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 "rescinded for multiple reasons including misrepresentation, fraud, Truth-in-Lending violations, and errors in the notice of the 3 day right of rescission.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 (5^{th} 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:

By James-Arthur: Kr

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