trust Account for SLT Escrow, but put it into your own account, and kept part of it for over 2 months, instead of lying in your October 29, 2007 answer to my Qualified Written RESPA Request to state "The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"

My lawyer has indicated that TILA damages might be over $30,000, and damages for Misrepresentation, Unjust Enrichment, Interference in the Performance of a Contract, Libel, Violations of RESPA, and other violations could potentially bring damages to well over $100,000. My lawyer feels that I have a very good case, as your letters contain so many evasions of the truth and outright lies that a judge and jury would be appalled at your actions. So far my lawyer has helped on an advisory basis; I have not yet retained him.

I intend to research further, and am filing complaints to the Dept. of Real Estate and Dept. of Corporations, and possibly other organizations about your apparent illegal actions, including what now appears to be a blatant lie and a threat of an illegal action.

In your letter, you have offered to modify the note.

I may agree to a new note (as the old note has been rescinded, simple modification would be difficult). My lawyer has advised me that if you would offer to write a new note for a lower amount (subtracting interest and points charged so far because of TILA violations and to mitigate other damages to me), at a lower interest rate, lower payments and with a delayed first payment, it could save us both litigation costs. Please let me know your thoughts on this.

Again, I advise you not to break the law with a Notice of Default after receiving my Notice of Rescission of Contract. My grounds for Rescission of TILA violations and a Notice of 3 Day Rescission error are well-founded. I recommend you have a lawyer evaluate them before you break the law.

Please answer in writing only – no phone calls are welcome, and emails must be followed up by letter.

Best Regards,

James-Arthur : Krage

Cc: Dept of Real Estate and Dept of Corporations

See attached
acknowledgement

WOLCOTTS FORMS, INC. **SINCE 1893**

CALIFORNIA ALL PURPOSE NOTARY ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF Los Angeles }

On January 11, 2008 before me,
Annette Malecki, Notary Public,
personally appeared
James Artur Krage,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under Penalty of Perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

ANNETTE MALECKI
Commission # 1701077
Notary Public - California
Los Angeles County
My Comm. Expires Oct 26, 2010

Annette Malecki
Signature of Notary

ATTENTION NOTARY

The information requested below is OPTIONAL. It could, however, prevent fraudulent removal and reattachment of this certificate to any unauthorized document.

THIS CERTIFICATE	Title of Type of Document Qualified
MUST BE ATTACHED	Declaration of Written Request
ONLY TO THE	Number of pages 2
DOCUMENT	Date of Document 1-11-08
DESCRIBED AT	Signer(s) other than named above
RIGHT	None

Signer #1 name:

Thumbprint signer #1

CAPACITY CLAIMED BY SIGNER(S)
- ☐ INDIVIDUAL(S)
- ☐ CORPORATE OFFICER(S)
- ☐ PARTNERS
- ☐ ATTORNEY IN FACT
- ☐ TRUSTEE(S)
- ☐ GUARDIAN/CONSERVATOR
- ☐ OTHER

SIGNER IS REPRESENTING:
(Name of Person(s) or Entity(ies))

Signer #2 name:

Thumbprint signer #2

CAPACITY CLAIMED BY SIGNER(S)
- ☐ INDIVIDUAL(S)
- ☐ CORPORATE OFFICER(S)
- ☐ PARTNERS
- ☐ ATTORNEY IN FACT
- ☐ TRUSTEE(S)
- ☐ GUARDIAN/CONSERVATOR
- ☐ OTHER

SIGNER IS REPRESENTING:
(Name of Person(s) or Entity(ies))

7 67775 63237 8
#63237 REV. 11-07

EXHIBIT # 27

Certified Mail # 7007 0220 0001 9730 3186 – Return Receipt Requested James Krage
(emailed 1/18/08 mailed 1/25/08, after weekend and holiday,) 10418 Ives St
Bellflower, Calif. 90706

Chris L. Boulter / Val-Chris Investments, Inc. January 18, 2008
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

I hereby formally again request copies of the checks you issued to the broker.

Please explain why the Dept. of Real Estate suspended your license in 1998, for Desist and Restraining Order H-26789 and violations H-27345 (Business and Professions Code 10177d and 10145, and Commissioner Regulations 2832.1 and 2832.1). By paying the penalties, did you admit your guilt?
You may be guilty of violations of Business & Professions Code 10177 & 10145 in my case also: I did not agree to your not wiring the full amount to the neutral Title Trust account, and delaying payment to broker.

I have received your letter of 1/14/08.
Your letter continues to cover up the misrepresentations and fraud you have perpetrated on me, and threatens to ignore the Notice of Rescission by filing a Notice of Default. If you answer, I don't have to repeat things.

I have become aware of the truth behind your misrepresentations, and am appalled at your obfuscations, smears against me, and outright lies. You complain that I repeat things, but you don't give specific anwers.

Apparently, you wanted to sell the mortgage, but the 3rd party backed out at the last moment, so you invented the "fraudulent appraisal" tactic to CYA and appear to have a legal reason to rescind the loan.

You told Donnie Gaut at least twice that you would sue me if I didn't agree to rescind, after funding.

Your smears of me in your emails (e.g. "litigious borrower" to Donnie) may be libelous.

Your emails claim that I have threatened you, when I haven't. Assertion of legal right is not a threat.

It was my contract with the broker to pay them in the prepayment monies that you interfered with.

You didn't put all $350,000 into the neutral Title Trust Account for SLT Escrow, but instead you put $19,133.87 into an account that you control.(Violations of Business & Professions Code 10177 & 10145 ?)

You withheld payment to the broker with the fake excuse that you required the broker to perform some other duties before payment, when in reality you just told him that you would delay his payment until I had paid 2 months payments. I believe you gained unjust enrichment by charging me interest on monies you kept for over 2 months. By delaying the payment to the broker for over 2 months, you have interfered in the performance of my contract with the broker and breached your fiduciary duty to me..

I tried 11 times in Qualified Written RESPA Requests to get you to pay the broker and to inform me of the date that the broker was paid. As of January 18, 2008, you have still not told me the date that you paid the broker from the funds you kept for over 2 months. I asked you to refund the extra interest you received on those monies. I gave you multiple Opportunities to Cure the Problem and to Mitigate Damages to me and the broker. You refused to cure the problem timely or mitigate the damages in any way,

In those Qualified Written RESPA Requests, I requested things, which you never supplied, such as:
a) give me the date the broker was paid
b) Please substantiate your allegation of "fraudulent appraisal"
c) Please substantiate your allegation that comps show an average value of under $530,000.
d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
e) correct the problem you have interfered with the performance of the contract I have with the broker
f) Please stop your emotional smear tactics

In your letter of 1/14/08, you again fail to give the date the broker was paid (as you have failed to do in answer to all my Qualified Written RESPA Requests to date), gave no specific answers to b), c), and d).
You continue to use emotional smear tactics.
On January 2nd, 2008, I mailed a Notice of Rescission of Contract by Certified Mail #7007 2560 0000 9054 4210, received by J.M. Haining for Val-Chris on January 3, 2007, which contained the following:

> "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.
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> The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

I would advise you to have a lawyer analyze your Notice of Right to Cancel and your Truth In Lending Disclosure (which was not even properly labeled as such).

You claimed that you don't believe there are violations sufficient for rescission. Look at your Notice of Right of Rescission, dated May 3, 2007. It had to give me 3 business days following to rescind, not counting Saturday & Sunday (Regulation Z § 226.23(b)(1)(i-v)). It should have told me May 8, but it stated May 7. That alone is sufficient to rescind, but there are also TILA violations. My lawyer advised me that they are both in error, & both grounds to rescind. When violated, the borrower has 3 years to rescind instead of 3 days

If your lawyer disagrees, please relay to me why he thinks they are proper.

If you file a Notice of Default after my Notice of Rescission of Contract, you will further break the law, and damage me further by ruining my credit.

You can not understand the pain you have caused me spending hundreds of hours trying to get questions answered and research the law, and just have you taunt me with evasive answers.

You could have been truthful, and just told me that you were in a bind from a note-buyer that backed out.

You could have been truthful, and just told me you were delaying payment to the broker until you got 2 months of payments from me to cover it, and then just refunded the interest overpayment.

You could have been truthful, and just told me the date the broker was paid, which I asked for 11 times.

You could have been truthful, and just told me you didn't put $19,133.87 into the Title Trust Account for SLT Escrow, but put it into your own account, and kept part of it for over 2 months, instead of lying in your October 29, 2007 answer to my Qualified Written RESPA Request to state **"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"**

My lawyer indicated that TILA damages are over $30,000, and damages for Misrepresentation, Unjust Enrichment, Interference in the Performance of a Contract, Libel, Violations of RESPA, Breach of Fiduciary Duty, and other violations potentially bring damages to well over $100,000. My lawyer feels that I have a very good case, as your letters contain so many evasions of the truth and outright lies that a judge and jury would be appalled at your actions. My lawyer has helped on an advisory basis; I have not yet retained him.

I intend to research further, and have filed a complaint to the Dept. of Real Estate and plan to file a complaint with the Dept. of Corporations, and possibly other organizations about your apparent illegal actions, including what now appears to be a blatant lie (Oct.29) and a threat of an illegal action.

In your letters, you have offered to modify the note, but did not subtract interest and points to date, as Regulation Z allows to the borrower after rescission. You did not offer what I requested. Please re-tender.

I may agree to a new note (as the old note has been rescinded, simple modification would be difficult). My lawyer advised that if you offer to write a new note for a lower amount (subtracting over $30,000 for interest/points/payments so far because of TILA violations & lowering it further to mitigate other damages to me), at a lower interest rate & payments, with a delayed first payment, it could save us both litigation costs.

Please let me know your thoughts on this. .I am more than willing to work out some kind of agreement.

Again, I advise you not to break the law with a Notice of Default after receiving my Notice of Rescission of Contract. My grounds for Rescission based on a Notice of Right to Cancel disclosure error and TILA violations are well-founded. I recommend you have a lawyer evaluate them before you break the law. Please answer in writing only – no phone calls are welcome, and emails must be followed up by letter.

Best Regards,

By:

James-Arthur : Krage

with prejudice

Cc: Dept of Real Estate and Dept of Corporations

EXHIBIT # 28

Security enhanced document. See back for details.

VAL-CHRIS INVESTMENTS INC.
GENERAL ACCOUNT
2601 MAIN ST. SUITE 280
IRVINE, CA 92614
PH (949) 252-8020

12629

16-66/1220
2439

DATE 7-30-07

PAY TO THE ORDER OF SLT Montgage $ 3,556 50/100

Three thousand five hundred and fifty six dollars & 50/100 DOLLARS

Security features are included. Details on back.

Bank of America
Irvine
18622 MacArthur Blvd
Irvine CA
949.837.3482

FOR Krage balance

MP

⑈012629⑈ ⑆122000661⑆ 24395⑈[redacted] ⑈0000355650⑈

©Clarke American BA
GUARDIAN ® SAFETY

Security enhanced document. See back for details.

VAL-CHRIS INVESTMENTS INC.
GENERAL ACCOUNT
2601 MAIN ST. SUITE 280
IRVINE, CA 92614
PH (949) 252-8020

12555

16-66/1220
2439

DATE 6/29/07

PAY TO THE ORDER OF SLT Montgage $ 3,556 50/100

$3,556.50¢ DOLLARS

Security features are included. Details on back.

Bank of America
Irvine
18622 MacArthur Blvd
Irvine CA
949.837.3482

FOR Krage Loan

MP

⑈012555⑈ ⑆122000661⑆ 24395⑈[redacted] ⑈0000355650⑈

©Clarke American BA
GUARDIAN ® SAFETY

EXHIBIT # 29

Certified Mail # 7007 0220 0001 9730 3193 – Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706
January 26, 2008

Chris L. Boulter / Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

I hereby formally request copies of all ledger entries for my separate Escrow Account with Val-Chris, especially showing when the monies were deposited, when the monies were moved to the General Account., any other activity in my separate Escrow Account, and showing Proof that my Escrow Account was separate from all other Escrow Accounts..

On January 2nd, 2008, I mailed a Notice of Rescission of Contract by Certified Mail #7007 2560 0000 9054 4210, received by J.M. Haining for Val-Chris on January 3, 2007, which contained the following:

> "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.
>
> This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.
>
> The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

I rescinded for "Misrepresentation, Fraud, TILA and errors in the Notice of Right to Cancel".

My counsel advised me of the errors in the TILA and Notice of Right to Cancel, which I explained in previous letters.

Let me now explore with you the elements of Misrepresentation and Fraud that you have caused, along with elements of Comingling, :Breach of Fiduciary Duty, Breach of Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Duress, Libel, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, failure to answer Qualified Written RESPA Requests with specificity within 60days, etc.:

Apparently, you wanted to sell the mortgage, but the 3rd party backed out at the last moment, so you invented the "fraudulent appraisal" tactic to CYA and appear to have a legal reason to rescind the loan.

You told Donnie Gaut at least 2x that you would sue me if I didn't agree to rescind, after funding (Duress).

Your smears of me in your emails (e.g. "extremely litigious" to Donnie) are Defamatory, may be libelous.

Your emails claim that I have threatened you, when I haven't. Assertion of legal right is not a threat.

It was my contract with the broker to pay them in the prepayment monies that you interfered with.

You didn't put all $350,000 into the neutral Title Trust Account for SLT Escrow, but instead you put $19,133.87 into an account that you control.(Violations of Business & Professions Code 10177 & 10145 ?)

You withheld payment to the broker with the fake excuse that you required the broker to perform some other duties before payment, when in reality you just told him that you would delay his payment until I had paid 2 months payments. I believe you gained unjust enrichment by charging me interest on monies you kept from May 10 to July 30. By delaying the payment to the broker for almost 3 months, you have interfered in the performance of my contract with the broker and breached your fiduciary duty to me..

I tried 11 times in Qualified Written RESPA Requests to get you to pay the broker and to inform me of the date that the broker was paid. In your letter of January 21, 2008, you finally told me the dates that you paid the broke, by including copies of the checks. You paid them from the "General Account", not an "Escrow Account" (This alone brings up questions of Comingling, :Breach of Fiduciary Duty, Breach of

Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, etc) I have asked you repeatedly to refund the extra interest you received on those monies. I gave you multiple Opportunities to Cure the Problem and to Mitigate Damages to me and the broker. You refused to cure the problem timely or mitigate the damages in any way,

In Qualified Written RESPA Requests since May 16, 2007, I requested things, which you never supplied until 2008, and then incompletely, such as:

a) pay the broker and give me the date the broker was paid
b) Please substantiate your allegation of "fraudulent appraisal"
c) Please substantiate your allegation that comps show an average value of under $530,000.
d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
e) correct the problem you have interfered with the performance of the contract I have with the broker
f) Please stop your emotional smear tactics

If you file a Notice of Default after my Notice of Rescission of Contract, you will further break the law, and damage me further by ruining my credit.

You can not understand the pain you have caused me spending hundreds of hours trying to get questions answered and research the law, and just have you taunt me with evasive answers.

You could have been truthful, and just told me that you were in a bind from a note-buyer that backed out, but instead you chose to misrepresent that the reason you wanted out was "fraudulent appraisal"..

You could have been truthful, and just told me you were delaying payment to the broker until you got 2 months of payments from me to cover it, and then just refunded the interest overpayment, but instead you said you had requirements for the broker to fulfill before he got paid, which was a lie..

You could have been truthful, and just told me the dates the broker was paid, which I asked for 11 times.

You could have been truthful, and just told me you didn't put $19,133.87 into the Title Trust Account for SLT Escrow, but put it into your own account, and kept part of it for over 2 months, instead of lying in your October 29, 2007 answer to my Qualified Written RESPA Request to state **"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"**

I intend to research further, filed a complaint to the Dept. of Real Estate on 1/11/08, and plan to file a complaint with the Dept. of Corporations, and possibly other organizations about your apparent illegal actions, including intentional RESPA violations to cover up lies, what now appears to be a blatant lie in writing (Oct.29), continual lies since May 2007 of reasons for canceling the loan in May and reasons for delays in paying the broker, which possibly shows Comingling, :Breach of Fiduciary Duty, Breach of Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Duress, Libel, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, etc, and a now a threat of an illegal action to file a Notice of Default after I rescinded..

In your letters, you have offered to modify the note, but did not offer sufficient concessions, considering the gravity of the situation you have caused. You did not offer what I requested. Please re-tender. Following Rescission, I stated that I am willing to renegotiate a new note with you, with the words:

"I may agree to a new note (as the old note has been rescinded, simple modification would be difficult). My lawyer advised that if you offer to write a new note for a lower amount (subtracting over $30,000 for interest/points/payments so far because of TILA violations & lowering it further to mitigate other damages to me), at a lower interest rate & payments, with a delayed first payment, it could save us both litigation costs.

Please let me know your thoughts on this. .I am more than willing to work out some kind of agreement."

I have not heard your answer to that offer. I have kept communication open.

Again, I advise you not to break the law with a Notice of Default after receiving my Notice of Rescission My grounds for Rescission are well-founded. Have a lawyer evaluate them before you break the law. Please answer in writing only – no phone calls are welcome, and emails must be followed up by letter.

Best Regards,

By: James-Arthur : Krage

James-Arthur : Krage
without Prejudice

Cc: Dept of Real Estate and Dept of Corporations

EXHIBIT # 30

RECORDING REQUESTED BY
RESS FINANCIAL CORPORATION

AND WHEN RECORDED MAIL TO

RESS FINANCIAL CORPORATION
1780 Town and Country Drive, Suite 105
Norco, CA 92860-3618

NOTICE
This copy of "Notice of Default and Election to Sell Under Deed of Trust:", the original of which was filed for record in the office of the County Recorder of the County stated herein, on
JAN 23 2008
is delivered to you as the public records of said County indicate you have an interest in the trust property and in the foreclosure proceedings referred to herein.

Loan No.: **H-4584/KRAGE**

RESS Order No.: **72341**

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

IMPORTANT NOTICE:

IF YOUR PROPERTY IS IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR PAYMENTS, IT MAY BE SOLD WITHOUT ANY COURT ACTION, and you may have the legal right to bring your account in good standing by paying all of your past due payments plus permitted costs and expenses within the time permitted by law for reinstatement of your account, which is normally five business days prior to the date set for the sale of your property. No sale date may be set until three months from the date this notice of default may be recorded (which date of recordation appears on this notice).

This amount is **$9,780.72** as of **01/22/2008** and will increase until your account becomes current.

While your property is in foreclosure, you still must pay other obligations (such as insurance and taxes) required by your note and deed of trust or mortgage. If you fail to make future payments on the loan, pay taxes on the property, provide insurance on the property, or pay other obligations as required in the note and deed of trust or mortgage, the beneficiary or mortgagee may insist that you do so in order to reinstate your account in good standing. In addition, the beneficiary or mortgagee may require as a condition to reinstatement that you provide reliable written evidence that you paid all senior liens, property taxes, and hazard insurance premiums.

Upon your written request, the beneficiary or mortgagee will give you a written itemization of the entire amount you must pay. You may not have to pay the entire unpaid portion of your account, even though full payment was demanded, but you must pay all amounts in default at the time payment is made. However, you and your beneficiary or mortgagee may mutually agree in writing prior to the time the notice of sale is posted (which may not be earlier than the end of the three-month period stated above) to, among other things, (1) provide additional time in which to cure the default by transfer of the property or otherwise; or (2) establish a schedule of payments in order to cure your default; or both (1) and (2).

Following the expiration of the time period referred to in the first paragraph of this notice, unless the obligation being foreclosed upon or a separate written agreement between you and your creditor permits a longer period, you have only the legal right to stop the sale of your property by paying the entire amount demanded by your creditor.

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

Loan No.: H-4584/KRAGE **RESS Order No.: 72341**

TO FIND OUT THE AMOUNT YOU MUST PAY, OR TO ARRANGE FOR PAYMENT TO STOP THE FORECLOSURE, OR IF YOUR PROPERTY IS IN FORECLOSURE FOR ANY OTHER REASON, CONTACT:

Beneficiaries or Mortgagee:
Val-Chris Investments, Inc
2601 Main Street, Suite 280
Irvine, CA 92614 **Phone: (949)252-8020**

If you have any questions, you should contact a lawyer or the governmental agency which may have insured your loan.

Notwithstanding the fact that your property is in foreclosure, you may offer your property for sale, provided the sale is concluded prior to the conclusion of the foreclosure.

REMEMBER, YOU MAY LOSE LEGAL RIGHTS IF YOU DO NOT TAKE PROMPT ACTION.

The undersigned, as **Trustee** under that certain Deed of Trust executed by **James Arthur Krage, Administrator of the estate of Verna Gladys Kroeiner Krage, deceased** as Trustor, dated **05/03/2007**, recorded **05/11/2007**, in the office of the County Recorder of the County of **LOS ANGELES**, State of California, in Book **n/a** official Records at page **n/a** Recorder's Instrument No **20071147614**, said Deed of Trust securing certain obligations, including **1** Note(s) for the Principal sum of **$350,000.00**, HEREBY GIVES NOTICE of a breach and default in the obligations for which said Deed of Trust is security, the nature of said breach and default being:

Failure to pay that installment of principal and interest which became due on 12/11/2007 in the sum of $3,566.50 and failure to pay any subsequent installments thereof, together with all costs, charges, and expenses incurred;

and that, by reason thereof, the Beneficiary has hereby declared all sums secured thereby to be immediately due and hereby elects to sell or cause the trust property to be sold to satisfy such obligations.

DATED: **January 22, 2008**

Val-Chris Investments, Inc.
a California Corporation, as Trustee
By: RESS FINANCIAL CORPORATION,
a California corporation, Its Agent

/S/

By: Janet Zielke
Authorized Representative

RESS FINANCIAL CORPORATION

1780 Town & Country Drive, Suite 105, Norco, CA 92860-3618
Telephone - (951) 270-0164 FAX - (951) 270-2673

January 28, 2008

Fair Debt Collection Practices Act Notification

Dear Debtor,

Re: File #: 72341
Loan #: H-4584/KRAGE

Pursuant to and in compliance with the Fair Debt Collection Practices Acts (Federal [15 USC 1692] and California [Civil Code Section 1788 et seq.]) the Trustee named in the Notice of Default hereby provides the following notification(s):

The estimated amount to reinstate the subject loan must be requested. Please call the appropriate party noted on the Notice of Default for the most current amount to reinstate or payoff the loan.

The creditor/beneficiary/mortgagee is set forth in the notice of Default, and it is the creditor/beneficiary/mortgagee to whom the debt is owed.

The trustor(s) may dispute the validity of this debt, or any portion thereof, within 30 days of receipt of this notice. The debt described in the Notice of Default is assumed to be valid unless debtor disputes within 30 days by the creditor/beneficiary/mortgagee.

If the trustor(s) notifies RESS Financial Corporation in writing within 30 days from receipt of this notice that the debt, or any portion thereof is disputed, RESS Financial Corporation will obtain verification of the debt and a copy of the verification will be mailed to the trustor(s) by RESS Financial Corporation.

If the creditor/beneficiary/mortgagee set forth in the Notice of Default is not the original creditor/beneficiary/mortgagee, and if the trustor(s) makes a written request to RESS Financial Corporation within 30 days of receipt of this notice, the name and address of the original creditor/beneficiary/mortgagee will be mailed to the trustor(s) by RESS Financial Corporation.

Written requests pursuant to this notice should be addressed to the above address.

This communication is for the purpose of collecting a debt, and any information obtained from the trustor(s) will be used for that purpose. This notice is required by the provisions of the Fair Debt Collection Practices Act and does not imply that we are attempting to collect money from anyone who has discharged the debt under the Bankruptcy laws of the United States.

"The state Rosenthal Fair Debt Collection Practices Act and the federal Fair Debt Collection Practice Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov."

RESS Financial Corporat
1780 Town & Country Drive, Suite 105
Norco, CA 92860-3618

CERTIFIED MAIL

7160 3901 9845 3887 3156

RETURN RECEIPT REQUESTED

UNITED STATES POSTAGE
PITNEY BOWES
$ 05.21⁰
02 1M
0004235521 JAN 28 200
MAILED FROM ZIP CODE 9286

Jan/29/08
1st NOTICE
2nd NOTICE
RETURNED

72341
JAMES ARTHUR KRAGE,
10418 Ives Street
Bellflower, CA 90706

EXHIBIT # 31

Certified Mail # 7007 0220 0001 9730 3230 – Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706

January 30, 2008

Chris L. Boulter / Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

On January 2nd, 2008, I mailed a Notice of Rescission of Contract by Certified Mail #7007 2560 0000 9054 4210, received by J.M. Haining for Val-Chris on January 3, 2007, which contained the following:

> "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.
>
> This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.
>
> The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

I rescinded for "Misrepresentation, Fraud, TILA and errors in the Notice of Right to Cancel".

In Qualified Written RESPA Requests since May 16, 2007, I requested things, which you never supplied until 2008, and then incompletely, such as:

a) pay the broker and give me the date the broker was paid
b) Please substantiate your allegation of "fraudulent appraisal"
c) Please substantiate your allegation that comps show an average value of under $530,000.
d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
e) correct the problem you have interfered with the performance of the contract I have with the broker
f) Please stop your emotional smear tactics

You have now filed a Notice of Default after Rescission, with which I believe you further broke the law by refusing to acknowledge the consequences of Rescission, and have damaged me further by ruining my credit.

You can not understand the pain you have caused me spending hundreds of hours trying to get questions answered and research the law, and just have you taunt me with evasive answers.

You could have been truthful, and just told me you didn't put $19,133.87 into the Title Trust Account for SLT Escrow, but put it into your own account, and kept part of it for over 2 months, instead of lying in your October 29, 2007 answer to my Qualified Written RESPA Request to state **"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"**

I intend to research further, I filed a complaint to the Dept. of Real Estate on 1/11/08, and plan to file a complaint with the Dept. of Corporations, and possibly other organizations about your apparent illegal actions, including intentional RESPA violations to cover up lies, what now appears to be a blatant lie in writing (Oct.29), continual lies since May 2007 of reasons for canceling the loan in May and reasons for delays in paying the broker, which possibly shows Comingling, :Breach of Fiduciary Duty, Breach of Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Duress, Libel, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, etc, and a now an illegal action to file a Notice of Default after I rescinded, instead of working with me to complete the Rescission process, which I offered..

In your letters, you have offered to modify the note, but did not offer sufficient concessions, considering the gravity of the situation you have caused. You did not offer what I requested. Please re-tender.

Following Rescission, I stated that I am willing to renegotiate a new note with you, with the words:

"I may agree to a new note (as the old note has been rescinded, simple modification would be difficult).

My lawyer advised that if you offer to write a new note for a lower amount (subtracting over $30,000 for interest/points/payments so far because of TILA violations & lowering it further to mitigate other damages to me), at a lower interest rate & payments, with a delayed first payment, it could save us both litigation costs.

Please let me know your thoughts on this. .I am more than willing to work out some kind of agreement."

I have not heard your answer to that offer. I have kept communication open.

Again, I advise you not to break the law with a Notice of Default after receiving my Notice of Rescission My grounds for Rescission are well-founded. Have a lawyer evaluate them before you break the law. Please answer in writing only – no phone calls are welcome, and emails must be followed up by letter. As this letter accompanies a Letter Disputing the Debt under the federal Fair Debt Collection Practices Act, I will additionally request under RESPA:

1) The name & address of the company that Bonds Val-Chris Investments, Inc. and the bond number
2) The name & address of the company that Bonds Val-Chris Escrow. and the bond number
3) The name & address of the company that Bonds Christopher L. Boulter and the bond number
4) The name & address of the company that Bonds RESS FINANCIAL CORPORATION & bond number
5) Proof that Misrepresentation and Fraud by Chris Boulter and Val-Chris could not be grounds for Rescission under CIVIL CODE, §§ 1691(a) & 1691(b).
6) Proof there was no Misrepresentation or Fraud against me(James Krage) by Chris Boulter/Val-Chris
7) Proof that TILA Disclosure errors by Chris Boulter and Val-Chris could not be grounds for Rescission under 15 USC §1635 and 12 CFR 226.23.
8) Any other Proof that the Rescission had improper grounds.
9) Copy of a letter from Val-Chris within 20 days of 1/2/08 that took steps necessary to "reflect the fact that the mortgage/lien/security interest on/in your[my] home has been canceled" (quoting Notice of Right to Cancel)
10) Copy of a letter from Val-Chris within 20 days of 1/2/08 that took steps necessary to "return to you[me] any money or property you[I] have given to us[Val-Chris] or any one else"(quoting Notice of Right to Cancel) .
11) Proof that Chris Boulter's letters of 1/4/08 and 1/21/08 do not refuse to recognize my right to rescind
12) Proof that Val-Chris Investments has the right to file a Notice of Default after failing to recognize the Notice of Rescission of Contract and after failing to properly respond within 20 days of 1/3/08.
13) Proof that RESS FINANCIAL CORPORATION has the right to file a Notice of Default after failing to recognize the Rescission, and after Val-Chris failed to properly respond within 20 days.
14) Proof that Notice of Default is not further misrepresentation and fraud, concealing knowledge of Rescission.
15) Proof that, in conflict with my offers to continue negotiations in my letters of 1/10, 1/18, and 1/26, I have failed to try to negotiate to uphold my requirements after Rescission.
16) the account & general ledger statements showing all activity in the Val-Chris Escrow Account opened for Escrow of alleged Loan No.: H-4584/KRAGE
17) Proof that funds deposited to Val-Chris Escrow for Loan NoH-4584/KRAGE were kept segregated from other accounts, with full accounting from May 10, 2007 until July 30, 2007
18) identify by name and address all persons, corporations, associations, or any other parties having an interest in legal proceedings regarding the alleged debt.
19) Proof that Val-Chris Investments still has an interest in the property after the 1/2/08 Rescission.
20) Copies of the contract naming RESS FINANCIAL CORP as agent for Val-Chris Investments.
21) Reasons that RESS FINANCIAL should not be sued for conspiracy, etc with Val-Chris.
22) verify under penalty of perjury that you know & understand that certain clauses in a contract of adhesion, such as waivers of rights and a so-called forum selection clause, are unenforceable unless the party to whom the contract is extended could have rejected the clause without impunity.

Best Regards,

By: Jim

without prejudice

James-Arthur : Krage

Cc: Dept of Real Estate and Dept of Corporations

(Return Receipts Requested)
Certified Mail #7007 0220 0001 9730 3179   Certified Mail # 7007 0220 0001 9730 3230

James-Arthur: Krage
10418 Ives St
Bellflower, Ca 90706
January 30, 2008

RESS FINANCIAL CORPORATION
1780 Town and Country Drive, Suite 105
Norco, CA 92860-3618

Val-Chris Investments
2601 Main Street Suite 280
Irvine, CA 92614

RE: Loan No.: H-4584/KRAGE to Val-Chris Investments, Inc 2601 Main Street, Suite 280 Irvine, Ca 92614
RE: alleged past due $9,780.72 for alleged Note and Trust Deed , alleged agent: RESS FINANCIAL CORP

Greetings:

Thank you for your initial contact letter of 1/28/08, containing a Notice of Default alleged filed 1/23/08. I hereby dispute the debt and request full Verification of Debt under the federal Fair Debt Collections Practices Act (15 USC 1692 et seq.). I dispute your debt collection-related allegations, deny the same, and demand strict proof and verification thereof. It is not now, nor has it ever been my intention to avoid paying any obligation that I lawfully owe. In order that I can make arrangements to pay an obligation which I may owe, please document and verify the "debt" by complying in good faith with this request for validation and notice that I dispute part, or all of the alleged debt. This dispute, denial, and demand are made in accordance with federal law. Please substantiate that the Trust Deed can be used to foreclose after it is rescinded

After I sent a Notice of Rescission of Contract, dated 1/2/08, received Certified Mail by Val-Chris Investments, which stated: “give notice that said Promissory Note, and subsequently the Trust Deed and all other documents, executed on May 3, 2007, are hereby rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission.”. Following Rescission, Val-Chris no longer had an interest in the property, and there is no Trustee of a Rescinded Trust Deed.

For full Verification, please send me:

1) The name & address of the company that Bonds Val-Chris Investments, Inc. and the bond number

2) The name & address of the company that Bonds Val-Chris Escrow. and the bond number

3) The name & address of the company that Bonds Christopher L. Boulter and the bond number

4) The name & address of the company that Bonds RESS FINANCIAL CORPORATION and bond number

5) Proof that Misrepresentation and Fraud by Chris Boulter and Val-Chris could not be grounds for Rescission under CIVIL CODE, §§ 1691(a) & 1691(b).

6) Proof that there was no Misrepresentation or Fraud against me (James Krage) by Chris Boulter / Val-Chris

7) Proof that TILA Disclosure errors by Chris Boulter and Val-Chris could not be grounds for Rescission under 15 USC §1635 and 12 CFR 226.23.

8) Any other Proof that the Rescission had improper grounds.

9) Copy of a letter from Val-Chris within 20 days of 1/2/08 that took steps necessary to “reflect the fact that the mortgage/lien/security interest on/in your[my] home has been canceled” (quoting Notice of Right to Cancel)

10) Copy of a letter from Val-Chris within 20 days of 1/2/08 that took steps necessary to "return to you[me] any money or property you[I] have given to us[Val-Chris] or any one else"(quoting Notice of Right to Cancel) .

11) Proof that Chri Boulter's letters of 1/4/08 and 1/21/08 do not refuse to recognize my right to rescind

12) Proof that Val-Chris Investments has the right to file a Notice of Default after failing to recognize the Notice of Rescission of Contract and after failing to properly respond within 20 days of 1/3/08.

13) Proof that RESS FINANCIAL CORPORATION has the right to file a Notice of Default after failing to recognize the Notice of Rescission of Contract, and after Val-Chris failed to properly respond within 20 days.

14) Proof that Notice of Default is not further misreprentation and fraud, concealing knowledge of Rescission.

15) Proof that, in conflict with my offers to continue negotiations in my letters of 1/10, 1/18, and 1/26, I have failed to try to negotiate to uphold my requirements after Rescission.

16) the account & general ledger statements showing all activity in the Val-Chris Escrow Account opened for Escrow of alleged Loan No.: H-4584/KRAGE

17) Proof that funds deposited to Val-Chris Escrow for Loan NoH-4584/KRAGE were kept segregated from other accounts, with full accounting from May 10, 2007 until July 30, 2007

18) identify by name and address all persons, corporations, associations, or any other parties having an interest in legal proceedings regarding the alleged debt.

19) Proof that Val-Chris Investments still has an interest in the property after the 1/2/08 Rescission.

20) Copies of the contract naming RESS FINANCIAL CORP as agent for Val-Chris Investments.

21) Reasons that RESS FINANCIAL should not be sued for conspiracy, etc with Val-Chris.

22) verify under penalty of perjury that you know & understand that certain clauses in a contract of adhesion, such as waivers of rights and a so-called forum selection clause, are unenforceable unless the party to whom the contract is extended could have rejected the clause without impunity.

23) verify that you know & understand that contacting me again after receipt of this notice without providing procedurally proper validation of the debt constitutes the use of interstate communications in a scheme of fraud by advancing a writing, which you know is false with the Intention that others rely on the written communication to their detriment.

Please limit your communication with me to writing only.

I did not receive signed copies of the Notice of Right to Cancel until late in 2007

Your failure to satisfy this request within the requirements of the Fair Debt Collection Practices Act will be construed as your absolute waiver of any and all claims against me, and your tacit agreement to compensate me for costs and attorney fees.

Best Regards, By: Jim-Arth: K
without Prejudice

James-Arthur : Krage

Enclosed : 1/2/08 Notice of Rescission of Contract, 1/28/08 Notice of Default, 1/26/08 Letter to Val-Chris

RECORDING REQUESTED BY:

James-Arthur : Krage

AND WHEN RECORDED MAIL TO:
James-Arthur : Krage
10418 Ives Street
Bellflower, California. [90706]

A.P.N. 6275-014-004

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF RESCISSION OF CONTRACT,

THIS NOTICE IS GIVEN PURSUANT TO CALIFORNIA CIVIL CODE, §§ 1691(a) & 1691(b) AND PERTAINS TO THAT CERTAIN REAL PROPERTY LEGALLY DESCRIBED AS:

Lot19, Tract 19795, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 518,Pages 1and 2 of maps, in the office of the County Recorder of said County.

AND IS COMMONLY KNOWN AS 10418 Ives Street Bellflower, California.[90706]

I, the undersigned, as Administrator for the Estate of Verna Gladys Kroemer Krage, owner of the above described property, and as "BORROWER" in the "NOTE" (hereinafter, "Contract"), and "TRUST DEED" referenced in document number 20071147614 recorded in the official records of Los Angeles county, wherein "Val-Chris Investments, Inc." was the "LENDER":

Hereby give notice that said Promissory Note, and subsequently the Trust Deed and all other documents, executed on May 3, 2007, are hereby rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violaotions, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Lender Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.

This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.

The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

DATED: January 2, 2007

James-Arthur : K
James-Arthur :Krage

STATE OF CALIFORNIA
COUNTY LOS ANGELES } SS.

On 01-02-08, **2007** before me MARIA L ELENES Notary Public, personally appeared JAMES ARTHUR KRAGE, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is~~/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by ~~his~~/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal. Signature Maria L Elenes
Notary Public

MARIA L. ELENES
Commission # 1524835
Notary Public - California
Los Angeles County
My Comm. Expires Nov 6, 2008

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:

Chris L. Boulton
Val-Chris Investment
2601 Main St # 280
Irvine CA 92614

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ Agent
☐ Addressee

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

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

JAN 3 2007
Irvine CA

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

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

2. Article Number
(Transfer from service label) 7007 2560 0000 9054 4210

PS Form **3811**, February 2004 Domestic Return Receipt 102595-02-M-1540

7007 2560 0000 9054 4210

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

IRVINE CA 92614

OFFICIAL USE

Postage	$ $0.41	0005
Certified Fee	$2.65	04
Return Receipt Fee (Endorsement Required)	$2.15	Postmark Here
Restricted Delivery Fee (Endorsement Required)	$0.00	
Total Postage & Fees	$ $5.21	01/02/2008

JAN 2 2008
LAKEWOOD, CA

Sent To Chris L. Boulton/Val-Chris
Street, Apt. No.; or PO Box No. 2601 Main St #280
City, State, ZIP+4 Irvine, CA 92614

PS Form 3800, August 2006 See Reverse for Instructions

RECORDING REQUESTED BY
RESS FINANCIAL CORPORATION

AND WHEN RECORDED MAIL TO

RESS FINANCIAL CORPORATION
1780 Town and Country Drive, Suite 105
Norco, CA 92860-3618

NOTICE
This copy of "Notice of Default and Election to Sell Under Deed of Trust:", the original of which was filed for record in the office of the County Recorder of the County stated herein, on
JAN 2 3 2008
is delivered to you as the public records of said County indicate you have an interest in the trust property and in the foreclosure proceedings referred to herein.

Loan No.: **H-4584/KRAGE**

RESS Order No.: **72341**

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

IMPORTANT NOTICE:

IF YOUR PROPERTY IS IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR PAYMENTS, IT MAY BE SOLD WITHOUT ANY COURT ACTION, and you may have the legal right to bring your account in good standing by paying all of your past due payments plus permitted costs and expenses within the time permitted by law for reinstatement of your account, which is normally five business days prior to the date set for the sale of your property. No sale date may be set until three months from the date this notice of default may be recorded (which date of recordation appears on this notice).

This amount is **$9,780.72** as of **01/22/2008** and will increase until your account becomes current.

While your property is in foreclosure, you still must pay other obligations (such as insurance and taxes) required by your note and deed of trust or mortgage. If you fail to make future payments on the loan, pay taxes on the property, provide insurance on the property, or pay other obligations as required in the note and deed of trust or mortgage, the beneficiary or mortgagee may insist that you do so in order to reinstate your account in good standing. In addition, the beneficiary or mortgagee may require as a condition to reinstatement that you provide reliable written evidence that you paid all senior liens, property taxes, and hazard insurance premiums.

Upon your written request, the beneficiary or mortgagee will give you a written itemization of the entire amount you must pay. You may not have to pay the entire unpaid portion of your account, even though full payment was demanded, but you must pay all amounts in default at the time payment is made. However, you and your beneficiary or mortgagee may mutually agree in writing prior to the time the notice of sale is posted (which may not be earlier than the end of the three-month period stated above) to, among other things, (1) provide additional time in which to cure the default by transfer of the property or otherwise; or (2) establish a schedule of payments in order to cure your default; or both (1) and (2).

Following the expiration of the time period referred to in the first paragraph of this notice, unless the obligation being foreclosed upon or a separate written agreement between you and your creditor permits a longer period, you have only the legal right to stop the sale of your property by paying the entire amount demanded by your creditor.

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

Loan No.: H-4584/KRAGE **RESS Order No.: 72341**

TO FIND OUT THE AMOUNT YOU MUST PAY, OR TO ARRANGE FOR PAYMENT TO STOP THE FORECLOSURE, OR IF YOUR PROPERTY IS IN FORECLOSURE FOR ANY OTHER REASON, CONTACT:

Beneficiaries or Mortgagee:
Val-Chris Investments, Inc
2601 Main Street, Suite 280
Irvine, CA 92614
Phone: (949)252-8020

If you have any questions, you should contact a lawyer or the governmental agency which may have insured your loan.

Notwithstanding the fact that your property is in foreclosure, you may offer your property for sale, provided the sale is concluded prior to the conclusion of the foreclosure.

REMEMBER, YOU MAY LOSE LEGAL RIGHTS IF YOU DO NOT TAKE PROMPT ACTION.

The undersigned, as **Trustee** under that certain Deed of Trust executed by **James Arthur Krage, Administrator of the estate of Verna Gladys Kroeiner Krage, deceased** as Trustor, dated **05/03/2007**, recorded **05/11/2007**, in the office of the County Recorder of the County of **LOS ANGELES**, State of California, in Book **n/a** official Records at page **n/a** Recorder's Instrument No **20071147614**, said Deed of Trust securing certain obligations, including **1** Note(s) for the Principal sum of **$350,000.00**, HEREBY GIVES NOTICE of a breach and default in the obligations for which said Deed of Trust is security, the nature of said breach and default being:

Failure to pay that installment of principal and interest which became due on 12/11/2007 in the sum of $3,566.50 and failure to pay any subsequent installments thereof, together with all costs, charges, and expenses incurred;

and that, by reason thereof, the Beneficiary has hereby declared all sums secured thereby to be immediately due and hereby elects to sell or cause the trust property to be sold to satisfy such obligations.

DATED: **January 22, 2008**

Val-Chris Investments, Inc.
a California Corporation, as Trustee
By: RESS FINANCIAL CORPORATION,
a California corporation, Its Agent

/S/

By: Janet Zielke
Authorized Representative

RESS FINANCIAL CORPORATION

1780 Town & Country Drive, Suite 105, Norco, CA 92860-3618
Telephone - (951) 270-0164 FAX - (951) 270-2673

January 28, 2008

Fair Debt Collection Practices Act Notification

Dear Debtor,

Re: File #: 72341
Loan #: H-4584/KRAGE

Pursuant to and in compliance with the Fair Debt Collection Practices Acts (Federal [15 USC 1692] and California [Civil Code Section 1788 et seq.]) the Trustee named in the Notice of Default hereby provides the following notification(s):

The estimated amount to reinstate the subject loan must be requested. Please call the appropriate party noted on the Notice of Default for the most current amount to reinstate or payoff the loan.

The creditor/beneficiary/mortgagee is set forth in the notice of Default, and it is the creditor/beneficiary/mortgagee to whom the debt is owed.

The trustor(s) may dispute the validity of this debt, or any portion thereof, within 30 days of receipt of this notice. The debt described in the Notice of Default is assumed to be valid unless debtor disputes within 30 days by the creditor/beneficiary/mortgagee.

If the trustor(s) notifies RESS Financial Corporation in writing within 30 days from receipt of this notice that the debt, or any portion thereof is disputed, RESS Financial Corporation will obtain verification of the debt and a copy of the verification will be mailed to the trustor(s) by RESS Financial Corporation.

If the creditor/beneficiary/mortgagee set forth in the Notice of Default is not the original creditor/beneficiary/mortgagee, and if the trustor(s) makes a written request to RESS Financial Corporation within 30 days of receipt of this notice, the name and address of the original creditor/beneficiary/mortgagee will be mailed to the trustor(s) by RESS Financial Corporation.

Written requests pursuant to this notice should be addressed to the above address.

This communication is for the purpose of collecting a debt, and any information obtained from the trustor(s) will be used for that purpose. This notice is required by the provisions of the Fair Debt Collection Practices Act and does not imply that we are attempting to collect money from anyone who has discharged the debt under the Bankruptcy laws of the United States.

"The state Rosenthal Fair Debt Collection Practices Act and the federal Fair Debt Collection Practice Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov."

Certified Mail # 7007 0220 0001 9730 3193 – Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706

January 26, 2008

Chris L. Boulter / Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 92614

QUALIFIED WRITTEN REQUEST

Dear Mr. Boulter:

There have been multiple errors in the handling and servicing of my loan.

I hereby formally request copies of all ledger entries for my separate Escrow Account with Val-Chris, especially showing when the monies were deposited, when the monies were moved to the General Account., any other activity in my separate Escrow Account, and showing Proof that my Escrow Account was separate from all other Escrow Accounts..

On January 2nd, 2008, I mailed a Notice of Rescission of Contract by Certified Mail #7007 2560 0000 9054 4210, received by J.M. Haining for Val-Chris on January 3, 2007, which contained the following:

> "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission. Lender Val-Chris appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.
>
> This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.
>
> The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

I rescinded for "Misrepresentation, Fraud, TILA and errors in the Notice of Right to Cancel".

My counsel advised me of the errors in the TILA and Notice of Right to Cancel, which I explained in previous letters.

Let me now explore with you the elements of Misrepresentation and Fraud that you have caused, along with elements of Comingling, :Breach of Fiduciary Duty, Breach of Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Duress, Libel, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, failure to answer Qualified Written RESPA Requests with specificity within 60days, etc.:

Apparently, you wanted to sell the mortgage, but the 3rd party backed out at the last moment, so you invented the "fraudulent appraisal" tactic to CYA and appear to have a legal reason to rescind the loan.

You told Donnie Gaut at least 2x that you would sue me if I didn't agree to rescind, after funding (Duress).

Your smears of me in your emails (e.g. "extremely litigious" to Donnie) are Defamatory, may be libelous.

Your emails claim that I have threatened you, when I haven't. Assertion of legal right is not a threat.

It was my contract with the broker to pay them in the prepayment monies that you interfered with.

You didn't put all $350,000 into the neutral Title Trust Account for SLT Escrow, but instead you put $19,133.87 into an account that you control.(Violations of Business & Professions Code 10177 & 10145 ?)

You withheld payment to the broker with the fake excuse that you required the broker to perform some other duties before payment, when in reality you just told him that you would delay his payment until I had paid 2 months payments. I believe you gained unjust enrichment by charging me interest on monies you kept from May 10 to July 30. By delaying the payment to the broker for almost 3 months, you have interfered in the performance of my contract with the broker and breached your fiduciary duty to me..

I tried 11 times in Qualified Written RESPA Requests to get you to pay the broker and to inform me of the date that the broker was paid. In your letter of January 21, 2008, you finally told me the dates that you paid the broke, by including copies of the checks. You paid them from the "General Account", not an "Escrow Account" (This alone brings up questions of Comingling, :Breach of Fiduciary Duty, Breach of

Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, etc) I have asked you repeatedly to refund the extra interest you received on those monies. I gave you multiple Opportunities to Cure the Problem and to Mitigate Damages to me and the broker. You refused to cure the problem timely or mitigate the damages in any way,

In Qualified Written RESPA Requests since May 16, 2007, I requested things, which you never supplied until 2008, and then incompletely, such as:

a) pay the broker and give me the date the broker was paid
b) Please substantiate your allegation of "fraudulent appraisal"
c) Please substantiate your allegation that comps show an average value of under $530,000.
d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
e) correct the problem you have interfered with the performance of the contract I have with the broker
f) Please stop your emotional smear tactics

If you file a Notice of Default after my Notice of Rescission of Contract, you will further break the law, and damage me further by ruining my credit.

You can not understand the pain you have caused me spending hundreds of hours trying to get questions answered and research the law, and just have you taunt me with evasive answers.

You could have been truthful, and just told me that you were in a bind from a note-buyer that backed out, but instead you chose to misrepresent that the reason you wanted out was "fraudulent appraisal"..

You could have been truthful, and just told me you were delaying payment to the broker until you got 2 months of payments from me to cover it, and then just refunded the interest overpayment, but instead you said you had requirements for the broker to fulfill before he got paid, which was a lie..

You could have been truthful, and just told me the dates the broker was paid, which I asked for 11 times.

You could have been truthful, and just told me you didn't put $19,133.87 into the Title Trust Account for SLT Escrow, but put it into your own account, and kept part of it for over 2 months, instead of lying in your October 29, 2007 answer to my Qualified Written RESPA Request to state **"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"**

I intend to research further, filed a complaint to the Dept. of Real Estate on 1/11/08, and plan to file a complaint with the Dept. of Corporations, and possibly other organizations about your apparent illegal actions, including intentional RESPA violations to cover up lies, what now appears to be a blatant lie in writing (Oct.29), continual lies since May 2007 of reasons for canceling the loan in May and reasons for delays in paying the broker, which possibly shows Comingling, :Breach of Fiduciary Duty, Breach of Contract, Unjust Enrichment, Interference With Borrower's Contractual Relations, Trust Fund Mishandling, Duress, Libel, Infliction of Emotional Distress, Negligence, Constructive Fraud Based on Fiduciary Duty, breach of Covenant of Good Faith and Fair Dealing, etc, and a now a threat of an illegal action to file a Notice of Default after I rescinded..

In your letters, you have offered to modify the note, but did not offer sufficient concessions, considering the gravity of the situation you have caused. You did not offer what I requested. Please re-tender. Following Rescission, I stated that I am willing to renegotiate a new note with you, with the words:

"I may agree to a new note (as the old note has been rescinded, simple modification would be difficult). My lawyer advised that if you offer to write a new note for a lower amount (subtracting over $30,000 for interest/points/payments so far because of TILA violations & lowering it further to mitigate other damages to me), at a lower interest rate & payments, with a delayed first payment, it could save us both litigation costs.

Please let me know your thoughts on this. .I am more than willing to work out some kind of agreement."

I have not heard your answer to that offer. I have kept communication open.

Again, I advise you not to break the law with a Notice of Default after receiving my Notice of Rescission My grounds for Rescission are well-founded. Have a lawyer evaluate them before you break the law. Please answer in writing only – no phone calls are welcome, and emails must be followed up by letter.

Best Regards,

By James-Arthur: Krage tr
James-Arthur : Krage
without Prejudice

Cc: Dept of Real Estate and Dept of Corporations

EXHIBIT # 32

Certified Mail # 7007 0220 0001 9730 3131 (Return Rceipt Requested)
(also sent by email today)

James Krage
10418 Ives St
Bellflower, Ca 90706

NOTICE AND DEMAND

February 8, 2008

Christopher L Boulter
Val-Chris Investments, Inc.
2601 Main Street Suite 280
Irvine, CA 62614

Please take notice of the following:

FACTUAL BACKGROUND

On May 3, 2008, James-Arthur: Krage and Val-Chris Investments, Inc. entered into an agreement: Val-Chris Investments, Inc represented that it would lend $350,000 in exchange for a Promissory Note and Deed of Trust. The Loan Origination Fee of $8,750 to the Broker, SLT Mortgage, was included in the "Prepaid Finance Charge" of $19,123.87, but was withheld by Val-Chris until 7/30/07. It was my obligation to pay the Broker, not Val-Chris's, so Chris Boulter and Val-Chris not only breached their Fiduciary Duty, but interfered in the performance of my contract with the broker.

At least 2 counts of Fraudulent Misrepresentation appear to be involved:
1) Chris Boulter lied in an Oct 29 answer to my RESPA requests to state **"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"**
2) Chris Boulter told me that he had imposed extra requirements on the broker before payment, when he told the broker that he would pay him after I made 2 payments (which was not a broker requirement).

On May 10, 2007, Chris Boulter deposited a check for $19,133.87 into a non-neutral Val-Chris Escrow Account, but paid the broker with checks from the General Account, which could raise issues of comingling / Trust Fund Mishandling, and Unjust Enrichment for excess Interest earned.

I filed many Qualified Written RESPA Requests, asking:
- a) pay the broker and give me the date the broker was paid
- b) Please substantiate your allegation of "fraudulent appraisal"
- c) Please substantiate your allegation that comps show an average value of under $530,000.
- d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
- e) correct the problem you have interfered with the performance of the contract I have with the broker
- f) Please stop your emotional smear tactics

On January 2, 2008 I sent Val-Chris a Notice of Rescission of Contract by Certified Mail #7007 2560 0000 9054 4210, received by J.M. Haining for Val-Chris on January 3, 2007, which contained the following:

> "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission. Lender Val-Chris

appears to also have breeched contract, violated RESPA law, received unjust enrichment, and interfered in the performance of a contract, and Val-Chris subsequently ignored 11 offers of Opportunity to Cure and mitigate damages, and therefore, under the provisions of California Civil Code §§1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.

This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.

The Borrower files this Rescission reluctantly, after giving 11 Qualified Written Request Notices of Breach of Contract, actions to violate TILA, and Interference in the Performance of a Contract, among other things, with Opportunity to Cure, specifically citing the problems of untimely, withheld payments to the broker, among other items Borrower believes that he has no other recourse with this uncooperative lender.

The Rescission process starts with the consumer's notice to the creditor that he or she is rescinding the transaction. As the bare bones nature of the FRB model notice demonstrates, it is not necessary to explain why the consumer is canceling. The FRB Model Notice simply says: "I WISH TO CANCEL," followed by a signature and date line (Arnold v. W.D.L. Invs., Inc., 703 F.2d 848, 850 (5th cir. 1983) (clear intention of TILA and Reg. Z is to make sure that the creditor gets notice of the consumer's intention to rescind)). The statute and Regulation Z states that if creditor disputes the consumer's right to rescind, it should file a declaratory judgment action within the twenty days after receiving the rescission notice, before its deadline to return the consumer's money or property and record the termination of its security interest (15 USC 1625(b)).

Once the lender receives the notice, the statute and Regulation Z mandate 3 steps to be followed.

1) First, by operation of law, the security interest and promissory note automatically becomes void and the consumer is relieved of any obligation to pay any finance or other charges (15 USC 1635(b); Reg. Z-226.15(d)(1),226.23(d)(1). . See Official Staff Commentary § 226.23(d)(2)-1. (See Willis v. Friedman, Clearinghouse No. 54,564 (Md. Ct. Spec. App. May 2, 2002) (Once the right to rescind is exercised, the security interest in the Mr. Krage's property becomes void ab initio). Thus, the security interest is void and of no legal effect irrespective of whether the creditor makes any affirmative response to the notice. (See Family Financial Services v. Spencer, 677 A.2d 479 (Conn. App. 1996) (all that is required is notification of the intent to rescind, and the agreement is automatically rescinded).
2) Second, since I legally rescinded the loans transaction, the mortgage holders (Val-Chris) must return any money, including that which may have been passed on to a third party, such as a broker or an appraiser and to take any action necessary to reflect the termination of the security interest within 20 calendar days of receiving the rescission notice which has expired. The creditor's other task is to take any necessary or appropriate action to reflect the fact that the security interest was automatically terminated by the rescission within 20 days of the creditor's receipt of the rescission notice (15 USC 1635(b); Reg. Z-226.15(d)(2),226.23(d)(2).
3) Third, I have tried to negotiate a new note, but Val-Chris refused to offer more that about a $3,923.15 discount (on 1/14), even though TILA violation would require you to return all monies received, including the prepaid $19,133.87, the $21,339 (6 payments of $3,556.50), $800 in other fees to SLT Mtg, and $841 to Title, etc. This should total over $41,000, not just $3,923.15

Chris Boulter and Val-Chris have refused offer step 2, or to acknowledge the Rescission or specifically refute it within the required 20 days, which brings them into further Violations of TILA.

Instead, Chris Boulter of Val-Chris had agent RESS Financial file a Notice of Default, when they had no further security interest in the property to allow foreclosure.

Because of your breaches, I suffered the following injuries:

1. Loss of labor which you received to unjustly enrich yourselves,
2. Loss of property which you received to unjustly enrich yourselves,
3. Loss of opportunity because time spent beyond the terms of the agreement is time spent not servicing other business opportunities,
4. Anguish.
5. Statutory Compensatory and Punitive Damages
6. Loss of my Credit Rating due to your illegal Notice of Default.
7. Los s of my reputation with my broker, because of your actions and libel.

DUTY

You have a moral, legal, and lawful duty to not cause injury. In accordance with the Universal Imperatives, you must not, engage in any activity such as extortion, lying, or breach of contract, which would cause an unwanted injury to another. Those Universal Imperatives are codified in the Codes of the State of California, i.e. Penal Code, Civil Code, Business and Professions Code and in the United States Codes.

BREACH OF DUTY

You are breaching that duty by

1) Breaching the Contract and Breaching Fiduciary Duty by delaying payment to the Broker that I already paid into the "Prepaid Finance Charge"
2) Comingling Funds / Trust fund Mishandling.
3) Unjust Enrichment from excess Interest charged to me and not paid out timely, especially after repeated Qualified Written RESPA Requests by me to do so.
4) Further TILA Violations by ignoring Rescission and starting foreclosure.
5) RESPA Violations for not answering important points within 60 days.
6) Among other breaches

RESTITUTION AND PENANCE

Because you have refused to rectify your errors and mitigate damages, but instead have chosen to compound them with added injustice

DEMAND

NOW THEREFORE, I demand that you execute and deliver to me within 20 calendar days of service of this notice and demand, a an apology with a retraction of your Notice of Default, an offer to return any money, including that which may have been passed on to a third party and to take any action necessary to reflect the termination of the security interest; or show cause why said demand should not be enforced in a court of record in California.

DEFAULT

If you fail to satisfy the demand within the allotted time after having been duly served with this notice and demand, then by tacit procuration I or my nominee or assigns will determine for you the following:

1. That the aforesaid demand is just,
2. That a court of record in California may enforce the demand either ex parte or con parte,
3. That you concur and are satisfied with the justness of the demand, and the process by which the demand shall be enforced.

Further, if you fail to satisfy the demand within the allotted time after having been duly served with this notice and demand, then I will take lawful action in a court of record (in personam and in rem),

1. To defend against any of you or persons acting in concert with you who have caused any injuries to me
2. To secure my substantive rights, and
3. To redeem the aforementioned restitution and penance owed to me.

Please do not contact me by telephone. In order to avoid any misunderstanding, all communications shall henceforth be on the record, i.e. in writing and duly served. Please serve all communications and process directly to:

James-Arthur : Krage
10418 Ives St
Bellflower, California 90706

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.
On Feb 8 2008 before
me ANNETTE MALECKI Notary Public,
Personally appeared JAMES ARTHUR KRAGE
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct..

WITNESS my hand and official seal. Signature Annette Malecki

ANNETTE MALECKI
Commission # 1701077
Notary Public - California
Los Angeles County
My Comm. Expires Oct 26, 2010

EXHIBIT # 33

Tel: (949) 260-9156
Fax: (949) 260-9157

GERACI LAW FIRM, APC
2030 Main Street, Suite 1300
Irvine, California 92614

*ANTHONY F. GERACI**
CHRISTINA L. GERACI

ALL ATTORNEYS ADMITTED IN CALIFORNIA.

** ALSO ADMITTED IN ARIZONA AND NEW JERSEY*

<u>SENDER'S EMAIL</u>
anthony@geracilawfirm.com

<u>FILE NUMBER:</u>
3041.01

February 14, 2008

<u>VIA FIRST CLASS UNITED STATES MAIL</u>
<u>AND CERTIFIED MAIL</u>

Mr. James Krage
10418 Ives Street
Bellflower, California 90706

Dear Mr. Krage:

We have been retained by Val-Chris Investments, Inc. ("Val-Chris") to respond to your numerous Qualified Written Requests that you have sent to Val-Chris. As of the date of this letter, you have sent Val-Chris a total of 15 Qualified Written Requests ("QWRs"), including 4 QWRs and a Better Business Bureau complaint in the past 14 days. Please accept this letter as a response to <u>all</u> of your QWRs.

1. Your Qualified Written Requests are Harassing and Disruptive

Val-Chris has attempted to respond fully and accurately to your QWRs and has answered them to the best of their ability. Your continued and repetitive use of the QWR process has become harassing and has caused Val-Chris to spend numerous hours attempting to respond to your QWRs. Quite simply, you have used the process made available to you by RESPA in an attempt to harass Val-Chris and disrupt its business.

We have advised Val-Chris to no longer reply to your QWRs as it is our belief that you are using RESPA's process not to find out information regarding your loan but to harass Val-Chris. Furthermore, we demand that you immediately cease contacting Val-Chris with a QWR and forward any QWR to this firm. Should our firm determine they are an actual QWR, we will cooperate and Val-Chris will respond accordingly. Otherwise, no response will be forthcoming from either us or Val-Chris.

2. Rescission of Deed Ineffective to Rescind Deed of Trust

As you know, we are in receipt of your numerous QWRs. Some of them state that "under the provisions of California Civil Code §§ 1689(b)(1), 1689(b)(5), the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded." However, as you must know, California Civil Code sections 1689(b)(1) and 1689(b)(5) are a part of the Home Sales Contracts Act, which prohibits a <u>purchaser</u> of a home from having a <u>seller</u> enter into a contract to <u>sell</u> the home to the purchaser.

As you know, you entered into a loan agreement with Val-Chris, and Val-Chris' loan is secured by a Deed of Trust. At no point did Val-Chris attempt to purchase your home. Therefore, the Home Sales Contracts Act <u>does not apply</u> and your rescission is thereby void and ineffective.

3. Rescission under Truth-in-Lending Act Rejected

Val-Chris has again reviewed your file and again rejects your claim of rescission based on the Truth-in-Lending Act. Val-Chris' file shows that you signed the 3-day right to cancel and acknowledged receiving 2 copies of said notice. Therefore, the 3-day right to cancel was valid and we see no reason to accept your rescission.

4. Conclusion

Immediately cease and desist from sending any further communication to Val-Chris. Should you fail to stop sending repeated QWRs to Val-Chris in the obvious attempt to harass and disrupt Val-Chris, we will be forced to institute a lawsuit against you and seek appropriate legal remedies to stop you from continuing to harass Val-Chris.

Finally, we understand that you have filed complaints with the Department of Real Estate and the Department of Corporations. Unsubstantiated complaints that accuse Val-Chris of wrongdoing without any basis to support them are also considered harassment as well as slander. Your complaints may be actionable by Val-Chris against you.

Should you have any questions regarding this letter, or need further contact with Val-Chris, please do not hesitate to contact me at the above contact information.

Very Truly Yours,

Anthony F. Geraci

GERACI LAW FIRM, APC
2030 Main Street, Suite 1300
Irvine, California 92614

Mr. James Krage
10418 Ives Street
Bellflower, California 90706

EXHIBIT # 34

Certified Mail # 7007 1490 0001 8524 5560 (Return Receipt Requested)

James-Arthur : Krage
10418 Ives Street
Bellflower, California [90706]

QUALIFIED WRITTEN REQUEST

February 21, 2008

Anthony F. Geraci, Esquire
Geraci Law firm, APC (949)260-9156/ 9157 fax geracilawfirm.com
2030 Main Street, Suite 1300
Irvine, California, 92614

RE: file# 3041.01

Dear Mr. Geraci:

There have been multiple errors in the handling and servicing of my loan.

Thank you for your recent letter. (Page 1 date is February 14, but the Postmark is February 19, 2008)

As you have been retained by Val-Chris, we will address all correspondence to you henceforth.

Please substantiate your allegations that I have harassed Val-Chris with my Qualified Written Requests ("QWR", hereinafter) and that I should not have exercised my right to get errors corrected.

Please show that Val-Chris acknowledged each QWR within 20 days, and that they within 60 days made the appropriate correction and gave a statement on each "error", without evasiveness. Especially prove Val-Chris timely acknowledged and answered the following since May 16, 2007:

> "a) pay the broker and give me the date the broker was paid
> b) Please substantiate your allegation of "fraudulent appraisal"
> c) Please substantiate your allegation that comps show an average value of under $530,000.
> d) Please substantiate how the value from the appraisal damaged you, when you didn't use its amount
> e) correct the problem you have interfered with the performance of the contract I have with the broker"

I believe Val-Chris harassed me by failing to answer issues I raised on "reasons that the borrower believes the account is in error" and causing me to re-raise "errors" that were not corrected and information that was not supplied, all of which specifically are RESPA Violations by Val-Chris. It is not harassment for a borrower to re-raise errors not acknowledged, answered, or even addressed by the lender. Val-Chris has caused me mental anguish and many wasted hours trying to get answers to questions that they refused to give timely.

Please answer the following questions and/or provide documentation on the following **"errors"**:

1) Please substantiate that the $8,750 to SLT Mortgage was a "Commission", as Val-Chris has repeatedly alleged in answers to QWRs, and not a "Loan Origination Fee", as alleged in the 5/11/2007 Amended Final Statement.
2) If a Commission, please advise how it was legally included in the Prepaid Finance Charge.
3) Please substantiate allegations by Val-Chris that Val-Chris required the broker to perform other conditions before paying him the $8,750 alleged by Val-Chris to be a "Commission".
4) Please substantiate Val-Chris allegations on Oct. 29, 2007 that **"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007"**
5) Please prove that the Truth In Lending Disclosure's "Amount Financed" showing $330,876.13 is not different from the Wire Amount of $330,866.13 to Southland Title.
6) Please prove that the Truth In Lending Disclosure's "Finance Charge" of $610,263.94 is not different from the Interest of $608,840.33 that calculates from an Amortization Table for $330,876.13 at 12.71%.
7) Please prove that the Truth In Lending Disclosure's "Annual Percentage Rate" of 12.71% does not calculate Interest of $608,840.33 (in an Amortization Table for $330,876.13 at 12.71%), and why that is different from the TILA "Amount Financed" of $610,263.94
8) You allege that the Right of Rescission Notice has no error. Please prove that Val-Chris has been open for business on Saturdays. They have told me they are closed on Saturdays.

9) Please provide ledger entries showing when the $8,750 portion of the Prepaid Finance Charge deposited into Val-Chris Escrow Account for the Loan Origination Fee for SLT Mortgage was moved to the Val-Chris General Account, from which the checks to SLT Mortgage were written. This error appears to be mishandling of Trust Funds/comingling.
10) Please provide any evidence that the $8,750 Loan Origination Fee to SLT Mortgage was all paid to SLT in May, 2007 as part of the Prepaid Finance Charge, and not illegally withheld..
11) Please provide evidence that the Note does not show that I paid 11.78% interest on the $8,750 Loan Origination Fee to SLT Mortgage, which was not paid to SLT for almost 3 months, even thought it was part of the Prepaid Finance Charge.
12) Please provide evidence that Val-Chris tried to compensate me for interest paid on the $8,750 Loan Origination Fee that was withheld from SLT Mortgage for almost 3 months.
13) Please explain your allegations that my requests that the broker get paid timely, asking when the broker was paid, and asking that the lender correct the situation of interference in the performance of a contract, etc is "harassing the lender" with RESPA QWR's, when Chris Boulter of Val-Chris did not address the issues truthfully and unevasively.
14) Please provide evidence that California Civil Code 1689 only applies to Home Sales Contracts, and not to other Contracts, and that it specifically does not apply to other Home Loan Contracts, as you appear to allege in your latest letter.
15) Please provide proof that TILA Disclosure errors could not be grounds for Rescission under 15 USC §1635 and 12 CFR 226.23.
16) Please provide evidence that the filing of a Notice of Default to start Foreclosure did not drop the threshold of proof on TILA Violations to $35 in this case.
17) Please provide evidence that I was required to also cite 15 USC §1635 and 12 CFR 226.23 as reasons for Rescission, in addition to California Civil Codes, when mere mention of "Truth-in-Lending violations" should have been sufficient. I am not a lawyer.
18) Please show how it was improper to cite California Civil Code § 1691(a), § 1691(b), §1689(b)(1), and § 1689(b)(5), as the method of local Rescission in California for Federal TILA Violations of 15 USC §1635 and 12 CFR 226.23.
19) Please provide a copy of a letter from Val-Chris within 20 days of 1/2/08 that took steps necessary to "reflect the fact that the mortgage/lien/security interest on/in your[my] home has been canceled" (quoting Notice of Right to Cancel)
20) Please provide a copy of a letter from Val-Chris within 20 days of 1/2/08 that took steps necessary to "return to you[me] any money or property you[I] have given to us[Val-Chris] or any one else"(quoting Notice of Right to Cancel)
21) Please provide a copy of court documents timely filed by Val-Chris within 20 days of 1/2/08 to timely refute the grounds for the Rescission.
22) Please provide the law that allowed Val-Chris to ignore my 1/2/08 Notice of Rescission based on TILA, etc and file a Notice of Default on 1/23/08.
23) Please prove that Val-Chris's 1/23/08 filing of a Notice of Default with the L.A. County Recorder did not Violate 12 U.S.C. § 2605(e)(3) and 24 C.F.R. § 3500.21(e)(4), "During the 60-day period beginning on the date the servicer receives the borrower's qualified written request, the loan servicer may not provide information regarding any payment that is the subject of the qualified written request to any consumer reporting agency".
24) As to the Complaints to the Department of Real Estate and the Better Business Bureau, please prove to me any errors I have made, and I will be glad to retract them.

Best Regards,

James-Arthur : Krage

EXHIBIT # 35

RECORDING REQUESTED BY
RESS FINANCIAL CORPORATION

AND WHEN RECORDED MAIL TO

RESS FINANCIAL CORPORATION
1780 Town and Country Drive, Suite 105
Norco, CA 92860-3618

NOTICE
This copy of "Notice of Default and Election to Sell Under Deed of Trust:", the original of which was filed for record in the office of the County Recorder of the County stated herein, on
JAN 2 3 2008
is delivered to you as the public records of said County indicate you have an interest in the trust property and in the foreclosure proceedings referred to herein.

Loan No.: **H-4584/KRAGE**

RESS Order No.: **72341**

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

IMPORTANT NOTICE:

IF YOUR PROPERTY IS IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR PAYMENTS, IT MAY BE SOLD WITHOUT ANY COURT ACTION, and you may have the legal right to bring your account in good standing by paying all of your past due payments plus permitted costs and expenses within the time permitted by law for reinstatement of your account, which is normally five business days prior to the date set for the sale of your property. No sale date may be set until three months from the date this notice of default may be recorded (which date of recordation appears on this notice).

This amount is **$9,780.72** as of **01/22/2008** and will increase until your account becomes current.

While your property is in foreclosure, you still must pay other obligations (such as insurance and taxes) required by your note and deed of trust or mortgage. If you fail to make future payments on the loan, pay taxes on the property, provide insurance on the property, or pay other obligations as required in the note and deed of trust or mortgage, the beneficiary or mortgagee may insist that you do so in order to reinstate your account in good standing. In addition, the beneficiary or mortgagee may require as a condition to reinstatement that you provide reliable written evidence that you paid all senior liens, property taxes, and hazard insurance premiums.

Upon your written request, the beneficiary or mortgagee will give you a written itemization of the entire amount you must pay. You may not have to pay the entire unpaid portion of your account, even though full payment was demanded, but you must pay all amounts in default at the time payment is made. However, you and your beneficiary or mortgagee may mutually agree in writing prior to the time the notice of sale is posted (which may not be earlier than the end of the three-month period stated above) to, among other things, (1) provide additional time in which to cure the default by transfer of the property or otherwise; or (2) establish a schedule of payments in order to cure your default; or both (1) and (2).

Following the expiration of the time period referred to in the first paragraph of this notice, unless the obligation being foreclosed upon or a separate written agreement between you and your creditor permits a longer period, you have only the legal right to stop the sale of your property by paying the entire amount demanded by your creditor.

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

Loan No.: H-4584/KRAGE **RESS Order No.: 72341**

TO FIND OUT THE AMOUNT YOU MUST PAY, OR TO ARRANGE FOR PAYMENT TO STOP THE FORECLOSURE, OR IF YOUR PROPERTY IS IN FORECLOSURE FOR ANY OTHER REASON, CONTACT:

Beneficiaries or Mortgagee:
Val-Chris Investments, Inc
2601 Main Street, Suite 280
Irvine, CA 92614 **Phone: (949)252-8020**

If you have any questions, you should contact a lawyer or the governmental agency which may have insured your loan.

Notwithstanding the fact that your property is in foreclosure, you may offer your property for sale, provided the sale is concluded prior to the conclusion of the foreclosure.

REMEMBER, YOU MAY LOSE LEGAL RIGHTS IF YOU DO NOT TAKE PROMPT ACTION.

The undersigned, as **Trustee** under that certain Deed of Trust executed by **James Arthur Krage, Administrator of the estate of Verna Gladys Kroeiner Krage, deceased** as Trustor, dated **05/03/2007**, recorded **05/11/2007**, in the office of the County Recorder of the County of **LOS ANGELES**, State of California, in Book **n/a** official Records at page **n/a** Recorder's Instrument No **20071147614**, said Deed of Trust securing certain obligations, including **1** Note(s) for the Principal sum of **$350,000.00**, HEREBY GIVES NOTICE of a breach and default in the obligations for which said Deed of Trust is security, the nature of said breach and default being:

Failure to pay that installment of principal and interest which became due on 12/11/2007 in the sum of $3,566.50 and failure to pay any subsequent installments thereof, together with all costs, charges, and expenses incurred;

and that, by reason thereof, the Beneficiary has hereby declared all sums secured thereby to be immediately due and hereby elects to sell or cause the trust property to be sold to satisfy such obligations.

DATED: **January 22, 2008**

Val-Chris Investments, Inc.
a California Corporation, as Trustee
By: RESS FINANCIAL CORPORATION,
a California corporation, Its Agent

By: Janet Zielke
Authorized Representative

RESS FINANCIAL CORPORATION

1780 Town & Country Drive, Suite 105, Norco, CA 92860-3618
Telephone - (951) 270-0164 FAX - (951) 270-2673

January 28, 2008

Fair Debt Collection Practices Act Notification

Dear Debtor,

Re: File #: 72341
Loan #: H-4584/KRAGE

Pursuant to and in compliance with the Fair Debt Collection Practices Acts (Federal [15 USC 1692] and California [Civil Code Section 1788 et seq.]) the Trustee named in the Notice of Default hereby provides the following notification(s):

The estimated amount to reinstate the subject loan must be requested. Please call the appropriate party noted on the Notice of Default for the most current amount to reinstate or payoff the loan.

The creditor/beneficiary/mortgagee is set forth in the notice of Default, and it is the creditor/beneficiary/mortgagee to whom the debt is owed.

The trustor(s) may dispute the validity of this debt, or any portion thereof, within 30 days of receipt of this notice. The debt described in the Notice of Default is assumed to be valid unless debtor disputes within 30 days by the creditor/beneficiary/mortgagee.

If the trustor(s) notifies RESS Financial Corporation in writing within 30 days from receipt of this notice that the debt, or any portion thereof is disputed, RESS Financial Corporation will obtain verification of the debt and a copy of the verification will be mailed to the trustor(s) by RESS Financial Corporation.

If the creditor/beneficiary/mortgagee set forth in the Notice of Default is not the original creditor/beneficiary/mortgagee, and if the trustor(s) makes a written request to RESS Financial Corporation within 30 days of receipt of this notice, the name and address of the original creditor/beneficiary/mortgagee will be mailed to the trustor(s) by RESS Financial Corporation.

Written requests pursuant to this notice should be addressed to the above address.

This communication is for the purpose of collecting a debt, and any information obtained from the trustor(s) will be used for that purpose. This notice is required by the provisions of the Fair Debt Collection Practices Act and does not imply that we are attempting to collect money from anyone who has discharged the debt under the Bankruptcy laws of the United States.

"The state Rosenthal Fair Debt Collection Practices Act and the federal Fair Debt Collection Practice Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov."

RESS Financial Corporat
1780 Town & Country Drive, Suite 105
Norco, CA 92860-3618

CERTIFIED MAIL

7160 3901 9845 3888 5746

RETURN RECEIPT REQUESTED

UNITED STATES POSTAGE
PITNEY BOWES
02 1M
0004235521
$ 05.21⁰
FEB 21 2008
MAILED FROM ZIP CODE 92860

72341
JAMES ARTHUR KRAGE
ADMINISTRATOR OF THE ESTATE OF VERNA
GLADYS KROEMER KRAGE
10418 IVES STREET
BELLFLOWER, CA 90706

9070634127 C041

EXHIBIT # 36

Certified Mail # 7007 1490 0001 8524 5577 (Return Receipt Requested) James-Arthur : Krage
10418 Ives Street
Bellflower, California [90706]
February 27, 2008

Anthony F. Geraci, Esquire
Geraci Law firm, APC (949)260-9156/ 9157 fax geracilawfirm.com
2030 Main Street, Suite 1300
Irvine, California, 92614 RE: file# 3041.01 for Val-Chris Investments Loan H-4584/Krage

Dear Sir:

FURTHER RESPONSE TO YOUR LETTER OF FEB. 14, 2008

Please take note that an additional document, a Qualified Written Request (QWR) under RESPA, was mailed to you in the same envelope using the same Certified Mail number.

On page 1 of your letter dated Feb. 14, 2008, you state that "you [Mr. Krage] have used the process made available to you by RESPA in an attempt to harass Val-Chris and disrupt its business."

You further state on page 1 of that letter that "We [the Geraci law firm] have advised Val-Chris to no longer reply to your QWRs [Qualified Written Requests under RESPA] as it is our belief that you are using RESPA's process not to find out information regarding your loan but to harass Val-Chris. Furthermore we [Geraci law firm] demand that you [Mr. Krage] ... forward any QWR to this firm. Should our firm determine they are an actual QWR, we will cooperate and Val-Chris will respond accordingly. Otherwise, no response will be forthcoming from either us or Val-Chris."

Val-Chris is certainly entitled to retain an attorney to receive and give advice on my QWRs. I will therefore forward any future QWRs to your law firm.

BRIEF EXPLANATION OF RESPA QWR PROCESS

RESPA is a Federal law that gives borrowers the right to obtain timely written information related to the processing, handling, facts and circumstances of their real estate loans, under 12 U.S.C. Section 2605(e) and Regulation X at 24 C.F.R. 3500, and The Gramm Leach Bliley Act.

"12 U.S.C 2601. Congressional findings and purpose

(a) The Congress finds that significant reforms in the real estate settlement process are needed to insure that consumers throughout the Nation are provided with greater and more timely information on the nature and costs of the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country."

12 USCA 2605 (e) "Duty of loan servicer to respond to borrower inquiries

(1) Notice of receipt of inquiry

(A) In general

If any servicer of a federally related mortgage loan receives a qualified written request from the borrower (or an agent of the borrower) for information relating to the servicing of such loan, the servicer shall provide a written response acknowledging receipt of the correspondence within 20 days (excluding legal public holidays, Saturdays, and Sundays) unless the action requested is taken within such period.

(B) Qualified written request

For purposes of this subsection, a qualified written request shall be a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, that-(i) includes, or otherwise enables the servicer to identify, the name and account of the borrower; and

(ii) includes a statement of the reasons for the belief of the borrower, to the extent applicable, that the account is in error or provides sufficient detail to the servicer regarding other information sought by the borrower.

(2) Action with respect to inquiry

Not later than 60 days (excluding legal public holidays, Saturdays, and Sundays) after the receipt from any borrower of any qualified written request under paragraph (1) and, if applicable, before taking any action with respect to the inquiry of the borrower, the servicer shall--

(A) make appropriate corrections in the account of the borrower, including the crediting of any late charges or penalties, and transmit to the borrower a written notification of such correction (which shall include the name and telephone number of a representative of the servicer who can provide assistance to the borrower);

***81924** (B) after conducting an investigation, provide the borrower with a written explanation or clarification that includes--

(i) to the extent applicable, a statement of the reasons for which the servicer believes the account of the borrower is correct as determined by the servicer; and

(ii) the name and telephone number of an individual employed by, or the office or department of, the servicer who can provide assistance to the borrower; or

(C) after conducting an investigation, provide the borrower with a written explanation or clarification that includes--

(i) information requested by the borrower or an explanation of why the information requested is unavailable or cannot be obtained by the servicer; and

(ii) the name and telephone number of an individual employed by, or the office or department of, the servicer who can provide assistance to the borrower.

(3) Protection of credit rating

During the 60-day period beginning on the date of the servicer's receipt from any borrower of a qualified written request relating to a dispute regarding the borrower's payments, a servicer may not provide information regarding any overdue payment, owed by such borrower and relating to such period or qualified written request, to any consumer reporting agency (as such term is defined under section 1681a of Title 15).

(f) Damages and costs: Whoever fails to comply with any provision of this section shall be liable to the borrower for each such failure in the following amounts:

(1) Individuals: In the case of any action by an individual, an amount equal to the sum of--

(A) any actual damages to the borrower as a result of the failure; and

(B) any additional damages, as the court may allow, in the case of a pattern or practice of noncompliance with the requirements of this section, in an amount not to exceed $1,000."

All of my QWRs have been based upon this right to obtain information related to my real estate loan with Val-Chris. I believe Val-Chris may have violated both Federal and California law in relation to my real estate loan, and my QWRs are specifically designed to verify the exact nature of those potential violations.

GATEKEEPER

On page 1 of your letter dated Feb. 14, 2008 the Geraci firm says, in effect, that Geraci can and will act as self-appointed gatekeeper of my RESPA rights, and determine whether a QWR is an actual QWR, and then advise Val-Chris either to cooperate or to not respond at all. Geraci is taking a position that may have significant legal consequences. It is one thing for Val-Chris to violate the law perhaps inadvertently. It is a more serious thing for Geraci to specifically advise Val-Chris to deliberately violate Federal law, and for Val-Chris to knowingly act on such advice.

GERACI THREATENS TO SUE

Your letter of Feb. 14, 2008, on page 2, threatens me with two potential lawsuits. First, you say you may sue me "and seek appropriate legal remedies" unless I stop what you claim is "the obvious attempt to harass and disrupt Val-Chris" by means of repeated QWRs. My QWRs have never been any attempt to harass or disrupt Val-Chris. Instead my QWRs are directly based on my RESPA rights, are formatted in the manner permitted by RESPA, and are well targeted on RESPA permitted topics, namely the facts, circumstances, and possible violations of law relating to my real estate loan.

Second, your letter of Feb. 14, 2008, on page 2 accuses me of making what you claim are "unsubstantiated complaints that accuse Val-Chris of wrongdoing." You then threaten me with a lawsuit for harassment and slander.

MY RIGHT TO FILE GOOD FAITH COMPLAINTS WITH BOTH GOVERNMENTAL AND PRIVATE AGENCIES

The First Amendment to the US Constitution gives me the right to speak and write freely and also gives me the right to "petition government for redress of grievances." The First Amendment is regularly applied to the states via the "equal protection of the laws" provision of the Fourteenth Amendment. The complaints against Val-Chris that I filed in good faith with the Calif. Dept. of Real Estate and the Better Business Bureau and the good faith complaint against Val-Chris that I am seriously considering filing with the Calif. Dept. of Corporations are well protected by various aspects of both the First and Fourteenth Amendments.

Further, Calif. Civil Code section 47(b) also protects me for any "privileged publication or broadcast" ... "(3) in any other official proceeding authorized by law, or (4) in the initiation or course of any other proceeding authorized by law ..."

Civil Code section 47(b), commonly called “litigation privilege”, **applies even before the actual commencement of litigation.**

The complaints filed with the Dept. of Real Estate and the Better Business Bureau and the potential complaint that may be filed with the Dept. of Corporations, are pertinent and related to reasonably anticipated litigation between myself and Val-Chris. After serious consideration of the conduct of Val-Chris during this matter, I have formed a good faith belief that litigation may be necessary to protect my rights concerning the loan on my residential property. Those complaints are therefore protected by Civil Code 47(b).

In your letter, you did not address the 1/2/08 Notice of Rescission of Contract, so it would appear that you find no fault with it. As to the 1/7/08 Rescission of Deed that I filed with the L.A. County Recorder, if you would like me to amend it to include Civil Code 1689(b)(7) to Rescind under TILA, I would be glad to oblige.

You should reconsider both your attempt to censor my QWRs and your threats of litigation.

Best regards,

James-Arthur : Krage

EXHIBIT # 37

Certified Mail # 7007 1490 0001 8524 5577 (Return Receipt Requested) James-Arthur : Krage
10418 Ives Street
Bellflower, California [90706]
February 27, 2008

QUALIFIED WRITTEN REQUEST
SECOND DISPUTE OF DEBT UNDER FDCPA (15 USC 1692 et seq)
NOTICE OF VIOLATION OF 12 USCA 2605 (e)(3) BY FILING NOTICE OF DEFAULT
NOTICE OF VIOLATION OF FDCPA BY 2nd CONTACT WITHOUT VALIDATION
NOTICE OF VIOLATION OF RESPA FOR FAILURE TO ACKNOWLEDGE & ANSWER
NOTICE OF VIOLATION OF TILA BY FILING NOTICE OF DEFAULT AFTER 1/2/2008 RESCISSION WITHOUT PROVIDING EVIDENCE OF ACCURATE TILA DISCLOSURES
NOTICE TO AGENT IS NOTICE TO PRINCIPAL
NOTICE TO PRINCIPAL IS NOTICE TO AGENT

Anthony F. Geraci, Esquire
Geraci Law firm, APC (949)260-9156/ 9157 fax geracilawfirm.com
2030 Main Street, Suite 1300
Irvine, California, 92614 RE: file# 3041.01 for Val-Chris Investments Loan H-4584/Krage

Dear Sir:

Please take notice that another document, “Further Response to Your Letter of Feb. 14, 2008”, was mailed to you in the same envelope using the same Certified Mail number.

Under RESPA, I am writing to you to complain about the accounting and servicing of this mortgage and because I need understanding and clarification of various funding charges, credits, debits, transactions, actions, payments, analyses and records related to the servicing of this account, and especially the escrow account **and the sub-escrow account,** from its origination to the present date.

Under the Fair Debt Collection Practices Act (15 USC 1692, et seq): I received your initial contact letter of 1/28/08, containing a Notice of Default alleged filed 1/23/08, and a notice that they were collecting a debt. I disputed the debt and requested validation on 1/30/08., Without validating, in violation of 15 USC 1692g(b), 15 USC 1692e(8), 15 USC 1692e(2), 15 USC 1692c(c), 15 USC 1692k(c) etc., you had RESS Financial send a new 2/21/08 letter again containing the same Notice of Default and that they were collecting a debt. **I hereby dispute the debt and request full Verification of Debt under the federal Fair Debt Collections Practices Act (15 USC 1692 et seq.)** in this second dispute letter, in addition to my dispute letter of 1/30/2008. I dispute your debt collection-related allegations, deny the same, and demand strict proof and verification thereof. It is not now, nor has it ever been my intention to avoid paying any obligation that I lawfully owe. In order that I can make arrangements to pay an obligation which I may owe, please document and verify the "debt" by complying in good faith with this request for validation and notice that I dispute part, or all of the alleged debt. This dispute, denial, and demand are made in accordance with federal law.

Please substantiate that the Trust Deed can be used to foreclose after it is rescinded. Please prove that 12 USCA 2605 (e)(3) did not forbid you to file a Notice of Default with the County Recorder, which would be viewed by other Credit Reporting Agencies, when you have not answered many issues requested in Qualified Written Requests ("QWR", henceforth), under RESPA, and some are still within 60 days.

To date, the documents and information I have, that you have sent, and the conversations with your service representatives, have been substantially unproductive and have left many questions unanswered.

It is my understanding that your company may have been accused of engaging in one or more predatory servicing or lending and servicing schemes. As a consumer, I am extremely concerned about such practices.

I am worried that potential fraudulent and deceptive practices by unscrupulous mortgage brokers; deceptive and fraudulent servicing practices to enhance balance sheets; deceptive, abusive and fraudulent accounting tricks and practices may have also negatively affected my credit rating, mortgage account and/or the debt or payments that I am currently paying, or may be legally obligated to pay.

I hereby demand absolute first hand evidence from you: please send the ledger entries for the Val-Chris Escrow Account regarding account number H-4584/Krage In the event you do not supply me with these ledger entries, it will be a positive confirmation on your part that you are hiding acts of comingling and trust fund mishandling, among other things. Absent the actual evidence of the ledger entries, I have no choice but to dispute the validity of your actions and the current debt you allege I owe. By debt I am referring to the principal balance you claim I owe; the calculated monthly payment, calculated escrow payment and any fees claimed to be owed by you or any trust or entity you may service or subservice for.

To independently validate this debt, I need to conduct a complete exam, audit, review and accounting of this mortgage account from its inception through the present date, especially of the Val-Chris Escrow Acccount for H-4584/Krage**. Upon receipt of this letter, please refrain from reporting any negative credit information [if any] to any credit reporting agency until you respond to each of the requests.**

I also request that you kindly conduct your own investigation and audit of this account since its inception to validate the debt you currently claim I owe. I would like you to validate this debt so that it is accurate to the penny!

I understand that potential abuses by you could have deceptively, wrongfully, unlawfully, and/or illegally:

a) Increased the amounts of monthly payments.
b) Increased the principal balance I owe;
c) Increased escrow payments;
d) Increased the amounts applied and attributed toward interest on this account;
e) Decreased the proper amounts applied and attributed toward principal on this account; and/or
f) Assessed, charged and/or collected fees, expenses and miscellaneous charges I am not legally obligated to pay under this mortgage, note and/or deed of trust.

I request you make sure that I have not been the victim of any such predatory servicing or lending practices.

To insure this, I request your agreement to allow me to authorize a thorough review, examination, accounting and audit of mortgage account # H—4584/Krage by mortgage auditing and predatory servicing or lending experts. This exam and audit will review this mortgage escrow account file from the date of initial contact, application and the origination of this account to the present date written above.

Again, this is a Qualified Written Request under the Real Estate Settlement Procedures Act, codified as Title 12 § 2605 (e)(1)(B) (e) and Reg. X § 3500.21(f)2 of the United States Code **as well as a request under Truth In Lending Act [TILA] 15 U.S.C. § 1601, et seq.** RESPA provides substantial penalties and fines for non-compliance or failure to answer my questions provided in this letter within sixty [60] days of its receipt!

In order to conduct the examination and audit of this loan, I need to have full and immediate disclosure including copies of all pertinent information regarding this loan. The documents requested and answers to my questions are needed by myself and others to insure that this loan:

a) Was it originated and administered in lawful compliance with all federal and state laws, regulations including, but not limited to Title 62 of the Revised Statutes, RESPA, TILA, Fair Debt Collection Practices Act, HOEPA, California Finance Code, California Business and Professions Code, California Civil Code, California Code of Civil Procedures, and other federal and state laws;

b) That all good faith and reasonable disclosures of Val-Chris Escrow Ledger Entries for Account H-4584/Krage, Power of Attorney, entitlements, full disclosure of actual funding source, terms, costs, commissions, rebates, kickbacks, fees etc. were and still are properly disclosed to me;

c) That each servicer of this mortgage has serviced this mortgage in accordance with statutes, laws and the terms of mortgage, monetary instrument/deed of trust;

d) That each servicer of this mortgage has serviced this mortgage in compliance with local, state and federal statutes, laws and regulations;

e) That this mortgage account has properly been credited, debited, adjusted, amortized and charged correctly;

f) That interest and principal have been properly calculated and applied to this loan; especially that interest was not charged on $8,750 Loan Origination Fee to SLT (payment of this fee was withheld until July 2007);

g) That any principal balance has been properly calculated, amortized and accounted for;

h) That no charges, fees or expenses, not obligated by me in any agreement, have been charged, assessed or collected from this account;

In order to validate this debt and audit this account, I need copies of pertinent documents to be provided to me. I also need answers, certified, in writing, to various servicing questions. For each record kept on computer or in any other electronic file or format, please provide a paper copy of all information in each field or record in each computer system, program or database used by you that contains any information on this account number, address or my name.

Specifically, provide proof of the following:

1) That the following charges included in the Prepaid Finance Charge were not excluded by 12 C.F.R 226.4(c)(7). (Brannam v. Huntingdon Mortgage Co., 287 F.3d 601 (6th Cir. 2002)) $475 **Doc Prep**, $100 **Loan Tie In**, $750 **Escrow Fee**, $40 **Sub Escrow Fee**, $10 **Notary Fee**, $55 **Tax Service Fee** $20 **Overnight Messenger Fee** $60 **Wire Fee - see Exhibit 1**
2) That the Disclosures were segregated per 12 CFR 226.17(a)(1):"The disclosures shall be grouped together, shall be segregated from everything else".
3) That Calif. Financial Code section 4973(k) was followed
   "Fin. Code 4973(k)(1) A covered loan shall not be made unless the following disclosure, written in 12-point font or larger, has been provided to the consumer no later than three

business days prior to signing of the loan documents of the transaction:
CONSUMER CAUTION AND HOME OWNERSHIP COUNSELING NOTICE"

4) That signed copies of the Disclosure Documents were delivered to the Borrower.
5) Loan commitment documents were signed by the Borrower on May 3, 2007. Several days later the Lender demanded and received extra documentation from the borrower, such as (a) Death Certificate of Verna Krage, (b) Why Were Late Payments Made, and (c) Sources of Business Income. These extra required documents were sent by email to Donnie Gaut on May 7 and 8, 2007, to forward to Val-Chris before funding of the loan on May 10, 2007 – **see Exhibit 2 and Exhibit 6.** Provide specific proof that Val-Chris had **fully and irrevocably committed to completely funding the Krage loan on May 3, 2007** and that the loan would have funded even if Mr. Krage had not provided on May 7-8, 2007 the Death Certificate, Why Late Payments Were Made, and/or Sources of Business Income.
6) That the $8,750 Loan Origination Fee to SLT Mortgage was kept in a fully segregated Val-Chris Escrow Account # H—4584/Krage until paid out, and that it was paid from the Val-Chris Escrow Account # H—4584/Krage, not from the General Account, to serve as proof that it was not comingled, and that the trust fund was not mishandled. .see Checks Exhibit 3
7) That a Settlement Costs booklet (aka "special information booklet") was delivered timely per 24 CFR 3500.6
8) That a Required Provider Notice was delivered timely per 24 CFR 3500.7(e)
9) That a Good Faith Estimate was delivered timely per 24 CFR 3500.7
10) That an Affiliated Business Arrangement Disclosure was delivered timely per 24 CFR 3500.15
11) That Initial escrow account statement were delivered timely for both escrow accounts per 24 CFR 3500.17
12) That a Mortgage Servicing Disclosure was delivered timely per 24 CFR 3500.21
13) That TILA disclosures were delivered to my wife and daughter and that they were given the right to rescind. 12 C.F.R. 226.2(a)(11), 226.15(a) and (b), 226.17(d), 226.23(a)(1).
14) That the Amount Financed was $330.876.13, as in the TILA Disclosure and not $330,866.13 as in the Wire to LandAmerica/Southland Title for SLT Escrow – Exhibits 4 and 5
15) That the Interest Rate of 12.71% of an Amount Financed of $330,876.13 on the TILA was an accurate calculation to parallel the Note's $350,000 @ 11.78% (minus Prepaid Finance Charges)
16) That a new Notice of Right to Cancel should not have been issued after a later Consummation by the Lender, delayed by further requests [see (5) above]
17) That you supplied any Evidence that the TILA Disclosure was not in error within 20 days after the Notice of Rescission of Contract on 1/2/2008.
18) That you supplied any Evidence that the Notice of Right to Cancel was not in error, besides the allegation that 2 copies were delivered to the borrower.
19) That you did not break RESPA law by filing a Notice of Default without answering then pending RESPA QWR's.
20) That you did not break TILA law by filing a Notice of Default after the Notice of Rescission of Contract of 1/2/2008.
21) That, after my 1/30/08 first Dispute of the Debt under the Fair Debt Collections Practices Act, in answer to your 1/28/08 Notice of Default dated 1/23/08, your latest correspondence via agent RESS Financial postmarked 2/21/08, both Certified Mail #7160 3901 9845 3888 5746 and regular mail, with no validation of debt, containing duplicate copies of the Notice of Default and no explanation or acknowledgement of dispute, were not violations of the

Fair Debt Collections Practices Act, 15 USC 1692g(b), 15 USC 1692e(8), 15 USC 1692e(2), 15 USC 1692c(c), 15 USC 1692k(c) etc. and RESPA, and TILA.:

22) That you understood my warning in my Debt dispute of 1/30/08 which stated: "verify that you know & understand that contacting me again after receipt of this notice without providing procedurally proper validation of the debt constitutes the use of interstate communications in a scheme of fraud by advancing a writing, which you know is false with the Intention that others rely on the written communication to their detriment."
23) Substantiate the allegation in **your October 29 letter in answer to my RESPA Requests**:
"The full loan amount of $350,000 was wired to the title company on or before May 10, 2007.".
24) State in writing what added duty you required the broker to complete before payment.
25) State how withholding the Loan Origination Fee (in the Prepaid Finance Charge) to SLT did not breach your Fiduciary duty and did not interfere in the performance of my contract with the broker.
26) That your answer of November 26, 2007 containing checks to the broker, which finally showed the dates he was paid, were not past the 60 day RESPA limit for multiple QWR's
27) That you acknowledged within 20 days and addressed and corrected the issue that I paid interest on the delayed payments to the broker and requested a refund within 60 days of multiple QWRs.
28) That you acknowledged within 20 days and addressed and corrected the issue that you interfered in the performance of my contract with the broker (to pay him his $8,750 Loan Origination Fee – in the Prepaid Finance Charge **as of the date the loan was funded**) within 60 days of multiple RESPA QWRs.
29) That you ever substantiated your claim that a fraudulent appraisal of my residential property damaged you.
30) That you ever substantiated your claim that the appraisal was fraudulent based upon April 2007 averages, not just isolated instances.
31) That you ever substantiated your claim that I was litigious, and not just legally aware.
32) That you ever substantiated your claim that I threatened you.
33) That you ever substantiated your allegation that comps showed an average value of under $530,000 in April 2007.

The following information requested in my 1/30/08 RESPA QWR was not timely acknowledged within 20 days:

1) The name & address of the company that Bonds Val-Chris Investments Inc. with bond number
2) The name & address of the company that Bonds Val-Chris Escrow. and the bond number
3) The name & address of the company that Bonds Christopher L. Boulter and the bond number
4) The name & address of the company that Bonds RESS FINANCIAL CORP & bond number
5) Proof that Misrepresentation and Fraud by Chris Boulter and Val-Chris could not be grounds for my 1/2/08 Rescission under CIVIL CODE, §§ 1691(a) & 1691(b).
6) Proof there was no Misrepresentation or Fraud against me(James Krage) by Chris Boulter/Val-Chris
7) Proof that TILA Disclosure errors by Chris Boulter and Val-Chris could not be grounds for my 1/2/08 Rescission under 15 USC §1635 and 12 CFR 226.23.
8) Any other Proof that the 1/2/08 Rescission had improper grounds.
9) Copy of a letter from Val-Chris within 20 days of my 1/2/08 Rescission that took steps necessary to "reflect the fact that the mortgage/lien/security interest on/in your[my] home has been canceled" (quoting Notice of Right to Cancel)

10) Copy of a letter from Val-Chris within 20 days of my 1/2/08 Rescission that took steps necessary to "return to you[me] any money or property you[I] have given to us[Val-Chris] or any one else"(quoting Notice of Right to Cancel) .

11) Proof that Chris Boulter's letters of 1/4/08 and 1/21/08 do not refuse to recognize my right to rescind and that they contained evidence that the TILA material disclosures were not in error.

12) Proof that Chris Boulter's letters of 1/4/08 and 1/21/08 do not refuse to recognize my right to rescind and that they contained evidence that the 5/3/07 Notice of Right to Cancel was not in error

13) Proof that Val-Chris Investments did not violate TILA and has the right to file a Notice of Default after failing to recognize the Notice of Rescission of Contract and after failing to properly respond within 20 days of 1/3/08 with evidence or acknowledgement and proper action.

14) Proof that Val-Chris's agent RESS FINANCIAL CORP had the right to file a Notice of Default after Val-Chris failed to acknowledge the 1/2/08 Rescission and failed to properly respond to it within 20 days.

15) Proof that Notice of Default is not further misrepresentation and fraud, concealing knowledge of the 1/2/08 Rescission and unanswered RESPA QWRs, some still within 60 days.

16) Denial that I offered to continue negotiations in my letters of 1/10, 1/18, and 1/26, and evidence that I have failed to try to negotiate to uphold my requirements after Rescission.

17) the account & general ledger statements showing all activity in the Val-Chris Escrow Account opened for Escrow of alleged Loan No.: H-4584/KRAGE

18) Proof that funds deposited to Val-Chris Escrow for Loan NoH-4584/KRAGE were kept segregated from other accounts, with full accounting from May 10, 2007 until July 30, 2007

19) Identify by name and address all persons, corporations, associations, or any other parties having an interest in legal proceedings regarding the alleged debt.

20) Proof that Val-Chris Investments still has an interest in the property after the 1/2/08 Rescission.

21) Copies of the contract naming RESS FINANCIAL CORP as agent for Val-Chris Investments.

Best Regards,

James-Arthur : Krage

Itemization of Amount Financed

The **Amount Financed**, **$330,876.13** is the sum of the following:

$63,467.92	Amount given to you directly
$0.00	Amount paid on your account with the lender making the new loan
$267,408.21	Amount paid to others on your behalf broken down as follows:

$841.00	to	Title Insurance Policy
$60.00	to	Recording Fees
$350.00	to	Admin Fee to SLT Mtg
$450.00	to	Application Fee to SLT Mtg
$112,167.18	to	Washington Mutual
$36,730.00	to	Howard Rich
$61,956.30	to	Ready Products
~~$54,300.00~~	~~to~~	~~Tax Lien - Federal Estate Taxes~~ to be removed
$553.73	to	Los Angeles Tax Collector

The **Prepaid Finance Charge**, **$19,123.87**, is the sum of the following:

$8,750.00	Broker's fee
$8,750.00	Lender's fee
$113.87	Prepaid interest
$750.00	Escrow Fee
$10.00	Notary Fee
$20.00	Overnight Messenger Fee to Val-Chris
$55.00	Tax Service Fee
$40.00	Sub Escrow Fee
$60.00	Wire Transfer Fee to Val-Chris
$475.00	Doc Prep Fee to Val-Chris
$100.00	Loan Tie In Fee to Val-Chris

The **Loan Amount**, **$350,000.00**, is the sum of the **Amount Financed** and the **Prepaid Finance Charge**.

I/We have received this Itemization and approve the disbursement of the **Loan Amount** as set forth above:

Borrower *James Arthur Krage, Administrator* 5/3/07 Date

Borrower Date

Exhibit 1

Subject: Disclosures
From: "jimk@webcasa.net" <jimk@webcasa.net>
Date: Mon, 7 May 2007 14:25:56 -0400
To: dmac706@yahoo.com

Hi Donnie:
Per your phone call, the lender wants info on:
1) why late payments? and 2) business income

In answer:
1) On Feb. 2, 2007, I signed docs with New Haven Financial for a refi.
The 3-day Right of Rescission expired on Feb. 6, 2007, with no snags,
so I expected Funding would proceed.
I then signed contracts to promote my business, and moved all my private
funds into the business, with the expectations they were about to be
replaced.
No funding occurred.
In March, I requested an Advance, because funding was taking so long.
I'll attach a copy of that request.
The Holder of the 3rd was aware of the situation, and has caused me no
problems.
The Holder of the 2nd was aware of the situation, but has caused me major
problems,
many in violation of law, including losing me the preceding refi in January.

2) What businesses do I have that give me income?

In answer,
In 1977, I founded both a retail store "Jim Krage Camera and Computers",
and a side business "J.K. Enterprises".
I closed the store in 1989, but continued J.K. Enterprises.
J.K. Entrprises is the owner of many websites on the internet:
www.WebCasa.net is the main springboard for Dialup Internet and WebHosting.
www.JamesKrage.com is the main summary of websites maintained by JK
Enterprises.
WebSite Creation work is done for clients via JK Enterprises and
WebCasa.net.
Currently, JK Enterprises and WebCasa.net are subdivisions of ZeroOutDebts,
LLC
hosted as www.ZeroOutDebts.com.
I have described some of my activity at www.ZeroOutDebts.com/ives/ in my
page to describe teh reasons I am requesting the refi.
I also sell Clay at www.ClayHealing.com and www.NaturesClay.com.
I also have started paparwork to become a travel agent with Goldrush
Getaways jointly with my wife, which my wife will be pursuing for me via
www.SuperDreamVacations.com.
Additionally, I have strong experiance in Mortgage and Finance, and intend
to to use that experience actively shortly.
Jim Krage

Exhibit 2

```
No virus found in this incoming message.
Checked by AVG Free Edition.
Version: 7.5.467 / Virus Database: 269.7.6/814 - Release Date: 5/21/2007 2:01 PM
```

NewHavenFinancialAdvance.pdf	**Content-Description:**	NewHavenFinancialAdvance.pdf
	Content-Type:	application/octet-stream
	Content-Encoding:	base64

Part 1.3	**Content-Description:**	"AVG certification"
	Content-Type:	text/plain
	Content-Encoding:	quoted-printable

Subject: Death Cert
From: "jimk@webcasa.net" <jimk@webcasa.net>
Date: Tue, 8 May 2007 16:17:25 -0400
To: dmac706@yahoo.com

Hi Donnie:
Attached is a copy of my mom's Death Certificate.
Jim

DeathCert_Verna.pdf	**Content-Description:**	DeathCert_Verna.pdf
	Content-Type:	application/octet-stream
	Content-Encoding:	base64

Part 1.3	**Content-Description:**	"AVG certification"
	Content-Type:	text/plain
	Content-Encoding:	quoted-printable

Security enhanced document. See back for details.

VAL-CHRIS INVESTMENTS INC.
GENERAL ACCOUNT
2601 MAIN ST. SUITE 280
IRVINE, CA 92614
PH (949) 252-8020

12436

DATE 10th May 2007

16-86/1220
2439

PAY TO THE ORDER OF Val-Chris Escrow $ 19,133 87/100

Nineteen thousand one hundred thirty-three and 87/100 DOLLARS

Bank of America
Irvine
18622 MacArthur Blvd
Irvine CA
949.837.3482

FOR Krage

⑈012436⑈ ⑆122000661⑆ 24395⑈02506⑈ ⑈0001913387⑈

GUARDIAN ● SAFETY

PAY TO THE ORDER OF
COMERICA BANK
EL SEGUNDO, CA 90245
121137522
FOR DEPOSIT ONLY
VAL CHRIS INVESTMENTS INC
ESCROW TRUST ACCOUNT
1890810201

BANK OF AMERICA,NA LAC
122000661 E3643 01 02
05/11/07

05102007 [illegible] 654061338 191328740 070 00
COMERICA
LOS ANGELES 1827>121137522<
654061338 05-10-07 02

Exhibit 3

Security enhanced document. See back for details.

VAL-CHRIS INVESTMENTS INC.
GENERAL ACCOUNT
2601 MAIN ST. SUITE 280
IRVINE, CA 92614
PH (949) 252-8020

12629

16-66/1220
2439

DATE 7-30-07

PAY TO THE ORDER OF SLT Montgage $ 3,556 50/100

Three thousand five hundred and fifty six dollars & 50/100 DOLLARS

Security features are included. Details on back.

Bank of America
Irvine
18622 MacArthur Blvd
Irvine CA
949.837.3482

FOR Krage balance

MP

⑈012629⑈ ⑆122000661⑆ 24395⑈[redacted] ⑈0000355650⑈

Security enhanced document. See back for details.

VAL-CHRIS INVESTMENTS INC.
GENERAL ACCOUNT
2601 MAIN ST. SUITE 280
IRVINE, CA 92614
PH (949) 252-8020

12555

16-66/1220
2439

DATE 6/29/07

PAY TO THE ORDER OF SLT Montgage $ 3,556 50/100

$3,556.50¢ DOLLARS

Security features are included. Details on back.

Bank of America
Irvine
18622 MacArthur Blvd
Irvine CA
949.837.3482

FOR Krage Loan

MP

⑈012555⑈ ⑆122000661⑆ 24395⑈[redacted] ⑈0000355650⑈

Creditor: **Val-Chris Investments, Inc., a California Corporation c/o**
Val-Chris Investments, Inc.
2601 Main Street, Suite 280
Irvine CA 92614

Borrower: **James Arthur Krage, Administrator**

10418 Ives Street
Bellflower CA 90706

Date: **May 3, 2007**

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf	Total of Payments The amount you will have paid after you have made all payments as scheduled.
12.71 %	$610,263.94	$330,876.13	$941,140.07

You have the right to receive an itemization of the Amount Financed.

☐ I want an itemization ☒ I do not want an itemization

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
179	$3,566.50	**Starting June 18, 2007**
1	$302,736.57	**Starting May 18, 2022**

INSURANCE. Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life	$0.00	I want credit life insurance Signature
Credit Disability	$0.00	I want credit disability insurance Signature
Credit Life and Disability	$0.00	I want credit life and disability insurance Signature

Exhibit 4

LandAmerica
Southland Title

8001 Irvine Center Drive, Suite 300
Irvine, CA 92618
phone: 949 453-9000

November 21, 2007

James Krage
10418 Ives Street
Bellflower, CA 90706

RE: Loan #10502220 / KRAGE
Escrow # AKA1146
Order # 6747098

Dear Mr. Krage:

In connection with your loan transaction that we closed on 05/11/07, this letter is to confirm the amount funded by the Lender. We received a wire in the amount of $330,866.13 on 5/10/07 from Val Chris Investments Inc., the Lender.

Please feel free to call our office if you have any further questions or concerns.

Sincerely,

Maria Limjoco

Maria Limjoco
Virtual Escrow
LandAmerica
8001 Irvine Center Drive, Suite 300
Irvine, CA 92618
Tel. 949-453-9000 Extension 510
Fax. 949-453-8091
mlimjoco@landam.com

Exhibit 5

Val-Chris Investments, Inc

2601 Main Street Suite 280 Irvine, CA 92614
Tel: 949-252-8020 Fax: 949-296-0611

EXHIBIT “C

Prior to Funding, Val-Chris Investments, Inc., shall be in receipt of the following:

Certified copies of all executed escrow instructions and amendments
Copies of all necessary demands pertaining to this transaction, whereby placing our loan in ____1st____ position.
Current Statement of account on any existing financing to remain, must be received prior to funding, In the event loan is not in current standing, escrow holder must pay any delinquencies through close of escrow, whereby making said loan in current condition at closing.
Certified copies of estimated settlement statement.
Copy of California Driver's License (s)
Statement of Information
Certified copies of all funds required to close escrow, as applicable
Certified copies of all deposit receipts to close escrow, as applicable
Copy of Bankruptcy Dismissal, as applicable
Certified copy of the Grant Deed or Quitclaim Deed as applicable.
Copy of Insurance Policy (evidence of insurance is not acceptable) and proof insurance is paid in full or payment for premium on estimated settlement statement, *EXISTING POLICIES MUST HAVE AT LEAST 6 MONTHS REMAINING.*

Evidence of Insurance to read as follows:
Val-Chris Investments, Inc., a
California Corporation and/or Assigns
2601 Main Street, Suite 280
Irvine, CA 92614

The successful consummation of this transaction is contingent upon the concurrent close of Borrower's loan escrow concurrently in progress.
Loan proceeds due herein shall be wired direct to Title Company for Borrower credit therein.

Signatures hereto shall constitute approval and acceptance of the undersigned parties.

Escrow # AKA1146-SLT2

____
Escrow Officer/

____
Borrower/ James Arthur Krage

____
Borrower/

Exhibit 6

EXHIBIT # 38

FIRST AMENDED NOTICE OF RESCISSION OF CONTRACT

THIS NOTICE IS GIVEN PURSUANT TO CALIFORNIA CIVIL CODE, §§ 1691(a) & 1691(b) AND PERTAINS TO THAT CERTAIN REAL PROPERTY LEGALLY DESCRIBED AS:

Lot 19, Tract 19795, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 518, Pages 1 and 2 of maps, in the office of the County Recorder of said County.

COMMONLY KNOWN AS 10418 Ives Street Bellflower, California 90706 - A.P.N. 6275-014-004

I, the undersigned, as Administrator for the Estate of Verna Gladys Kroemer Krage, owner of the above described property, and as "BORROWER" in the "NOTE" (hereinafter, "Contract"), and "TRUST DEED" referenced in document number 20071147614 recorded in the official records of Los Angeles county, wherein "Val-Chris Investments, Inc." was the "LENDER":

HEREBY GIVE NOTICE that said Promissory Note, and subsequently the Trust Deed and all other documents, executed on May 3, 2007, are hereby rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending Act (hereafter "TILA") violations, and errors in the notice of the 3 day right to cancel. In a letter from the Lender's Lawyer, concerns were expressed: this amended notice addresses those concerns.

Specifically, after the Borrower signed loan documents on May 3, 2007, the lender requested 3 additional Disclosures from the Borrower, which Borrower supplied on May 7 and May 8, 2007. Consequently, consummation by the Lender did not occur until about May 9, 2007, and a Notice of Right to Cancel with a cutoff date of about May 14, 2007 should have been supplied, but was not. As a result the Right to Cancel under TILA was extended for 3 years. (Exhibits were supplied in Borrower's QWR letter of 2/27/08).

Additionally, charges were included in the Prepaid Finance Charge that were specifically excluded by 12 C.F.R 226.4(c)(7) and 15 USC § 1605(e)(2)..(e.g. Escrow, Sub-Escrow, Doc Prep, Loan Tie In, Notary). This caused the "Amount Financed" to be understated in the TILA Disclosure by at least $1,375, giving a second right to rescission under TILA, especially after Lender's filing of a Notice of Default on 1/23/08.

Other Padded Fees (Secret Profits), etc are Misrepresentation, grounds for Rescission under California Law.

Also, Lender Val-Chris appears to have breached contract, violated the Real Estate Settlement Practices Act, mishandled trust funds, breached fiduciary duties, committed fraud as a cover-up, received unjust enrichment, interfered in the performance of a contract, and violated the Fair Debt Collection Practices Act. Val-Chris failed to cure these defects and mitigate damages after many offers of Opportunities to Cure, including a final Notice and Demand sent 2/1/08, which Val-Chris has now defaulted in answering.

Therefore, under the provisions of California Civil Code sections 1689(b)(1), 1689(b)(5), 1689(b)(7), and 12 C.F.R. 226.23 the Note, and subsequently the Trust Deed and other loan documents, is hereby rescinded.

This notice shall be deemed effective as of the date of its receipt by Val-Chris or its successor in interest.

DATED: March 4, 2008

James-Arthur :Krage

STATE OF CALIFORNIA

LOS ANGELES COUNTY } SS.

On March 4, **2008** before me Annette Malecki Notary Public,

personally appeared James-Arthur : Krage who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ [✓ is]/~~are~~ subscribed to the within instrument and acknowledged to me that [✓ he]/~~she/they~~ executed the same in [✓ his]/~~her/their~~ authorized capacity~~(ies)~~, and that by [✓ his]/~~her/their.~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct..

WITNESS my hand and official seal. Signature Annette Malecki

Sent Certified Mail #7007 1490 0001 8524 5584

ANNETTE MALECKI
Commission # 1701077
Notary Public - California
Los Angeles County
My Comm. Expires Oct 26, 2010

EXHIBIT # 39

Val-Chris Investments, Inc.
2601 Main Street, Suite 280
Irvine, CA 92614

04/15/2008

. ST Mortgage & Realty Corp.
. 4067 Hardwick Street, Ste. 150
. Lakewood, CA 90712

Attn: Juan Sayles

RE: Borrower: James Arthur Krage
Property: 10418 Ives Street, Bellflower, CA 90706
Loan No. H-4584

BENEFICIARY'S DEMAND FOR PAYOFF

In compliance with your request and the law, as the Trustee, our office will issue and cause to be recorded a Deed of Reconveyance for the above referenced loan number, provided this demand is paid in form of a Cashier Check, Money Order or Title Check prior to 3:00 P.M., Funds received after this time will require another days interest.

Payoff Date	**05/10/2008**
Interest Per Diem	$113.66
Maturity Date	05/11/2022
Next Payment Due	12/11/2007
Interest Rate	11.875%
Interest Paid-To Date	11/11/2007
Principal Balance	$349,366.76
Unpaid Interest / Hold for Check clearance, to be released on:	$0.00
Accrued Interest From 11/11/2007 To 05/10/2008	$20,686.12
Unpaid Late Charges	$1426.60
Accrued Late Charges to be assessed on: 4/22/08	$356.65
Unpaid Charges – Foreclosure/Forced Insurance/Property Inspection	$5,242.56
Prepayment Penalty	$16,594.92
Other Fees – Demand, Reconveyance, Fax, Forwarding	$111.00
Trust Balance	-$0.00
Payoff Amount	**$393,784.61**

We reserve the right to amend this demand should any changes occur that would increase the total amount for payoff. **Please note that this demand expires on 05/10/2008**, at which time you are instructed to contact this office for additional instructions (DEMAND FORWARDING FEES ARE DUE EVEN UPON CANCELLATION OF YOUR ESCROW).

Make disbursement check payable to: **Val-Chris Investments, Inc.**

Sincerely,

Ernestina V. Brehm
Loan Servicing Department
949-252-8020
Fax-252-0154
ernestina@val-chris.com

VIA: Fax no. 562-630-2492

EXHIBIT # 40

Certified Mail Return Receipt Requested

James Krage
10418 Ives St
Bellflower, Calif. 90706

Cert#7007 1490 0001 8554 4953 Cert#7007 1490 0001 8554 4960

April 17, 2008

Anthony F. Geraci, Esquire
Geraci Law firm, APC (949)260-9156/ 9157 fax
2030 Main Street, Suite 1300
Irvine, California, 92614

Val-Chris Investments
2601 Main Street Suite 280
Irvine, CA 92614

RE: file# 3041.01 for Val-Chris Investments Loan H-4584/Krage

QUALIFIED WRITTEN REQUEST
NOTICE OF DEFAULT AND FURTHER VIOLATIONS
OFFER OF RESTITUTION

Dear Sirs:

There have been multiple errors in the handling and servicing of my loan.
You have not argued any errors in my 1st Amended Notice of Rescission of Contract dated March 4, 2008. The only argument you gave against the January Rescission(s) was that you claimed I got 2 copies of the Notice of Right to Cancel. You gave no other specific refutations.
You have not sought court action to reverse the Rescission(s), as required to regain a security interest.
You have not validated the Debt, after I timely Disputed the Debt under the federal Fair Debt Collections Practices Act (15 USC 1692) and requested validation. The Rescissions of 1/2/08 and 3/4/08, et al., removed your security interest in the property, by rescinding the Note and Trust Deed. You no longer have the right of trusteeship to foreclose.

You violated TILA further and defaulted in your duty within 20 days after each Rescission under TILA, because you did not (1) desist from making any claims for finance charges in this transaction; (2) return all money paid in the transaction; (3) satisfy all security interests, including mortgages, which were acquired in the transaction.

On January 30, 2008,I wrote you 2 letters (QWR and Dispute of Debt) asking you to prove that you were not in Default in answering my 1/2/08 Notice of Rescission of Contract.

On February 8, 2008, I wrote you a Notice and Demand, in which I showed Val-Chris Violations of 15 USC 1635(b); and Reg. Z-{12 CFR 226.15(d)(1), 12 CFR 226.23(d)(1), 12 CFR 226.23(d)(2)} You defaulted in answering the Notice and Demand.

I have asked SLT Mortgage to help me offer restitution of the balance of the mortgage, which should be just under $300,000, if you follow the TILA procedures at 12 CFR 226.23(d)(2) and return all money paid in the transaction.
SLT requested a Payoff Demand Statement from you, but first was told you were not the servicer, then received a Beneficiary's Demand for Payoff for $393,784.61, which not only did not adjust down to return all money paid in the transaction, but added other charges, including some grossly padded ones.

I am making an offer of restitution.
If you do not follow the guidelines of 12 CFR 226.23(d)(2) and provide a Payoff Demand Statement that adds no extra charges and returns all money paid, then you will have refused my offer of restitution.
Please send a corrected Payoff Demand Statement by Tuesday, April 22. Otherwise, I will instruct my broker, SLT Mortgage, to re-request a Payoff Demand Statement again. If I do not receive a Payoff Demand Statement timely that follows the law as explained in 12 CFR 226.23(d)(2), you will have refused my offer.

Best Regards,

James-Arthur : Krage

Cc: Dept of Real Estate , et al.

EXHIBIT # 41

Tel: (949) 260-9156
Fax: (949) 260-9157

GERACI
LAW FIRM
2030 Main Street, Suite 1300
Irvine, California 92614
www.geracilawfirm.com

Anthony F. Geraci*
Christina L. Geraci

*Admitted in California, Arizona
and New Jersey

Sender's Email:
anthony@geracilawfirm.com

April 23, 2008

Mr. James Krage
10418 Ives Street
Bellflower, California 90706

<u>VIA FIRST CLASS U.S. MAIL AND
CERTIFIED U.S. MAIL</u>

Re: *Payoff Demand and Settlement*
Our File No.: 3041.01

Dear Mr. Krage:

We are in receipt of your April 17, 2008 letter. As you have no doubt received our other letters, we stand by our rejections of your claims. However, in the spirit of cooperation and to settle this matter once and for all, we will settle this matter and accept less than what is legally owed to us as outlined below.

In your letter of April 17, 2008, you mention that you would be willing to restore to Val-Chris Investments, Inc. ("Val-Chris") in exchange for a release of the deed of trust. Val-Chris has made the calculations and agrees to settle this matter for **$309,000**. This offer is conditioned on the following:

1. The sum of **$309,000** is deposited in Val-Chris's bank account and is of good funds of United States currency;
2. The above amount is deposited in Val-Chris's bank account by **May 14, 2008**; and
3. You agree and enter into a settlement agreement with Val-Chris drafted by this firm wherein you release any and all claims against Val-Chris in exchange for this reduced amount.

It should be made clear that Val-Chris does not admit any liability in the above matter and still rejects your arguments. However, Val-Chris wants to be amenable and wishes to finalize this loan once and for all.

This offer is only valid on the above terms. Should you fail to deposit the sum noted above by May 14, 2008 at 5:00pm, this settlement offer is terminated. Please indicate to this firm as soon as possible whether you intend to fulfill the terms of this settlement offer so that we can begin drafting the settlement agreement.

Very truly yours,

GERACI LAW FIRM, APC

Anthony F. Geraci
anthony@geracilawfirm.com

cc: client

GERACI
LAW FIRM
2030 Main Street, Suite 1300
Irvine, California 92614
www.geracilawfirm.com

HASLER
017H15550197
$0.410
04/24/2008
Mailed From 92614

James Krage
10418 Ives Street
Bellflower, California 90706

90706+4127

EXHIBIT # 42

RECORDING REQUESTED BY
RESS FINANCIAL CORPORATION

AND WHEN RECORDED MAIL TO

RESS FINANCIAL CORPORATION
1780 Town and Country Drive, Suite 105
Norco, CA 92860-3618

Loan No.: H-4584/KRAGE
A.P. NUMBER 6275-014-004

RESS Order No.:72341

NOTICE OF TRUSTEE'S SALE UNDER DEED OF TRUST

YOU ARE IN DEFAULT UNDER A DEED OF TRUST, DATED May 3, 2007, UNLESS YOU TAKE ACTION TO PROTECT YOUR PROPERTY, IT MAY BE SOLD AT A PUBLIC SALE. IF YOU NEED AN EXPLANATION OF THE NATURE OF THE PROCEEDING AGAINST YOU, YOU SHOULD CONTACT A LAWYER.

NOTICE IS HEREBY GIVEN, that on **05/28/2008**, at **11:30 A.M.** of said day, **at the front entrance to the Pomona Superior Courts Building 350 West Mission Boulevard, Pomona, CA, Val-Chris Investments, Inc., a California corporation**, as duly appointed Trustee under and pursuant to the power of sale conferred in that certain Deed of Trust executed by **James Arthur Krage, Administrator of the estate of Verna Gladys Kroemer Krage, deceased** recorded on **05/11/2007**, in Book **n/a** of Official Records of **LOS ANGELES** County, at page **n/a**, Recorder's Instrument No. **20071147614** , by reason of a breach or default in payment or performance of the obligations secured thereby, including that breach or default, Notice of which was recorded **01/23/2008** as Recorder's Instrument No. **20080120733**, in Book **n/a**, at page **n/a**, WILL SELL AT PUBLIC AUCTION TO THE HIGHEST BIDDER FOR CASH, lawful money of the United States, evidenced by a Cashier's Check drawn on a state or national bank, or the equivalent thereof drawn on any other financial institution specified in section 5102 of the California Financial Code, authorized to do business in the State of California, ALL PAYABLE AT THE TIME OF SALE, all right, title and interest held by it as Trustee, in that real property situated in said County and State, described as follows:

LOT 19, TRACT 19795 PER BOOK 518, PAGE 1 OF MAPS

The street address or other common designation of the real property hereinabove described is purported to be: **10418 Ives Street, Bellflower, CA. The undersigned disclaims all liability for any incorrectness in said street address or other common designation.**

Said sale will be made without warranty, express or implied regarding title, possession, or other encumbrances, to satisfy the unpaid obligations secured by said Deed of Trust, with interest and other sums as provided therein; plus advances, if any, thereunder and interest thereon; and plus fees, charges, and expenses of the Trustee and of the trusts created by said Deed of Trust. The total amount of said obligations at the time of initial publication of this Notice is **$375,312.33**.

Dated: **04/25/2008**

Val-Chris Investments, Inc.,
a California corporation, as Trustee
By: RESS Financial Corporation,
a California corporation, Its Agent

By:
Bruce R. Beasley, President

1780 Town and Country Drive, Suite 105, Norco, CA 92860-3618 (SEAL)
Tel.: (951) 270-0164 or (800)343-7377 FAX: (951)270-2673
Trustee's Sale Information: (714) 573-1965

EXHIBIT # 43

1639

BK D3343 PG 634

RECORDING REQUESTED BY

WORLD TITLE COMPANY

AND WHEN RECORDED MAIL TO
and tax bills to:

Name Arthur E. Krage
Street Address 10418 East Ives
City & State Bellflower, California

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CALIF.
2 Min. Past 8 A.M. JUN 22 1966
RAY E. LEE, County Recorder

FEE $2 A

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENT TO
ARTHUR E. KRAGE
1518 W 79th ST
LOS ANGELES CALIF

UNITED STATES INTERNAL REVENUE
DOCUMENTARY
02[illegible]20

AFFIX I.R.S. $ 24.20 IN THIS SPACE

Grant Deed

THIS FORM FURNISHED BY TITLE INSURANCE AND TRUST COMPANY

TO 405 C

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

GOTTFRIED HEINZE and ANELIA C. HEINZE, husband and wife

hereby GRANT(S) to

ARTHUR E. KRAGE and VERNA K. KRAGE, husband and wife as joint tenants

the following described real property in the
County of Los Angeles, State of California:

Lot 19 of Tract 19795 as per map recorded in book 518 pages 1 and 2 of Maps, in the office of the county recorder of said county.

Dated May 6, 1966

Gottfried Heinze
Gottfried Heinze

Anelia C. Heinze
Anelia C. Heinze

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On May 6, 1966 before me, the undersigned, a Notary Public in and for said State, personally appeared Gottfried Heinze and Anelia C. Heinze, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Signature Joyce M. Stafford

Joyce M. Stafford
Name (Typed or Printed)

JOYCE M. STAFFORD
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

JOYCE M. STAFFORD
My Commission Expires December 21, 1969

(This area for official notarial seal)

Title Order No. 22419 Escrow or Loan No. 4210-1

MAIL TAX STATEMENTS AS DIRECTED ABOVE

1639